
MAKING THE BEST USE OF ASSETS AND INCOME AND QUALIFYING FOR MEDICAID

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TODAY'S AGENDA

- Brief History of Medicaid
- Eligibility
- Transfer of Assets
- Attribution
- Case studies



HISTORY OF THE IOWA MEDICAID PROGRAM

MEDICAID

- Authorized by Title XIX of the Social Security Act (1965)
- Federal government establishes “parameters” for states to follow and provides funding
- 1965 Iowa accepted federal funds to start the state’s plan

IOWA MEDICAID ENTERPRISE

July 1967 – Iowa Implemented 1st Medicaid Program



PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010

- Medicaid coverage for individuals who earn up to 138% of the federal poverty level

2016 PRIVATIZATION

- April 2016 – Transition from Fee-For-Services to Medicaid Managed Care
- July 2016 – 90% of Iowa’s Medicaid population was covered by AmeriHealth Caritas, Amerigroup, and UnitedHealthCare Community Plan.
- AmeriHealth Caritas dropped out October 31, 2017; UnitedHealthCare dropped out March 29, 2019

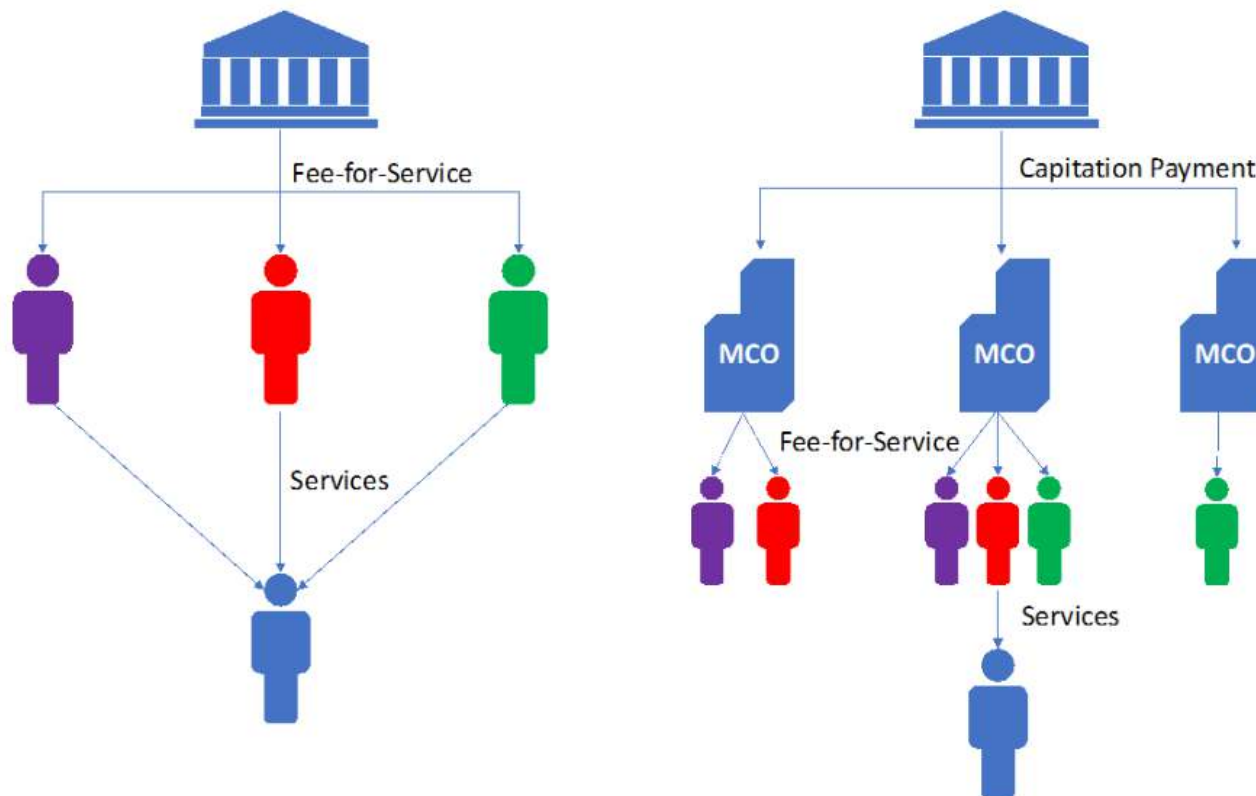


Figure 1. Traditional FFS Medicaid and Managed Care Comparison. Under traditional FFS, the state contracts with providers (purple, red, green) on a fee-for-service basis to deliver services to patients (blue). Under managed care, the state contracts with managed care organizations (MCOs) on a per-member-per-month basis at an agreed upon capitation rate, adjusted for members' predicted health risks. Each MCO, in turn, contracts with its own network of providers to deliver services to patients.

