

“What Is Medicaid?”

By Judith S. Parnes, L.C.S.W., C.M.C.

The terms Medicaid and Medicare are often confused and used interchangeably. It is important to distinguish between the two. Medicare is available to virtually all Americans over the age of 65 and to the disabled, regardless of income. Medicaid, on the other hand, is available to low income individuals.

Medicaid was designed in 1965 to pay for health care services for low income individuals, which includes those who never had financial resources or those who no longer have sufficient assets available. Although federally regulated, both the federal and state governments share the cost of the Medicaid program, resulting in states differing in eligibility guidelines.

One of the most frequently identified concerns of older adults and their families is the cost of long term care. Today the primary payer of nursing home care is Medicaid, a program designed to pay for health care services primarily in a nursing home setting for those proven eligible and therefore entitled. In addition to Medicaid covering nursing home care, it can also pay for certain services for individuals living at home or for financially eligible individuals living in Assisted Living Facilities. The Assisted Living Waiver was originally approved in 1996 by the Health Care Financing Administration (HCFA), with New Jersey being one of a few states that has this program. This waiver was intended to help eligible individuals “age in place” rather than be cared for in a nursing facility.

Elder Life Management advocates long term care planning for every adult, regardless of age. Without appropriate planning made in advance of incapacity, individuals are faced with the financial realities of paying for long term care services with their valuable assets, until such time that Medicaid eligibility can be established. Only by being an educated consumer can we prepare for our future care needs.

This is the first of a 3 part series. The next column will address Medicaid eligibility.

Judith S. Parnes, L.C.S.W., C.M.C., Gerontologist And Elder Care Consultant is Executive Director of Elder Life Management, Inc., Ocean, NJ. They provide quality elder care planning and management services to older adults and their families. Please visit www.elderlifemanagement.org or call (732) 493-8080 for more information.

MEDICAID PART II

By Judith S. Parnes, LCSW, CMC

This is part 2 of a 3 part series.

MEDICAID ELIGIBILITY

In New Jersey, eligibility for Medicaid is based on medical need as authorized by a physician, screened by a Medicaid nurse, and on financial approval. Two different agencies are involved: the County Board of Social Services Agency which determines financial eligibility, and the Office of Community Choice Options which determines medical eligibility, based on the physician's completion of the required "PA4" form.

To apply, the following information needs to be made available to the County Social Service Agency: verification of age and citizenship; copy of monthly social security check and/or pension; photocopies of social security and Medicaid cards; copies of premiums paid on health insurance policies; copies of property deeds; 3 years of bank statements for checking and savings accounts, CDs, stock certificates, money markets or private pensions; a copy of your burial plot deed; copies of life insurance policies; the title of your car, and military discharge papers, if applicable.

If married, additional financial and historical information on the spouse remaining at home is needed, including copies of your marriage certificate, gross monthly income and assets of non-applicant spouse, rent or mortgage payment, property tax bill, homeowner's insurance, and utility bills.

This is part 2 of a 3 part series. The next column will address How and When to apply for Medicaid.

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MEDICAID PART III

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HOW TO APPLY

Each year the state sets income eligibility and asset limits for Medicaid. The 2007 asset limit for an eligible individual is \$2,000, with monthly income of less than \$1,869. For married couples, the financial situation is reviewed differently, attempting not to “impoverish” the spouse who remains at home. The individual monthly income of the person requiring Medicaid assistance still needs to meet the individual Medicaid financial criteria (less than \$1,869 per month.) However, the spouse remaining in the community is allowed to keep a minimum of \$20,328 from the couple’s total assets or one half the assets up to \$101,640. The home, the value of one car up to \$4,500, household furnishings and some personal possessions are exempt.

WHEN TO APPLY

Medicaid is based on medical and financial need. To assure an opportune transition onto Medicaid, enough time has to be allotted, as it may be quite cumbersome to establish financial eligibility. Elder Life Management recommends initiating the process when resources are below \$26,000, acknowledging that Medicaid can only be approved after resources are below the \$2,000 amount. This phenomenon of using the available financial resources is called “spending down,” with the funds being spent on care as needed, recognizing that Medicaid will be available in the future.

Once approved, in most cases, the individual’s income, such as social security and/or pension, will be due to the facility. This will be the individual’s contribution to the monthly cost of long term care, with the state paying the balance of the cost directly to the facility. In a nursing home setting, \$35.00 per month may be kept for personal needs; \$92.50 per month may be kept in an assisted living setting.

HELP IN APPLYING

Elder Life Management is frequently called upon to assist with the Medicaid application process. In addition to providing information and guidance about Medicaid, our services include identifying appropriate assisted living or nursing home facility options, collecting the required documents for making the application and follow-up until the final approval.

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