FREE NATIONAL RESOURCE

The Family's Complete Guide to Medicaid Planning

A plain-English roadmap for long-term care, asset protection concepts, and preparing for the Medicaid process.

WHAT THIS GUIDE IS DESIGNED TO DO

Help families understand the questions that matter before they apply for long-term care Medicaid or make major financial moves. It explains concepts, risks, and planning considerations nationally - while reserving state-specific legal analysis, filing instructions, and case implementation for professional review.

Inside this guide

- → How Medicaid long-term care generally works
- → Why spend-down is more than simply spending money
- → The 5-year look-back rule in plain English
- → Spousal protections and the home
- → Common mistakes to avoid before filing
- → What to gather before requesting professional review

Start here

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Senior Asset Solutions is not a law firm. This guide provides general educational information only. Medicaid rules vary by state, program, and individual circumstances and can change over time.

A note to families

If someone you love has entered a nursing home - or may need long-term care soon - the financial questions can arrive almost overnight. Families are often asked to make decisions about bank accounts, a home, insurance policies, annuities, gifts, and Medicaid before they understand how those pieces fit together.

This guide is meant to slow that process down just enough to help you ask better questions. It is not a do-it-yourself Medicaid filing manual. The goal is to help you understand the framework, recognize common risks, gather useful information, and know when case-specific professional guidance may be appropriate.

AN IMPORTANT DISTINCTION

This free guide explains concepts and preparation. It intentionally does not provide state-specific legal advice, detailed filing instructions, caseworker letters, state-law excerpts, or a personalized document packet. Those items depend on the facts of an individual case and the rules of the applicable state.

How Senior Asset Solutions fits in

Senior Asset Solutions helps families understand Medicaid long-term care planning, nursing-home spend-down situations, and insurance-based planning options. When legal analysis is needed, we can help connect the family with an elder-law attorney in our partner network. When insurance or spend-down products are appropriate, a properly licensed insurance professional can review those options.

The best outcome is not necessarily the most complicated strategy. It is a coordinated plan that fits the family's goals, timing, care needs, legal requirements, and state rules.

Contents

CHAPTER 1

Medicaid Long-Term Care in Plain English

Start with the big picture before looking at any dollar limit.

Medicaid is a joint federal-state program. For people who meet the applicable eligibility requirements, state Medicaid programs can cover nursing-facility services and may also cover certain home- and community-based long-term services and supports through state programs and waivers.

Long-term care Medicaid is not just an income program. Eligibility can involve medical or functional need, income rules, resource rules, residency, program requirements, transfer-of-asset rules, and post-eligibility treatment of income.

WHY THIS MATTERS

A family can be over a financial limit today and still have planning questions worth reviewing. Likewise, being under a resource limit does not automatically mean every other eligibility requirement has been met.

Who tends to use long-term care Medicaid?

A person already in a nursing facility whose private-pay costs are rapidly consuming savings.

A spouse trying to understand how the rules affect the spouse who remains at home.

A family planning ahead because long-term care is becoming likely.

A person receiving or seeking home- and community-based long-term care services where Medicaid eligibility is relevant.

National guide, state implementation

Federal law sets important Medicaid requirements, but states administer Medicaid and may apply different program rules, terminology, financial standards, procedures, and documentation requirements. That is why this guide stays national and avoids permanent state-specific dollar figures.

CHAPTER 2

Medicare vs. Medicaid for Nursing-Home Care

Two programs that families often confuse.

Medicare and Medicaid can both be involved in a person's care, but they serve different purposes. Medicare may cover qualifying short-term skilled nursing facility care after certain hospital stays and when program requirements are met. Medicaid can become a major payer for ongoing nursing-facility care for eligible individuals when long-term care is needed.

A person can have both Medicare and Medicaid. The fact that Medicare paid for rehabilitation does not mean it will continue paying indefinitely for long-term custodial care.

COMMON TRANSITION

Hospital → rehabilitation/skilled care → long-term nursing-home stay. Families often begin asking Medicaid questions when the Medicare-covered portion of care is ending and private-pay bills are beginning.

Before assuming what will happen next

Confirm whether the facility is Medicaid-certified and accepts Medicaid as a payment source.

Understand what insurance or long-term care benefits may still be available.

Review the financial and legal situation before making irreversible transfers or liquidations.

CHAPTER 3

How Eligibility Is Evaluated

There is rarely just one test.

Long-term care Medicaid eligibility generally involves several categories of requirements. The exact tests depend on the state and the specific Medicaid program.

