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ATTENTION ALL NEW JERSEY VETERAN'S Medicaid v. Veteran's Option for Nursing Home

By Philip R. Saunders

When choosing a nursing home you should consider all options to fund your care. If you are a Veteran or the spouse of a Veteran you may be eligible to enter a New Jersey Veteran's Memorial Home. When considering this option you will want to compare the benefits of choosing a VA facility, as opposed to entering a private facility and pursuing Medicaid assistance.

To illustrate the difference between these two programs we will compare the options of a recent client. Let's refer to them as Steve and Julie. The couple came to our office this month seeking advice on asset protection. Steve is a Veteran and anticipates entering a long-term care facility in the near future. His wife, Julie, is in good health and will continue to live in their home. Steve's income is \$2,100.00 per month, and Julie's income is \$1,300.00 per month. In addition to their monthly income, the couple has an investment account worth \$120,000.00. Three months before visiting our office the couple made a transfer of \$60,000.00 to their children.

MEDICAID OPTION

Steve could enter a private long-term care facility and pursue Medicaid eligibility. We will assume that Steve will enter a facility in the next month, and the monthly cost of the facility will be \$8,000.00. In addition to the cost of Steve's care, Julie has living expenses totaling \$1,500.00 per month.

In this case Julie would be able to retain \$60,000.00 of the couple's investment account as her Community Spouse Resource Allowance (CSRA). In addition to her income, Julie would receive \$262.00 of Steve's monthly income as her Minimum Monthly Maintenance Needs Allowance (MMMNA). The transfer the couple made in February 2005, incurred a 9-month penalty, which will expire November 1, 2005. We must calculate the amount of excess funds the couple will still have on November 1, 2005 to determine any additional transfers. In this case, the couple will need to make an additional transfer of approximately \$12,000, which will extend their penalty to January 1, 2006. This means they will spend approximately \$49,000 on Steve's care before

reaching Medicaid eligibility in January 2006. Since Julie continues to live at home, the couple's home will be protected.

VA OPTION

Steve could also choose to enter one of New Jersey's three Veteran's homes. Again we will assume Steve will enter the facility in the next month. The cost of the Veteran's facility will be approximately \$3,200.00 per month. In addition to the cost of care, Julie has living expenses totaling \$1,500.00 per month.

In this case the transfer completed three months ago will be included as assets for the couple. This is due to the VA's 18-month lookback, in which they consider any transfers to still be assets of the couple, assuming the transferred assets can be returned to them. In this case the couple's total countable assets would then be \$180,000.00. In order for a married individual to receive VA subsidized care, the total assets of the couple can be no more than \$40,000.00, so Steve would be required to pay for his care until his assets are reduced to this amount. In the case of Steve and Julie, this would mean they would spend approximately \$1,300.00 per month in addition to their income. The couple would not reach the eligibility limit until they have reduced their assets by \$140,000.00, which would take approximately 9 years. As in the Medicaid example, the couple's home would be protected.

While paying for the care for 9 years may sound extreme, you must consider they can pay for 3 years of VA care before they reach the amount they would spend on 8 months of private nursing care. This is because the monthly cost of the VA is \$3,200.00 per month. We will then add Julie's living expenses of \$1,500 per month to equal a total monthly cost of \$4,700.00. If we subtract the couple's income of \$3,400 per month, we see they will spend \$1,300.00 per month in excess of their income. Over three years, they will spend approximately \$47,000.00 in excess of their income. As you recall in the Medicaid example above, the couple would spend \$49,000.00 for a private facility in only 8 months. Furthermore, if Steve and Julie had begun planning earlier, they could have taken advantage of the 18 month VA lookback. This means they could have transferred \$140,000.00, and if they waited 18 months before entering the VA facility they would be eligible immediately. The lookback for Medicaid can be up to 5 years, so for those that start planning early the VA option may have substantial benefits.

In an alternate example if the couple had made no transfers and had only \$40,000.00 in assets, the VA would be a better option. In this case they would be eligible immediately for VA. However, in a private facility they would be required to pay for approximately 2 months of care before Medicaid eligibility.

As you can see there are many intricacies to either option, which is why you should always seek legal advice to explain every option available to you.



Begley & Bookbinder, P.C. is a law firm that specializes in Elder & Disabilities Law. We are based in Moorestown, NJ, with offices in Stone Harbor & Lawrenceville.

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