2021 PROPOSED BUDGET

- \$1.55 billion – State of Iowa*
- \$3.8 billion – Federal Funding
- \$893.1 million – drug rebates, tobacco tax, nursing facility/hospital assessment fee

MEDICAID TODAY



- Population of Iowa: 3,155,000 (2019 Estimate)
- SFY 18 24.5% served by Medicaid (767,000)
- SFY 19 24.7 (772,000)
- Estimated 9% increase in enrollment for 2/2020 – 7/2020



“MEDICAID”

- Children’s Health Insurance (CHIP)
- Hawki
- Health Insurance Premium Payment (HIPP)
- Home and Community Based Services
- Waiver Programs (Intellectual Disability Waiver, Brain Injury Waiver, Elderly Waiver)
- IA Health Link
- Long term care
- Medicaid for Employed People with Disabilities (MEPD)
- Medically Needy
- Medicare Savings Program
- Iowa Health and Wellness

[View COVID-19 DHS Resources or Derecho Resources](#)



- [Dhs.iowa.gov](https://dhs.iowa.gov)

METHODS OF PAYMENT FOR LONG-TERM CARE

Three ways to pay for long-term care:



- Private financial resources and income
- Long-term care insurance
- Governmental assistance such as Medicaid (Title XIX)

Practice Tip

1. Gather health insurance provider information
 - Amerigroup, Iowa Total Care
2. Confirm Clients Medicaid benefits
 - DHS Release

ELIGIBILITY FOR MEDICAID

Eligibility for Medicaid is based on:

- Age or disability
- Income and resources

INCOME AND RESOURCES

Income

- Only the applicant's income is considered
- For a married couple only the income of the spouse seeking assistance is considered

Resources

- Only the applicant's income is considered
- Only **countable resources** are considered

INCOME AND RESOURCES

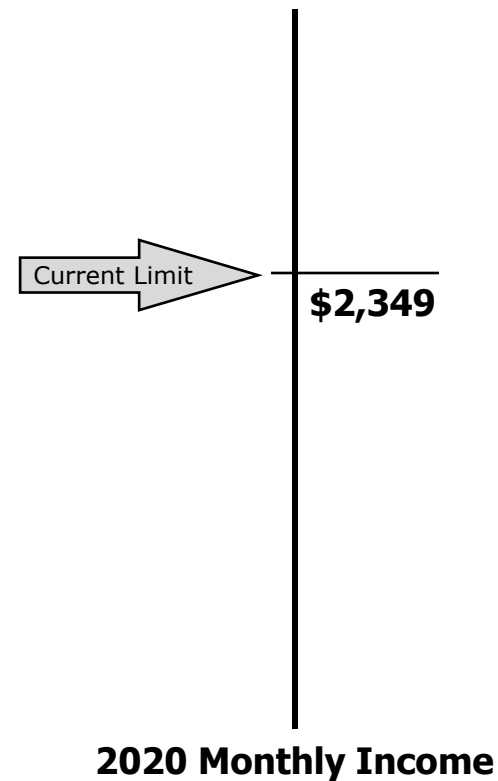
Income

- Only the applicant's income is considered
- For a married couple only the income of the spouse seeking assistance is considered

INCOME ELIGIBILITY LIMIT



- The income limit for Medicaid eligibility in Iowa is \$2,349 per month, indexed annually.



INCOME AND RESOURCES

Resources

- Only countable resources are considered

NONCOUNTABLE RESOURCES

- Home
- Auto
- Household goods
- Health aids
- Prepaid burial
- Life insurance - limited to \$1,500 death benefit
- Assets used for self support
- Special Needs Trusts
- Annuities
- ABLE Account



COUNTABLE RESOURCES ARE ATTRIBUTED

Attribution

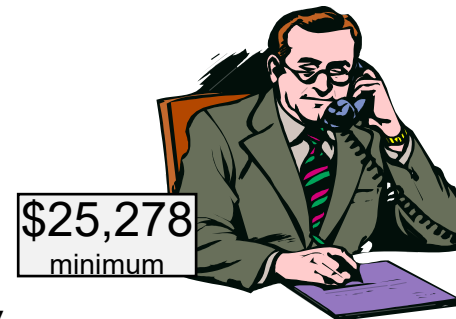


- The first day of thirty (30) continuous days of institutionalized care
- Countable resources are combined and considered regardless of the owner



