

The 7 Worst Medicaid Planning Mistakes



Medicaid planning is a complicated, ever-changing area of the law. It should come as no surprise that people make mistakes in trying to obtain assistance from Medicaid to pay for long-term care. Unfortunately, given the high cost of long-term care, these mistakes can be financially devastating. Here are the seven worst Medicaid planning mistakes.

1. Relying on uninformed advice.

Many people make decisions based on the advice of friends, family members, neighbors and others who mean well but do not understand the laws surrounding Medicaid eligibility. Similarly, nursing home intake staff and Medicaid workers are not a reliable source of accurate advice about Medicaid. Even the advice of attorneys who do not focus on Medicaid planning is suspect. The best advice we can give you is to consult with an elder law/Medicaid planning attorney *before* submitting an application for Medicaid assistance to pay for long-term care.

2. Thinking it's too late to plan.

While it is always best to plan in advance for the possibility of needing long-term care in the future, it's virtually never too late to plan. Even if you are already in a nursing home, or must move to one very soon, it is likely that an elder law attorney can help you obtain the Medicaid assistance you need and protect your life savings.

3. Applying for Medicaid too early or too late.

If you apply for Medicaid too early, you could face a longer period of ineligibility. If you apply too late, you could lose months or years of eligibility.

4. Giving away assets too early or improperly.

Many people are tempted to simply give assets to their children or other loved ones to become eligible for assistance from Medicaid. This presents two problems. First, you or your spouse may need those assets in the future—don't put your security at risk. Second, giving assets away improperly may cause tax problems and make you ineligible for Medicaid assistance for months or even years.

5. Trying to hide assets.

If you do not disclose your assets in an attempt to qualify for Medicaid benefits you could be prosecuted for Medicaid fraud and be compelled to reimburse the costs of any benefits you obtained.

6. Ignoring safe havens created by Congress.

Some asset transfers are allowed. For example, in certain situations you can transfer assets to disabled children, caretaker children and siblings without jeopardizing your eligibility for Medicaid benefits.

7. Failure to take advantage of protections afforded the spouse at home.

The spouse of a nursing home resident has certain protections, including petitioning for an increased community spouse resource allowance and, in some cases, petitioning for an increased income allowance, among many other. You do not want the spouse at home to become impoverished.



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