Area	What families should understand
Medical / functional need	The applicant may need to meet a nursing-facility level-of-care or other program-specific standard.
Income	States use program-specific income and post-eligibility rules. Income treatment can differ from ordinary public-benefit programs.
Resources / assets	Some resources are countable and others may receive special or exempt treatment. State rules matter.
Transfers	Certain transfers for less than fair market value during the applicable look-back period can affect LTSS coverage.
Residency / program rules	The applicant must satisfy the requirements of the state and the particular program being requested.

A planning review should look at the whole picture rather than one bank balance. Marital status, care setting, ownership, transfers, insurance contracts, real estate, and timing can change the analysis.

CHAPTER 4

Countable vs. Non-Countable Resources

Do not assume every asset must be spent.

Medicaid distinguishes between resources that are counted toward eligibility and resources that may receive different or exempt treatment under federal and state rules. The treatment of a home, vehicle, burial arrangements, life insurance, annuities, retirement accounts, and other property can depend on the facts and the state.

BETTER QUESTION

Instead of asking “How do we get rid of the assets?” ask “Which resources are actually countable, how are they owned, and what rules apply to this case?”

Why asset labels can be misleading

An account or contract can have different Medicaid consequences depending on ownership, accessibility, cash value, beneficiary terms, payout status, and state rules. For example, an annuity is not automatically exempt simply because it is called an annuity, and a life insurance policy is not automatically countable simply because it has a death benefit.

Before liquidating or transferring anything

Identify the owner and current value.

Determine whether the resource can be accessed or surrendered.

Review whether the asset already receives favorable treatment.

Consider tax, legal, insurance, and Medicaid consequences together.

CHAPTER 5

The Home, Real Estate, and Estate Recovery

Eligibility treatment and estate recovery are different questions.

A primary residence can receive special treatment for Medicaid eligibility, particularly when a spouse or certain other protected individuals remain in the home. But the fact that a home is not counted for one eligibility purpose does not necessarily mean it is insulated from every future Medicaid claim.

Federal Medicaid law requires states to seek recovery of certain benefits from the estates of some Medicaid beneficiaries, subject to important protections and hardship provisions. States cannot pursue estate recovery while a surviving spouse is alive, and federal law includes additional protections for certain children.

DO NOT MAKE A HOME TRANSFER BASED ON A RULE OF THUMB

Real-estate transfers can implicate the look-back rules, tax issues, creditor issues, estate planning, and state-specific Medicaid law. A home should be reviewed as part of the entire case.

Questions to bring to a review

Who owns the home and how is title held?

Does a spouse or other family member live there?

Is there a mortgage or other debt?

Does the applicant intend to return home?

Have there been any recent transfers or changes in title?

CHAPTER 6

The 5-Year Look-Back Rule

A gift can create a Medicaid problem even when it creates no gift-tax problem.

For long-term services and supports, Medicaid generally reviews certain transfers for less than fair market value made during the 60 months before the relevant application date. If a disqualifying transfer occurred, Medicaid may impose a period during which payment for certain long-term care services is unavailable, subject to statutory exceptions and state implementation.

Transfers can involve more than cash

Giving money to children or grandchildren.

Transferring a home or other real estate.

Selling property for less than fair market value.

Changing ownership in an account or asset in a way that gives value away.

Forgiving a debt that is owed to the applicant.

THE IRS GIFT-TAX EXCLUSION IS NOT A MEDICAID SAFE HARBOR

Federal gift-tax rules and Medicaid transfer rules are different systems. A gift may have no federal gift-tax consequence and still create a Medicaid transfer issue.

If a transfer already happened

Do not assume the case is hopeless, and do not try to “fix” the transfer with another unreviewed transaction. Exceptions, returned assets, hardship rules, timing, and other facts can matter. This is an area where state-specific legal review may be important.

CHAPTER 7

Spousal Protections

Married couples are not treated the same as single applicants.

Federal spousal-impoverishment provisions are designed to help protect the spouse who remains in the community when the other spouse needs certain long-term services and supports. These rules can protect a portion of the couple's resources for the community spouse and may also allow certain income to be allocated to that spouse, depending on the case.

The protected amounts are adjusted periodically and state implementation matters. For that reason, this national guide does not publish a permanent dollar figure.

Key concepts

Community spouse: the spouse who remains living in the community.

Institutionalized spouse: the spouse receiving institutional long-term care.

Resource protection: certain combined resources may be protected for the community spouse.

Income protection: in some cases, part of the institutionalized spouse's income may be allocated to the community spouse after eligibility is established.

WHY MARRIED-COUPLE CASES DESERVE REVIEW

A couple should not automatically assume the spouse at home must spend everything down to the single-person resource level. Spousal protections can materially change the planning conversation.

CHAPTER 8

What Spend-Down Really Means

It is a planning concept, not a command to give assets away.

