

\$138,000 Mistake?

The complexity of the Medicaid rules and the frequent changes are a recipe for expensive missteps. People of ordinary means can be financially ruined by a misunderstanding of Medicaid eligibility rules. Spouses are especially vulnerable. Many are given costly "free" advice by professionals who may be administrators, social workers or lawyers. Almost always the helpful advice is incomplete or simply wrong. Who pays for the mistake? The family.

The following hypothetical is a composite of the families I work with. It considers the question of what assets are "countable," that is are subject to being sold and spent.

Mr. Smith is in the nursing home. Mrs. Smith was "helped" by a professional who told her that she needed to sell most of their assets to pay the nursing home bill. According to this advice only home and the car would be saved.

Assets of Mr. and Mrs. Smith	
\$150,000.00	Home
\$3,500.00	1992 Ford Victoria
\$68,000.00	Vacation cottage. Mr. and Mrs. Smith deeded the property to themselves and their two children in June 1998.
\$35,000.00	Old home, rented out for \$600 per month
\$63,500.00	CDs and savings at the bank. The accounts are joint between husband, wife and daughter (added last year).
\$5,000.00	Loan to son, evidenced by promissory note, made five years ago, the son has not made payment and the Smiths' have not demanded payment.
\$30,000.00	1996 Conquerer 28 foot motor home
\$355,000.00	TOTAL

Did the professional make a \$138,000 mistake by counting the following assets?

\$68,000.00	Cottage on Lake Huron
\$5,000.00	Loan to son
\$30,000.00	1996 Conquerer 28 foot motor home
\$35,000.00	<u>Home in Detroit</u>
\$138,000.00	TOTAL

Does Mrs. Smith have to sell these assets? Maybe not. An Elder Law attorney may review the facts and determine that the assets are properly classified as exempt, unavailable or non-salable. That means they need not be sold.

For advice that would best protect you call Jim Schuster for an appointment.