

Paying for Nursing Home Care

A Summary of Nursing Home MaineCare



Nursing home care is expensive. In Maine, it costs between \$5,000–\$7,000 a month. At this rate, most people quickly use all of their savings.

So how do people cover the cost?

Some people think that Medicare will pay for a nursing home stay. But Medicare only pays for nursing home care in limited cases. The guidelines for Medicare coverage of nursing home care are very strict. Even if you meet the guidelines, Medicare will only cover the first 100 days.

MaineCare, Maine's name for Medicaid, is a government health care program that may pay the costs of nursing home care. This summary is about the eligibility rules for MaineCare nursing home coverage.

This summary does not include information about the programs that help pay for other kinds of long-term care, such as a boarding homes or assisted living. If you would like to learn more about other long term care programs, call your local Area Agency on Aging at 1-877-ELDERS (1-877-353-3771) or the Office of Elder Services at 1-800-262-2232.

This summary is for general informational purposes only. It is not intended as legal advice. If you or your spouse may need nursing home care in the future, you should consult an attorney to learn how these rules apply to your situation.

I. Medical Eligibility

MaineCare will not pay for nursing home care unless you need a high level of care. You must have a medical need for nursing home care. Even if you are unable to care for yourself, or your doctor says you need to go to a nursing home, you may not qualify for MaineCare. You must meet the medical guidelines set by the Maine Department of Health and Human Services (DHHS).

After you apply for MaineCare, a nurse from Good Health Systems will review your medical records to decide if you need nursing home care. If the nurse decides that you do not qualify for nursing home care, you have the right to appeal the decision. For more information, please call Legal Services for the Elderly at 1-800-750-5353.



II. Financial Eligibility

MaineCare is a program for people with limited income and assets. However, the income and asset limits for nursing home MaineCare are much higher than for other types of MaineCare. This means that even families who are not eligible for other types of help may qualify for nursing home MaineCare.

A. Income

Your monthly income must be less than the nursing home's "private pay rate," the cost for a month of care. For instance, if you are in a nursing home that charges \$5,000 a month, and your income is \$3,500 a month, you are income eligible. If you are married, DHHS does not count your spouse's income when deciding if you qualify for nursing home MaineCare.

B. Assets

You can have up to \$10,000 in assets and still qualify for nursing home MaineCare. Up to \$8,000 must be in interest or dividend bearing accounts and up to \$2,000 can be in a non-interest bearing account. In addition, if you have a spouse who is not receiving MaineCare, your spouse can also have up to \$101,640 in assets. (See section IV.B. for more information about the financial protections for your spouse if he or she is not also on MaineCare.)

Many assets are not counted toward these limits. Below is a list of some of the assets that do not count.

Assets that Do Not Count Against the Asset Limit:

- Your home and land that it is on;
- Household goods, such as furniture and dishes;
- A car or truck, and in some cases, two cars or trucks;
- Prepaid burial accounts (also called mortuary trusts) of not over \$12,000, OR a separate burial account up to \$1,500;

- Whole life insurance policy of \$1,500 or less;
- Property used to earn income, such as a wood lot or rental property;

Please note: After three years this asset will count if you are not receiving at least 4.5% income. In this case, the income you make will be counted against the income limit.

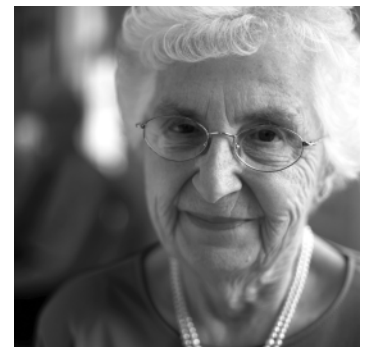
- Up to \$8,000 in an interest bearing account.
- This includes savings and checking accounts, C.D.s.
- IRAs, stocks, bonds, mutual funds, and some other types of accounts.
- Up to \$2,000 in a non-interest bearing account.

III. Your Cost of Care

Even if you qualify for MaineCare, you have to help pay for your care. You are allowed to keep a \$40 "personal needs allowance" each month. You will have to pay the rest of your monthly income to the nursing home, unless your spouse is entitled to keep some of it. (See IV. *Financial Protections for Your Spouse for more information.*)

Example:

Mrs. Smith gets \$800 a month in Social Security. She can keep \$40 each month for her personal needs, and she pays the remaining \$760 to the nursing home. MaineCare pays the rest of her nursing home costs.



IV. Financial Protections for Your Spouse

The MaineCare rules provide financial protections for the spouse who is not receiving MaineCare. The rules allow your spouse to keep enough income/assets to meet basic living expenses.

