




# MEDICAID: SPOUSAL IMPOVERISHMENT

Helping the Community Spouse



In 1988, Congress enacted MCCA, the Medicaid Catastrophic Coverage Act which helps the spouse at home, Community Spouse, to stay in the community without becoming impoverished due to the nursing home costs of the Institutionalized Spouse



## RULES PERTAINING TO INCOME

- Income is designated to an individual if their name is on the instrument.
- If both spouses' names are on the payment,  $\frac{1}{2}$  will be attributed to each spouse
- The highest income that an individual can have in Region 1 (Metro Denver) is \$9516. If the institutionalized spouses' income is higher they are not eligible for an income trust.



## RULES PERTAINING TO INCOME

- The four different regions in the state have different limits for income.
- If income is between the income cap of \$2,313 and the trust income cap of \$9,516 for Region I, a Miller-type trust can be done for the institutionalized spouse allowing Medicaid eligibility.



## RULES PERTAINING TO INCOME

- The minimum monthly maintenance needs allowance for the community spouse is \$2113.75 per month. This can be increased by excess shelter costs, a family allowance or financial duress for the spouse.
- The maximum MMNA is \$3,160.50 per month.

# RULES PERTAINING TO INCOME

- The MIA is the Monthly Income Allowance
- This is the amount that can be deducted from the institutionalized spouses' income to contribute to the community spouse's support
- It is derived from several factors
  - The community spouses' income
  - The income of the institutionalized spouses' income minus \$86.95 personal needs allowance and the calculated MMMNA.

# RULES PERTAINING TO INCOME

- Example

H has been placed in a nursing home and seeks to apply for Medicaid assistance. W lives at home with an adult disabled child. Their combined nonexempt resources total \$150,000.

Monthly income is

W =	\$200 Social Security
H =	\$500 Social Security
	\$400 Retirement pension

# RULES PERTAINING TO INCOME

Calculate W's MMMNA Basic monthly allowance (\$2030) +  
Shelter Allowance + family allowance = MMMNA

Shelter Allowance

Mortgage payment, interest and taxes = \$650

Utilities = \$174

\$824

\$634 = excess shelter threshold amount effect in 2019

# RULES PERTAINING TO INCOME

- $\$824 - \$634 = \$190$  excess shelter allowance

- Family Allowance

The income of the adult disabled child per month = \$900

Basic monthly allowance (\$2,113.75) – income of child (\$900)  
= \$1213.75

One third  $\frac{1}{3}$  of \$1,213.75 = \$404.58 = family allowance

# RULES PERTAINING TO INCOME

The MMMNA =  $\$2113.75 + \$190 + \$404.58 = \$2708.33$

Calculate MIA (Monthly Income Allowance from Institutionalized Spouse)

$\$2,708.33 - W's \text{ income } (\$200) = \$2,508.33$

W needs \$2,508.33 from H's income. Amount available from H's income =  $\$900 - \$86.95 = \$813.05$

\$813.05 is the MIA from H's income that goes to W



# RULES PERTAINING TO RESOURCES

The initial assessment of resources should be done by the county when one spouse has 30 days or more of continuous institutionalization.

The Community Spouse Resource Allowance or CSRA is the amount of non-exempt assets that the community spouse is allowed to keep and still allow the institutionalized spouse to receive Medicaid.

For 2019, this amount is \$126,420.

Amounts over this must be spent-down to avoid ineligibility



# RULES PERTAINING TO RESOURCES

The maximum amount of \$126,420 is usually awarded the community spouse.

The CSRA can be further increased by court order or if the county determines that this amount will not generate enough income to raise the community spouses allowance to the calculated MMMNA. (See previous determination)

In making the determination to increase the CSRA the county should calculate the following:



# RULES PERTAINING TO RESOURCES

- The Community Spouse's MMMNA
- The Community Spouse's own income
- The contribution the community spouse is likely to receive from the institutionalized spouse
- The ability of the couple's resources to generate income for the community spouse

# RULES PERTAINING TO RESOURCES

If resources in addition to the \$126,420 are necessary to raise the community spouses income to the MMMNA, then the amount of increase in resources is based upon the cost of a single premium annuity with monthly payments equal to the amount needed for the community spouse to receive her/his calculated MMMNA.

In the example, the community spouse needed an additional \$1,695.28 per month to receive the calculated \$2,708.33

# RULES PERTAINING TO RESOURCES

The couple in the example have \$150,00 in resources. They would likely to be able to keep all of these resources due to the fact that the community spouse needs to reach the MMMNA of \$2,708.33

The amount of \$150,000 would probably not yield sufficient income to increase the community spouse's income to the full calculated \$2,708.33. The Maximum MMNA for 2019 is \$3,160.50.



## TRANSFER OF CSRA TO COMMUNITY SPOUSE AND SPEND-DOWN

The entire CSRA should then be transferred to the community spouse in that spouse's name only.

In the example, no spend-down of excess resources was necessary.

If a spend-down of resources is necessary, various strategies can be used including:

- pay off credit card debt

# TRANSFER OF CSRA TO COMMUNITY SPOUSE AND SPEND-DOWN

- Pay off outstanding debt such as car debt
- Purchase home improvements for exempt home
- Purchase burial insurance and funeral plans for both spouses
- Spend money on dentist and optometrist expenses which Medicaid does not pay for

Another way of spending down excess resources is to purchase an immediate annuity for the community spouse as discussed above.

# TRANSFER OF CSRA TO COMMUNITY SPOUSE AND SPEND-DOWN

The immediate annuity purchased after February 8, 2006 must meet two requirements:

- 1) the applicant must disclose the annuity to Medicaid and provide a copy to them;
- 2) The Colorado Dept. of Health Care Policy and Finance must be designated as a first position remainder beneficiary for the total amount of medical assistance provided or must be named as the remainder beneficiary in the next position after the community spouse or disabled child



## TRANSFER OF CSRA TO COMMUNITY SPOUSE AND SPEND-DOWN

The Medicaid Eligibility Site shall notify the annuity issuer that The Health Care Policy and Finance of Colorado is the remainder beneficiary of this annuity.

# OBTAINING HOME AND COMMUNITY BASED SERVICES FOR A SPOUSE

This can be achieved if a Miller or Income Trust is not necessary.

A Miller or Income Trust is a trust that is created because the institutionalized spouse's income is above the income cap of \$2,313 for 2019. If no trust is necessary, then the applicant and the spouse each keep their income. The non-applicant spouse must transfer the CSRA to his or her name only, however. The applicant spouse can keep only \$2,000 of nonexempt assets in their own name.



## OBTAINING HOME AND COMMUNITY BASED SERVICES FOR A SPOUSE

Obtaining HCBS for the applicant spouse with income over the \$2,313 limit does not work well or at all.

It is economically more beneficial to transfer the applicant spouse to an assisted living or nursing home than to try to keep that spouse at home.