WHAT IS NORTHERN CALIFORNIA MEDI-CAL?

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If you have been financially solvent throughout your life, and you will qualify for Medicare when you reach the age of 65, you may naturally think that Medi-Cal is not relevant to you. This is logical, and in fact, it may be true for most of your life.

However, a significant percentage of California senior citizens ultimately seek Medi-Cal eligibility, because the program will pay for long-term care. Medicare's long term care coverage is limited and typically covers needed rehabilitative care and certain hospice services. It does not pay for custodial long term care, which is the type of care you would receive in a nursing home.

Around 70 percent of people who are turning 65 will someday need some living assistance according to the government website LongTermCare.gov, so this is an elder law issue that is relevant to everyone.

Since long-term care is extremely expensive, paying out-of-pocket could exhaust everything that you intended to leave to your loved ones after you are gone.

Medi-Cal Eligibility

As we touched upon previously, Medi-Cal is a program for people who meet certain financial need requirements. There is an asset limit of $2000 for an individual, but the good news is that some things that you own do not count and, even if you do own "countable" assets, there are legal strategies that can be used to make them not "countable".

Your home is not looked upon as a countable asset, and currently there is no equity limit in California. In other states in the union, there are equity limits, so this is an advantage that

Californians enjoy for the time being. This is scheduled to change even for California residents.

Under program rules, you can have unlimited term life insurance, which is life insurance that does not have a cash value. Whole life insurance, which does have a cash value, is limited to $1500 in coverage.

Again legal strategies exist to address this situation.

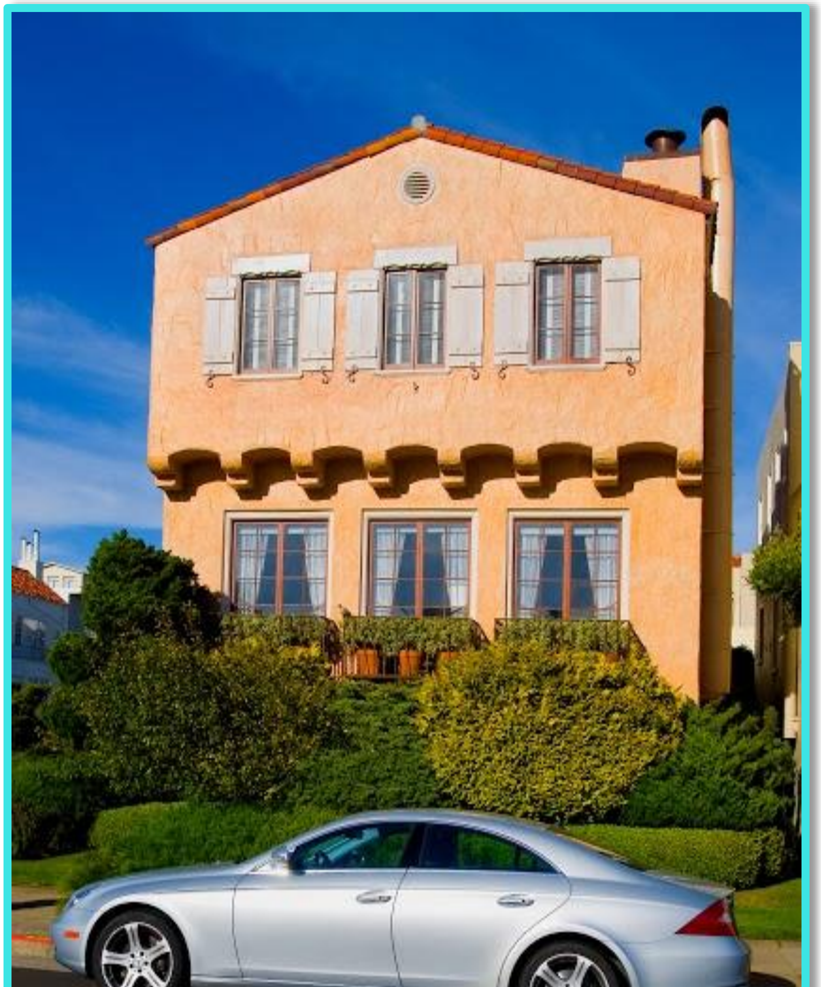
Heirloom jewelry is not countable, and this is also true for your wedding ring and your engagement ring.

One vehicle that is used as a primary source of transportation would not be counted, and your personal belongings and household effects would be out of play when and if Medi-Cal evaluators determine your financial status.

If you are married and you require long-term care while your spouse is still capable of independent living, your spouse is entitled to a Community Spouse Resource Allowance. This is equal to half of the shared countable assets, but there is a limit. In 2015, the limit in California is $119,220.

Spending Down

An available strategy to reduce assets to the legal limit involves spending on various items that directly benefit the Medi-Cal applicant. Purchasing a new vehicle, paying for final services, among other things are permissible.



Transfers

To qualify for Medi-Cal, you also can give your countable assets to others.

In California, there is a 30 month look-back period. Without special, sophisticated planning, you typically have to complete the gift giving at least 30 months before you submit your application. If you were to violate this rule, you can be penalized, and your eligibility for Medi-Cal coverage will be delayed.

This 30 month look-back is another advantage that you gain as a California resident who is looking for help with long-term care costs. Across the rest of the country, the look-back for Medicaid is 60 months.

There are pending rule changes in California that will increase California's look back period to 60 months.

SUMMARY

Most elderly people will qualify for Medicare coverage as a source of health insurance when they reach the age of 65. This program will certainly be of assistance, but it does not cover everything in full, so you should prepare for out-of-pocket expenses.

Plus, Medicare does not pay for custodial long-term care at all. Since many elders will eventually need help with their activities of daily living, this is a very big deal.

Medi-Cal is a program that does pay for custodial long-term care, but you cannot qualify if you have too many assets in your own name. To qualify for the program, you can spend the funds on certain items and can give assets to others, but you have to be aware of the 30-month look-back. Your eligibility may be denied if the program evaluators find that you have given away assets within 30 months of the submission of your application.

Planning for Medi-Cal eligibility can be a daunting task. The eligibility rules are complex, but there are many effective and legal strategies available that can preserve assets while obtaining eligibility. Done wrong, and Medi-Cal planning can be viewed as elder abuse and/or welfare fraud. Done correctly, and you can obtain much needed quality care and also preserve you hard earned assets.

Experienced and qualified elder law attorneys know how to navigate these complex waters. To learn more about Medi-Cal and nursing home asset protection strategies, feel free to set up a consultation with our firm. We can answer your questions, explain your options to you, and help you devise a plan if you decide to go forward.

About the Author

Timothy P. Murphy

Timothy P. Murphy is an estate planning and elder law attorney whose practice emphasizes helping people to build, preserve and pass on their wealth. He works with his clients to accomplish their goals while avoiding unnecessary court proceedings and minimizing or eliminating exposure to death taxes. Mr. Murphy also assists families facing the myriad of problems associated with dealing with a loved one's declining health and rising needs for care. He has practiced law in the Sacramento area for over 32 years, first with a large firm, and then with his own firm since 1987.

Tim has written a regular column on legal issues for Senior Magazine. He also was a regular featured guest on the Money Experts radio program heard locally on KFBK (AM 1530). Tim has been featured in the Sacramento Bee, Sacramento Business Journal, Sacramento Magazine, Comstock's Magazine and other publications on estate planning and related topics. He also assisted local Channel 3 (KCRA) in an investigative report on the trust mill problem in the Sacramento area and was featured on Channel 10 (KXTV) in its series on personal financial planning.

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