
WHAT CAN I SPEND MONEY ON WHEN SPENDING DOWN ASSETS TO QUALIFY FOR MEDICAID?

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Spending down excess resources to qualify for Medicaid has been a featured part of Nursing Home Planning for decades. With the enactment of the new lookback and transfer penalty rules for Medicaid Home Care, spend downs will become an important planning option for many more Medicaid Long Term Care applications.

The 2021 New York State Medicaid Resource allowance is \$15,900. Think about how much money sits in your checking, savings, brokerage and Whole Life Insurance accounts. There is a good chance that your current balances exceed the \$15,900 allowance. Maybe you are fortunate and most of your assets are invested in qualified retirement accounts like IRA's, 401k's or 403b's which are exempt resources. Also, applicants with spouses or disabled children can transfer excess resources without a penalty. For every other applicant, understanding the penalty-free spend down options is a necessity.

One basic spend down is a Pre-Need Irrevocable Funeral Plan. Funeral Homes will assist you in setting up the plans and, because they are irrevocable, the amounts will not count towards your Medicaid Resource Allowance. Funeral expenses have to be paid eventually – pre-paying confers a Medicaid benefit. If you have already purchased a Pre-Need Funeral Plan check to see if it is revocable or irrevocable. Medicaid deems revocable Pre-Need Funeral Plans as available resources which count against your Medicaid allowance. The reason is that you can remove the funds. Converting a revocable plan to an irrevocable plan is important for Medicaid purposes.

Items that benefit the applicant can be purchased reducing the amount of available resources. Some basics include: Medical devices such as hearing aides, and personal care goods like eyeglasses and dentures.

Medicaid applicants are allowed to own one vehicle. If the applicant does not own a vehicle, one may be purchased. If the applicant owns an old or broken vehicle, that vehicle can be sold and new one can be purchased. Vehicle repairs are also allowable spend downs.

Homeowners can use excess resources to make repairs or home modifications. These expenditures will not cause a penalty and the upgrades should improve the applicant's quality of life and possibly increase the home's value.

Outstanding debts including mortgages, car loans, credit cards can be paid, further reducing the excess resource amount.

Spend downs can also be found in unexpected places. What seems like a penalizable gift to a child or close relative can sometimes be linked with purchases that benefit the applicant. As a parent ages or begins to experience the onset of an illness they may transfer funds to family members to take care of purchasing, shopping and marketing.

Spend downs paired with more complex Medicaid planning can reduce excess resources while providing important and necessary benefits to the applicant. Medicaid spend down planning often provides the impetus for taking care of household, automotive, personal, financial and legal changes that have been delayed due to inaction and general procrastination. For more information on spend downs and Medicaid planning reach out to the professionals at The Feller Group, P.C.