AMERICANA
Financial Group

FIELD GUIDE Nº 7

Medicaid & Long-Term Care

The expense most plans were never designed to carry.

WARRENVILLE, ILLINOIS · LAS VEGAS, NEVADA

What's inside

> *Medicare covers rehabilitation, not the years of daily help most families eventually face. This guide covers who pays, what Medicaid requires, and what planning ahead actually changes.*

I

Who pays for care

The three checkbooks — and which one runs out first.

Long-term care in a private room now runs past **$100,000 a year** in much of the country. Three checkbooks can pay for it:

- **Your savings** — the default plan, whether you chose it or not
- **Insurance** — traditional or hybrid long-term-care coverage, bought while you're healthy
- **Medicaid** — the public safety net, once your countable assets are nearly gone

Most families use all three — the planning question is the order, and on whose terms.

II

Medicare vs. Medicaid

One letter apart. A world of difference.

Medicare is health insurance. It covers doctors and hospitals — and pays for skilled nursing only briefly (up to 100 days after a qualifying hospital stay, and fully only for the first 20).

Medicaid is the program that actually pays for extended nursing-home care — but it is means-tested: eligibility depends on income and assets, and rules vary by state.

"Medicare will cover the nursing home" is the single most expensive myth in retirement planning.

III
The five-year look-back

The rule that punishes waiting.

When you apply for Medicaid, the state reviews every gift and transfer you made in the previous **60 months**. Assets given away during that window trigger a **penalty period** of ineligibility.

- The penalty is calculated from the amount transferred divided by the state's average monthly care cost
- It begins when you apply — not when you made the gift
- Certain transfers are exempt: to a spouse, a disabled child, or a caregiver child in defined cases

Medicaid planning done five years early is strategy. Done five months early, it's damage control.

IV
What you can keep

Countable, exempt, and the space between.

Medicaid doesn't count everything. Typically **exempt**:

- Your primary home (within state equity limits) while a spouse or dependent lives there
- One vehicle, personal belongings, and household goods
- Pre-paid funeral arrangements and small life policies

Countable: cash, investments, second properties, and most retirement accounts — the assets planning aims to protect through timing, exempt conversions, and properly drafted trusts.

V

Spousal protections

The healthy spouse is not left broke.

When one spouse needs care and the other stays home, federal rules shield the **community spouse**:

- They keep the home, a vehicle, and a protected share of the couple's assets — the Community Spouse Resource Allowance
- A monthly income allowance can be preserved from the institutionalized spouse's income
- State limits differ — Illinois and Nevada set different numbers, which is exactly why local guidance matters

VI

Applying without panic

Documents, timing, and honest help.

- Gather five years of financial statements before you need them — the application will ask
- Coordinate Medicaid timing with any long-term-care insurance benefits already in force
- Involve an elder-law attorney for trusts and deeds; involve your financial professional for the asset and income strategy
- Never transfer assets on hearsay — one wrong gift can cost months of eligibility

The goal isn't gaming the system. It's making sure care for one spouse doesn't take two lifetimes of work down with it.

The planning window closes quietly.

Almost every option worth having is only available before care is needed — and the five-year look-back means the clock starts long before anyone feels old. If a parent is in their sixties or seventies, the conversation is worth having now rather than later.

BOOK A CONSULTATION — AMERICANAFG.COM

Warrenville, IL · 630-389-3014
Las Vegas, NV · 702-867-3177
info@americanafg.com