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WHAT IS THE INDIANA MEDICAID MONTHLY MAINTENANCE NEEDS ALLOWANCE?



PAUL A. KRAFT
Indiana Estate Planning Attorney



It is not uncommon for people to avoid subjects that they find to be unpleasant. While this can be understandable on a certain level, if you keep your head stuck in the sand, you may fail to plan ahead for certain eventualities that you may face during your senior years. As a result, you could find yourself in a situation that could have been much more manageable if you had prepared for it in advance.

No one wants to rely on someone else for help, but the stark reality is that most senior citizens will someday need assistance with their activities of daily living. The figure is 70 percent according to the United States Department of Health and Human Services.

People wind up in nursing homes due to many different underlying causes, but one of the major culprits is Alzheimer's disease. The disease strikes 45 percent of people who are at least 85, and it is likely that you will live into your eighties if you celebrate your 65th birthday.

When you put all of these figures together, you can see that it is rather irresponsible to go through life assuming that you will never need long-term care.

PAYING FOR LONG-TERM CARE

Nursing homes are extremely expensive, and Medicare will not help with the costs. Medicaid is another health insurance program run by the government that will pay for nursing home care, and it pays for most of the care that is received by seniors in the United States.

Though Medicaid is the solution of last resort for many, you do not automatically qualify for Medicaid coverage if you need long-term care as an elder. It is a need-based program, and you cannot qualify if you have countable assets that exceed \$2000 in value.



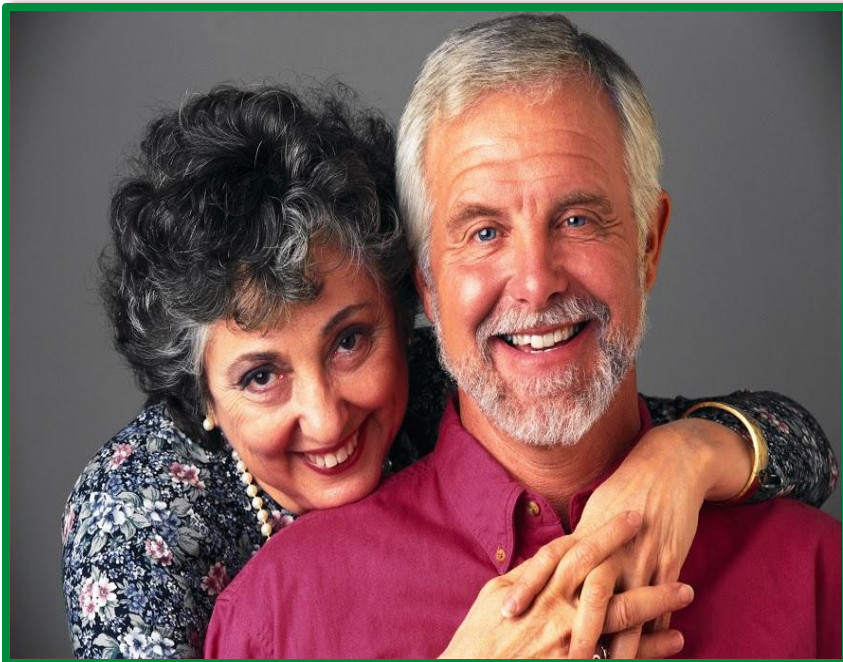
People often give assets to their loved ones before they apply for Medicaid, but to do this effectively, you have to be aware of the five-year look-back. Your eligibility is delayed if program evaluators find that you have given away assets within 60 months of applying for coverage.

HEALTHY SPOUSE & MEDICAID MONTHLY MAINTENANCE NEEDS ALLOWANCE

Now that we have explained why Medicaid may well be relevant to you if you will qualify for Medicare as a senior citizen, we can look at the Medicaid Monthly Maintenance Needs Allowance.

We stated previously that there is a \$2000 limit on countable assets. However, if you are applying for Medicaid as a married person while your spouse is still

capable of independent living, your spouse is protected in some ways.



If you were to qualify for Medicaid to pay for long-term care as a single person, under program rules most of your income would go toward the cost of your care, but things are different if you are married.

Your spouse would be entitled to a Medicaid

Monthly Maintenance Needs Allowance if he or she is relying on all or part of that income to maintain a minimum standard of living.

Since Medicaid is a jointly run federal/state program, each state has some latitude with regard to the precise way that the program is administered. We practice law in the state of Indiana. In our state, the maximum Medicaid Monthly Maintenance Needs Allowance stands at \$2,980 in 2015. Each year these figures are adjusted to account for inflation, and this is why we are being specific about the year. The minimum allowance that a healthy spouse can receive during the current calendar year is \$1966 in Indiana.

SUMMARY



Medicaid becomes important to many senior citizens who were never financially needy, even if they are enrolled in the Medicare program. This is because Medicare does not pay for nursing home care.

Nursing home costs are exorbitant, so most people cannot pay comfortably out of pocket. Since Medicaid does pay for long-term care, it is the solution for many elders who need living assistance.

Medicaid is a need-based program, so income that is brought in by a Medicaid recipient must go toward the cost of his or her care. However, if the person in question is married, his or her spouse could continue to use the income. This is called the Medicaid Monthly Maintenance Needs Allowance.

We have looked at one particular question this paper. If you would like to obtain more comprehensive information about the Medicaid program as it applies to long-term care for seniors, schedule a consultation with a licensed elder law attorney.

REFERENCES

Genworth Financial

<https://www.genworth.com/corporate/about-genworth/industry-expertise/cost-of-care.html>

LongTermCare.gov

<http://longtermcare.gov/>

About the Author

Paul A. Kraft

Paul Kraft is Co-Founder and the senior Principal of Frank & Kraft, one of the leading law firms in Indiana in the area of estate planning as well as business and tax planning.



Mr. Kraft assists clients primarily in the areas of estate planning and administration, Medicaid planning, federal and state taxation, real estate and corporate law, bringing the added perspective of an accounting background to his work.

In addition to his practice, Mr. Kraft has lectured extensively in the areas of living trust planning, Medicaid planning, and presenting public and private seminars on the importance of proper estate planning. He has also authored various articles on estate planning and is a contributing author of *LEGACY: Plan, Protect, and Preserve Your Estate—Practical Answers from America's Foremost Estate Planning Attorneys*.

Mr. Kraft is a co-founder of the Indiana Network of Estate Planning Professionals, a charter member of the American Academy of Estate Planning Attorneys and a founding member of the National Network of Estate Planning Attorneys. He is also a member of the Indianapolis Bar Association, including the Taxation, Business Law and Estate Planning sections; the Indiana State Bar Association, including the section on Taxation Law; the Indiana CPA Society; and the Estate Planning Council of Indianapolis. Mr. Kraft is admitted to practice law before the Supreme Court of Indiana, U.S. District Courts, and U.S. Tax Court.

Frank & Kraft
A Professional Corporation
Attorneys at Law
www.FrankKraft.com

135 N. Pennsylvania Street Suite 1100
Indianapolis, IN46204-2485
Phone: (317) 684-1100
Fax: (317) 684-6111