Spend-down planning generally means lawful steps used to reduce or reposition countable resources so an applicant may meet applicable Medicaid financial requirements. It is not synonymous with gifting money to family members.

Depending on the facts and state rules, planning may involve paying legitimate expenses or debts, purchasing items or services that receive different Medicaid treatment, addressing funeral or burial funding, reviewing insurance contracts, or using other permitted strategies.

ORDER MATTERS

Applying for Medicaid, surrendering an insurance policy, transferring real estate, making a gift, or changing ownership can affect eligibility. The sequence of decisions can matter as much as the decision itself.

What the free guide will not do

This guide intentionally does not provide a transaction-by-transaction spend-down formula. A case-specific plan may depend on the applicant's state, marital status, care setting, transfers, asset ownership, income, facility arrangements, insurance contracts, and legal documents.

CHAPTER 9

Planning After Nursing-Home Admission

Admission does not necessarily mean planning is over.

Many families arrive at Medicaid planning after a hospitalization or rehabilitation stay has already turned into long-term nursing-home care. Private-pay bills may be accumulating while the family is still gathering information.

Even after admission, it may still be appropriate to review Medicaid eligibility, exempt resources, spousal protections, transfers, insurance, burial planning, legal documents, and the timing of an application before assuming the only option is to spend down every available dollar.

A practical first response

1. Confirm the current care setting and expected length of stay.
2. Understand what Medicare, long-term care insurance, or other coverage is paying now.
3. Gather a current snapshot of assets, income, real estate, insurance, and recent transfers.
4. Avoid gifts, title changes, or large liquidations until the situation has been reviewed.
5. Identify whether legal or state-specific Medicaid guidance is needed.

CHAPTER 10

Insurance, Annuities, and Funeral/Burial Planning

These tools can be relevant, but they are not one-size-fits-all.

Life insurance

Medicaid treatment of life insurance can depend on policy type, ownership, face value, cash surrender value, and state rules. Before surrendering or borrowing against a policy, understand how it fits into the overall case and whether other planning consequences exist.

Annuities

Annuities require individual analysis. Some contracts may be countable or may create transfer issues. In appropriate cases, a properly structured Medicaid Compliant Annuity can be used as part of a Medicaid planning strategy, but the technical requirements and state treatment must be reviewed carefully.

Funeral and burial planning

Certain properly structured funeral and burial arrangements can receive favorable Medicaid treatment. Contract structure, irrevocability, funding limits, and state requirements can matter.

EDUCATION BEFORE PRODUCT

Senior Asset Solutions does not recommend an insurance product merely because a family is considering Medicaid. The planning need should be understood first; insurance-based solutions should be evaluated only when appropriate for the individual case.

CHAPTER 11

Common Mistakes to Avoid

The most expensive mistake is often the move made before anyone understands the case.

- **Waiting until the crisis is severe**
  Options can narrow as care costs accumulate and deadlines approach.
- **Gifting without understanding the look-back**
  A well-intended gift can create a transfer penalty.
- **Moving or retitling assets too quickly**
  Ownership changes can have Medicaid, tax, estate, and creditor consequences.
- **Applying before the plan is ready**
  An application can trigger review before key issues have been organized.
- **Assuming the home is either “safe” or “lost”**
  Eligibility treatment and estate recovery are separate issues.
- **Treating a product name as a Medicaid answer**
  Annuities, trusts, insurance, and burial arrangements are fact-specific.
- **Using another family’s case as a template**
  State rules and individual facts can make superficially similar cases very different.

CHAPTER 12

Preparing for a Professional Review

Good information leads to better planning conversations.

You do not need to solve the case before asking for help. A useful first step is simply to organize the facts that are most likely to affect the analysis.

	Information to gather
☐	Current bank and investment balances
☐	Monthly income sources for the person needing care and spouse
☐	Real estate ownership and how property is titled
☐	Life insurance and annuity statements
☐	Long-term care insurance information
☐	Existing funeral or burial arrangements
☐	Recent gifts, transfers, or changes in ownership
☐	Marital status and spouse's financial needs
☐	Current care setting and monthly cost of care
☐	Existing powers of attorney, trusts, or other estate-planning documents

PRIVACY NOTE

For an initial inquiry, avoid sending Social Security numbers, bank-account numbers, passwords, or other unnecessary sensitive information through ordinary website chat or unsecured email. Use secure document exchange when detailed records are required.

CHAPTER 13

What to Expect From the Application Process

A roadmap - not a filing manual.

The Medicaid application process varies by state and program. A typical case may involve gathering information, completing an application, submitting verification documents, responding to requests for additional information, and waiting for the state to make an eligibility determination.