ATTRIBUTION

- The community spouse is guaranteed a minimum of \$25,278
- The spouse needing care may have \$2,000
- One half of the countable resources are attributed to each spouse up to a maximum of \$128,640



maximum of
\$128,640

Sample Worksheet

	Income		Countable Resources	Noncountable Resources
	Husband	Wife		
SS/Pension			Investments	Home
Other			Cash	1 Car
Income			Real Estate	Household Goods
			Life Insurance	Medical Equipment
			IRA	Prepaid Burial

				Annuity (Medicaid Qualified)
				Special Needs
				Trusts

EXAMPLES OF ATTRIBUTION

\$20,000 in countable resources

- \$20,000 is attributed to the spouse at home
- Eligibility will be granted if the institutionalized spouse meets the income limits

EXAMPLES OF ATTRIBUTION

\$100,000 in countable resources

- \$50,000 is attributed to each spouse
- Eligibility will be denied until the institutionalized spouse spends down to \$2,000
- Or appeal to seek minimum monthly spousal allowance



PENALTIES AND TRANSFEREE LIABILITY

TRANSFERS OF RESOURCES

A transfer for less than fair market value will render the transferor ineligible for benefits for a period of time determined by dividing the fair market value of the resources transferred divided by the average statewide private pay rate for nursing facility services at the time of the application. Until June 30, 2021, this amount is \$7,205.40 per month (\$237.02 per day).



TRANSFERS OF RESOURCES (CONT'D)

RESPONSIBILITY

In addition to the eligibility issues above, Iowa has a "responsibility" rule which establishes a presumption that any transfer made for less than fair market value within sixty (60) months of seeking benefits, or becoming institutionalized, is made for purposes of obtaining benefits. The DHS is authorized to seek reimbursement from the recipient for any such transfers, for the full amount of the transfers. Iowa Code Section 249F(2)(a).



TRANSFERS OF RESOURCES EXCEPTIONS

There are exceptions to the transfers of assets rules. See 441 IAC 75.23(5) exceptions include transfers to:

- A spouse
- A child who is blind or permanently and totally disabled
- A sibling who has an equity interest in a home and who resided with the individual for at least one year
- A child who resided in the home with the individual for at least two years
- Another for sole benefit of the transferor, or spouse, dependent or disabled child

EXAMPLE OF AN INEFFECTIVE TRANSFER

- A transfer of assets to a Pooled Trust for a person over 65 years of age was found to be a prohibited transfer resulting in many months of ineligibility. Susan Cox vs Iowa Dept. of Human Services, 920 NW2nd 545

Case study - example

	Income		Resources	
	Husband - IS	Wife - CS	Husband - IS	Wife - CS
SS	\$1,000	\$500		
IPERS	400			
Pension		300		
Investment Income	200	200		
Total	\$1,600	\$1,000		
			Total countable resources \$300,000	
			Attribution of countable resources	
			\$171,360	\$128,640

PLANNING ALTERNATIVE "SPEND DOWN"

It is permissible to spend "countable" resources to purchase "noncountable resources"

Community spouse may pay off debts, purchase a new home or car, repair the existing home or auto, purchase a prepaid burial account, or purchase a Medicaid compliant annuity



Example

Spend down of countable resources

Countable Resources were \$300,000

Attribution: \$171,360 to husband (institutional spouse)
and \$128,640 to wife (community spouse)

The couple used the husband's asset as follows:

\$50,000 to pay off mortgage on house; \$30,000 to purchase more reliable car; \$20,000 on prepaid burials; and \$70,000 to purchase a Medicaid compliant annuity.

This leaves the husband with \$1360. He is under the \$2,000 resource limit and now he satisfies resource eligibility.

ESTATE RECOVERY

- If a person receives Medicaid during lifetime, the DHS will make an estate recovery claim at the time of death under Iowa Code 249A.53
- The claim is made against any assets owned by the deceased Medicaid beneficiary at the time of death. This includes property the decedent owns jointly with another person, an “interest in a trust, and annuities in which the decedent had an interest.

THANK YOU
FOR YOUR KIND ATTENTION!

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