A. Income

Your spouse can keep all of his or her own income. Your spouse does not have to use his or her own income to pay the nursing home.

If your spouse's income is less than \$1,650 a month, he or she can keep some of your income to make up the difference. \$1,650 is the Minimum Monthly Needs Allowance that the government has determined a spouse living in the community needs to pay basic living costs.

Example:

Mr. Smith goes to a nursing home. His monthly income is \$1,200, and his wife's is \$600. Mrs. Smith can keep \$1,050 of Mr. Smith's monthly income to bring her income up to the Minimum Monthly Needs Allowance of \$1,650.

Your spouse may qualify for a higher Monthly Allowance if he or she has high housing costs. The Monthly Allowance can be increased up to \$2,541 which is the Maximum Monthly Needs Allowance. If your spouse qualifies for the Maximum Monthly Needs Allowance, he or she will be able to keep the amount of his or her spouse's income that equals the difference between his or her income and \$2,541.

B. Assets

Your spouse can also keep up to \$101,640 in assets. Remember, your home and many other assets don't count toward this limit. If your spouse's income is less than the Monthly Allowance of \$1,650-\$2,541, and you do not have enough income to give your spouse the difference, he or she may be able to keep more than \$101,640 in assets.

V. Giving Away Your Property

Sometimes people who are over the asset limit give away their money or property to qualify for MaineCare. This is risky. It could make you ineligible for some MaineCare programs. Thus, you should always seek the advice of an attorney who is knowledgeable about MaineCare before giving away any valuable assets.

A. Asset Transfer Penalty

Currently there are two rules concerning transfers of assets: one for transfers made before 2/08/06 and one for transfers occurring after 2/08/06.

- 1) If you or your spouse transferred assets before 2/08/2006 and within three years of the date of your of applying for nursing home MaineCare, there may be a penalty.* The penalty is a period of time when you will be ineligible for nursing home MaineCare, as well as certain other types of MaineCare.

Examples of Transfers That May Cause a Penalty:

- Giving assets away;
- Selling assets for much less than their market value;
- Removing your name from a deed; and
- Adding another person's name to a deed.

The asset transfer rules are different when you add another person's name to your bank account or put your assets into a trust.

Please note: The asset transfer rules do not apply to all MaineCare programs.

For more information or questions:

**Call Our Helpline
1-800-750-5353**



*Calculating the Penalty Period

For every \$6,255 worth of assets that you give away, you may lose one month of eligibility for nursing home MaineCare. If you have given assets away, DHHS will divide the value of the assets by \$6,255 (the average monthly cost of nursing home care as determined by DHHS) to determine the length of the penalty period. The resulting number is the number of months that you will be ineligible for MaineCare. The penalty period starts running from the date of the transfer.

Example:

Mr. Smith gives his son \$40,000 on January 1, 2005. Then on April 7, 2007 he goes to a nursing home and applies for MaineCare. There is a six month penalty period for that transfer.

\$40,000 divided by \$6,255 equals 6.39 and fractions are dropped. But the six month penalty started on the date of the transfer, January 1, 2005, and ran out before he applied. He was eligible for nursing home MaineCare when he entered the nursing home.

2) If you or your spouse transfer assets after 2/8/2006 and within five years of applying for nursing home MaineCare, there could be a stricter penalty.

Example:

Mr. Smith gives his son \$40,000 on March 1, 2006. He enters a nursing home and applies for MaineCare on April 1, 2007. Under the new rule, the 6.39 month penalty period of ineligibility begins on April 1, 2007, the date of the application. Fractions are counted as partial months.

It is much riskier to make transfers now under the new rule because you must get by for five years without applying for MaineCare nursing home benefits.

B. Exempt Transfers

Certain kinds of transfers are “exempt.” This means that you can make the transfers without a penalty. For example, spouses can transfer property to each other. There is no penalty for transfers between spouses.

You can also transfer your house to:

- Your child if he or she is under age 21, blind, disabled, or lives in your house and takes care of you for at least two years before you go to a nursing home; or
- Your brother or sister, if he or she co-owns your house and lives in your house for at least one year before you go to a nursing home.

These are just a few examples of transfers that will not give rise to a penalty. There are others. Please contact our office at 1-800-750-5353 if you need more information.

AN IMPORTANT NOTE:

The MaineCare laws are complex. If you have questions about how this information applies to you, be sure to consult an attorney who understands MaineCare and other “elder law” areas. If you are 60 or over, call the Legal Services for the Elderly Helpline for free legal advice.

LSE Helpline
1-800-750-5353



Free legal help for Maine's seniors

