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Estate recoveries needed to help pay for Medicaid

BY STEPHEN A. MOSES

Medicaid is a federal-state welfare program intended to provide the country's extreme poor with quality medical care. Over the years, Medicaid eligibility "bracket creep" has expanded the program to cover even the upper-middle class, which it was never intended to serve.

For example, income is rarely an obstacle to Medicaid long-term care eligibility because all medical expenses, including expensive nursing-home costs, are deducted from people's income before their Medicaid eligibility is determined.

Assets are limited to \$2,000, except that home equity, one business, an automobile, prepaid burial costs and term life insurance are exempt in unlimited amounts. Many additional assets are exempt in limited amounts.

On top of all that, thousands of attorneys and financial planners nationwide specialize in sophisticated techniques to impoverish their affluent clients artificially for the purpose of qualifying them for Medicaid long-term care benefits.

According to a recent study published by the Flint Hills Center for Public Policy, about 1,000 surveyed long-term care Medicaid recipients in Kansas had a total property value of \$42 million -- assets medical assistance liens could potentially recover in the future.

Count on governments at all levels to clamp down more and more on Medicaid eligibility and to pursue estate recoveries far more enthusiastically. Their goal is to make sure Medicaid survives as a safety net for the poor without bankrupting taxpayers and the economy. Increasingly, those with any significant wealth will be expected to plan early for long-term care; save, invest or insure against that risk; and pay their own way when the time comes.

So, here's the bottom line about Medicaid estate recoveries:

First, estate recoveries are a fiscal necessity to preserve Medicaid as America's long-term care safety net for the poor.

Second, if you want to preserve your own wealth against the cost of long-term care, don't expect a free ride on the public welfare system. Plan to use your home equity or buy private long-term care insurance.

Stephen A. Moses is president of the Center for Long-Term Care Reform in Seattle. He will be featured at the Legislative Long-Term Care Academy Wednesday in Wichita. For more information, contact the Flint Hills Center, (316) 634-0218.