Spousal Impoverishment

KanCare
MEDICAID/KanCare

- An entitlement program to pay healthcare costs for certain persons with low income and resources
- Funded by a combination of state and federal dollars
- Programs vary from state to state
- Persons must meet specific criteria to receive coverage
MEDICAID/KanCare

• KanCare is a Managed Care Model with three Managed Care Organizations:
  – Amerigroup
  – Sunflower
  – United Health Care

• Limited ‘Fee For Service’ – MediKan, QMB, LMB, Some prior medical coverage
GENERAL REQUIREMENTS

• Must apply for coverage

• The applicant must be able to act in their own behalf (example: adults)

• Must be a US citizen or eligible non-citizen (applicant only, not other family members)

• Resident of Kansas
FINANCIAL REQUIREMENTS

• To qualify, a household’s income and/or resources must be below the specified limit

• A resource is something of value that the household can access - An Asset

• Resources are only applicable to the Elderly & Disabled programs
Types of Resources

Countable
- Bank accounts
- Stocks/Bonds
- Most trust funds
- Annuities
- Life Insurance over $1,500 (face value)
- Retirement Funds except for spouse
- Non-income producing property

Exempt Resources
- Irrevocable burial plans up to $7,000 plus burial merchandise.
- The home if spouse lives in it or if resident intends to return.
- Income producing property
- Life insurance less than $1,500 (face value)
- Household/personal items
- One vehicle
THE HOUSEHOLD

For Most Elderly/Disabled Medical Programs:
• For adults - includes self and spouse
• For children, includes parents
• For HCBS and LTC children – only the applicant

For LTC Programs:
• Spousal Impoverishment
Spousal Impoverishment

- Applies to Married Couples
- Special resource and income rules for persons applying for LTC
- Allows a community spouse to retain resources above the $2000 limit
- Sometimes the long term care spouse can allocate income to the community spouse
Spousal Impoverishment

• Must be in LTC at least 30 consecutive days

• Asset ‘snapshot’ taken of total non-exempt assets as of date LTC begins (for HCBS – date they are screened eligible)

• All non-exempt assets are used, regardless of spousal ownership.

• Divided in half.

• Minimum - $23,844
• Maximum - $119,220

• This creates the Community Spouse Resource Allowance
Spousal Impoverishment

- Community Spouse resource allowance is the amount of assets the couple can own – personalized resource limit.

- In addition, the LTC spouse can retain $2000

- The Community Spouse Resource Allowance remains in effect, even if the spouse returns to the community.

- Division of Assets?

- Couples have 90 days after eligibility to transfer resources from LTC spouse.
Spousal Impoverishment

Example 1: Fred and Ethel
- Ethel in Nursing Home on October 14, 2014
- Total resources in October, 2014: $100,000
- One half is $50,000
- Community Spouse Allowance is $50,000
- Add $2000 for the LTC Spouse
- Fred and Ethel’s total resources must be at or below $52,000 to qualify

Example 2: Bert and Bertha
- Bert in facility on March 15, 2015
- Total resources are $17,500
- This is below the minimum of $23,844
- Bert is eligible as of March, 2015
Spousal Impoverishment

Example 3: Jack and Jill

• Jack screened eligible for HCBS on February 10, 2015

• Total resources in February, 2015: $400,000

• One half is $200,000

• This is above the maximum, so the Community Spouse Allowance is $119,220

• Add $2000 for the LTC Spouse

• Jack and Jill’s total resources must be at or below $121,220 to qualify
Spousal Impoverishment

Income Allocation:
• Can reduce the total Patient Liability or Client Obligation
• Can allocate to the community spouse or dependent family members living with the spouse
• Combined income is less than $1992 – can be allocated to the community spouse
• Maximum allocation is $2981/month
• Dependent Family member allowance is $664
Transfer of Property

• Transferring property for less than fair market value. Examples:
  – Selling property
  – Gifting assets
  – Adding owners or names to properties
  – Refusing an inheritance

• Consider all transfers made within the last 5 years
Transfer of Property

• Can result in a period of ineligibility for LTC services

• Total amount of penalty determined by value of asset less amount received and encumbrances.

• Penalty begins on the date the individual is otherwise eligible for Medicaid in LTC

• Methods to cure penalty available
Example: Mable entered the nursing home in July, 2014. She applied for Medicaid in February, 2015 and is otherwise eligible in February.

Mable sold her home, worth $100,000, in March of 2014 to her son for $20,000. She owed $10,000 on her mortgage.

- Total transfer amount - $100,000- $20,000-$10,000 = $70,000
- Daily penalty periods are established - $172.32/day
- Total penalty period it $70,000/172.32= 406 days.
- Penalty period begins running on February 1, 2015.
- She is ineligible for Medicaid LTC until 03-12-2016.
Other Resource Provisions

• **Life Insurance:** The cash value of the policy is countable

• **Home and Homestead:**
  – **Exempt if**
    • the individual is living in the home
    • a spouse or dependent is living in the home
    • Intends to return home
  – **Countable Otherwise**
  – **Medicaid Liens**
    • For persons in LTC at least 6 months

• **Trusts:** Generally Countable – some specific exemptions

• **Annuities:** Generally countable – retirement annuities exempt
Estate Recovery

Recovers medical care costs from the estates of certain deceased Medicaid recipients.
• Age 55 and above
• Institutional care – at any age
• Not applicable to Medicare Savings Programs, Family Programs

Exceptions:
• Individuals with minor children
• Disabled children
• Spouse – delayed. Recovery applies after the spouse passes.

Estate Recovery Pre-Payments

Long Term Care Partnership Payments
Long Term Care Partnership

Qualified Long Term Care Insurance Payments

• Increase resource limit to qualify for Medicaid
  Above $2000
  Above community spouse allowance

• Reduce the Estate Recovery Claim

• Example: LTC plan pays out $20,000 – the resource limit is $22,000 for a single person. The estate recovery claim is also reduced by $20,000
Medicaid and KanCare

Regarding Estate Planning...

• We determine eligibility

• We don’t give estate planning advice

• We will provide a determination once an application and documentation is provided
Questions

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To Apply:
http://www.kancare.ks.gov/apply.htm

More information - KDHE Web