1. Preparation: identify the program, state, care setting, and planning issues before filing.
2. Application: complete the state's approved application method, which may be online, paper, or another state process.
3. Verification: provide documentation requested by the state to verify financial, personal, and care-related information.
4. Follow-up: respond to state requests and clarify transactions or documents when necessary.
5. Determination: the state issues an eligibility decision, which may include additional obligations or effective-date considerations.
6. Ongoing eligibility: recipients may be subject to renewals, redeterminations, and reporting requirements.

WHY WE STOP AT THE ROADMAP

The exact application screens, forms, supporting exhibits, legal explanations, transaction history, and caseworker-facing documentation should be tailored to the specific state and case. That level of implementation is intentionally outside the scope of this free national guide.

CHAPTER 14

When State-Specific Guidance Becomes Necessary

National rules create the framework; the state determines how the case is processed.

State-specific guidance becomes especially important when the family needs a current income or resource limit, spousal allowance, home-equity rule, penalty divisor, burial limit, application form, portal instruction, state manual provision, or interpretation of a transaction under the state's rules.

It is also important when a case involves recent gifts, real-estate transfers, trusts, unusual ownership, prior denials, appeals, powers of attorney, significant tax consequences, or other legal issues.

How our partner network fits in

When legal analysis is appropriate, Senior Asset Solutions can help connect a family with an elder-law attorney in our partner network. The attorney-client relationship, legal advice, and legal services remain between the family and the attorney. Senior Asset Solutions can then support the planning and insurance components that fall within our role.

OUR NATIONAL-GUIDE RULE

If a question turns on a state-specific law, current financial standard, or individual legal issue, this guide will point you toward a review rather than pretend that one national answer fits every state.

CHAPTER 15

Your Next Step

Know enough to avoid the wrong move - then get help where the case requires it.

If you are dealing with a nursing-home admission, rapidly rising care costs, a spouse at home, recent gifts or transfers, a home, an annuity, life insurance, or significant savings, the next step is usually not to make a major financial move. It is to organize the facts and understand which rules apply.

Start with Senior Asset Solutions

Use the Spend-Down Calculator on our website for an initial estimate and educational starting point.

Ask the website assistant general Medicaid planning questions.

Complete the Medicaid planning intake when you would like your situation reviewed.

If legal guidance is needed, we can help connect you with an elder-law attorney in our partner network.

For families who engage us on a case-specific basis, more detailed planning support may be available. Depending on the engagement and the role of the attorney, that can include personalized state-specific planning, filing-preparation materials, tailored document checklists, and other case support. Those services are separate from this free national guide.

START HERE

Visit seniorassetsolutions.com to use the calculator, read current educational resources, or request a review.

seniorassetsolutions.com

Plain-English glossary

Community spouse

The spouse who remains living in the community while the other spouse receives certain long-term care services.

Countable resource

An asset or resource that is included in the applicable Medicaid financial eligibility analysis under the relevant rules.

Estate recovery

The process through which a state may seek repayment from a Medicaid beneficiary's estate for certain benefits paid, subject to federal and state protections.

Fair market value

Generally, the value property would bring in an arm's-length transaction. Transfers for less than fair market value can raise Medicaid issues.

Look-back period

The period Medicaid reviews for certain transfers for less than fair market value before an application for long-term services and supports.

Medicaid Compliant Annuity

A specialized annuity that may be used in Medicaid planning when it satisfies applicable legal and state requirements.

Nursing facility level of care

A medical/functional eligibility standard used for certain long-term care benefits. States apply program-specific criteria.

Spend-down

Lawful steps used to reduce or reposition countable resources so an applicant may meet applicable financial requirements.

Transfer penalty

A period during which Medicaid payment for certain long-term care services may be unavailable because of a disqualifying transfer, subject to exceptions and state rules.

Sources, scope, and disclaimer

This guide was developed as national educational material. It draws on Senior Asset Solutions educational content and federal Medicaid resources. Because Medicaid is administered by the states, this guide intentionally avoids presenting state-specific financial limits or procedures as universal rules.

Primary federal references

Medicaid Eligibility Policy

Spousal Impoverishment

Estate Recovery

Nursing Facilities

Important disclaimer

Senior Asset Solutions is not a law firm and does not provide legal advice. This guide is for general educational purposes only and is not a determination of Medicaid eligibility. Medicaid rules vary by state, program, and individual circumstances and can change over time. Legal matters may be referred to qualified elder-law counsel. Insurance products and planning strategies should be evaluated based on the individual's circumstances and applicable law. Do not make gifts, transfers, legal changes, insurance purchases, or other significant financial decisions solely because of this guide.

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