



Trusts

MEDICAID AND TRUSTS

What we will cover today

- Income Cap Trust
- Irrevocable Medicaid Trust
- Revocable Living Trust

Oregon Medicaid Overview

- Activities of Daily Living
- Asset Limit
- Income Limit

Activities of Daily Living

- Bathing
- Hygiene
- Cognition and Behavior
- Dressing
- Grooming
- Eating
- Elimination (Toileting including bowel and bladder)
- Mobility
- Transfers

Asset Limits

- \$2,000.00 for the Medicaid Recipient
- \$128,640 for community Spouse
- Not including:
 - Residential House
 - Personal Property
 - Burial Accounts or Irrevocable Life Burial
 - One Automobile
 - Certain Business Assets
 - Certain Retirement Accounts

Income Limits

- \$2,349 for the Medicaid recipient
- No limit for Community Spouse

WHAT HAPPENS IF I
MAKE TOO MUCH BUT
MEET THE OTHER
CRITERIA?



Income Cap Trust



What is an Income Cap Trust?

- Irrevocable Trust

- Receives all Medicaid Spouse's income

- Dictates where the income goes

- Transfers remaining assets to Estate Recovery Unit

How does an Income Cap Trust work?

- Use form or hire an attorney
- Contact social security, pension, and other income sources
- Redirect funds into the trust account
- Payments come out each month and should equal less than the asset limit each month.

Out of the Income Cap Trust?

- Administrative Costs
- Health Insurance Premiums
- Incurred Medical Bills
- Irrevocable Burial Plan
- Income Taxes
- Personal Needs Allowance
- Community Spouse Resource Allowance
- Community Based Care Standard
- Patient Liability

Personal Needs Allowance

- What the Medicaid Spouse is allowed to keep for personal use each month

Nursing home - \$64.11

Veteran in nursing home - \$90.00

Community base care - \$175.00

At home - \$1,283

At home only with SSI - \$805

Community Spouse Resource Allowance (CSRA)

- The monthly income available to the Community Spouse

Range = \$2,155 to \$3,216

CSRA Calculation

- \$2,155 = Community Spouse Minimum Monthly Allowance Standard
- \$646.50 = Excess Shelter Allowance
- X =
 - Rent/Mortgage
 - HOA/Fees
 - Insurance
 - Taxes
 - Utilities (>M or \$454)

$$2,155 + (X - 646.50) = \text{MNA}$$

More about the CSRA

If the Community Spouse makes more than the range, no money comes from the Medicaid Spouse.

There is no maximum income the Community Spouse can make.

If there is not enough money for the CSRA, then we can use assets as income

Shared Costs

- Community Based Care Standard (room and board) - \$608.00
- Patient Liability - what is left from the income cap trust after all expenses are paid.
- Medicaid will pay the difference

Estate Recovery

- Remaining assets in the Income Cap Trust must go to the state as reimbursement.
- Reimbursement for amount paid only

Irrevocable Trusts

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When is an Irrevocable Trust Used?

- Large Estates for tax savings
- Medicaid Planning

The Irrevocable Medicaid Trust

Long Term Care Insurance Trust



Long Term Care Trust

Must be planned in advance while life insurance is still an option.

Life insurance with long term care rider

Prefund trust

Trust pays for long term care if needed - through kids

Not an option for most people as it can be very expensive

Medicaid Trust

- Gift assets to trust
- Settlor is not the beneficiary
- Settlor is not the trustee
- Subject to five year look back
- Safer than straight gifting

Five Year Look Back

- Penalty on transfers for less than FMV
- Current divisor is \$9,551/ month

Example- Bob gifts \$100,000.00 to an Irrevocable Trust

$$\$100,000 / \$9,551 = 10.47 \text{ months}$$

- If Bob meets all criteria for Medicaid within five years, Medicaid will not pay for him for 10.47 months.

Revocable

vs. Irrevocable

- Creator retains control over the trust
- Creator is generally lifetime beneficiary
- Can be amended during creators lifetime
- Avoids probate
- No Medicaid protection during life of after death
- No Five-Year Look back

- Creator does not retain control
- Creator is not the beneficiary of the Trust
- Cannot be amended during creators lifetime
- Avoids probate
- Provides protection after five years and after death
- Five-year Look back applies

Questions





Thank
You

