

Who Should Consider Medicaid Planning?

“Crisis” vs. “Pre-Planning”

Summary of What We Covered

Week 1

- ✓ Medicaid Planning Profile™
- ✓ Qualification Standards
- ✓ Income Allowance (MMMNA)
- ✓ Misc. Income Allowances (PNA, Utilities, Health Ins.)
- ✓ Asset Allowance (CSRA)
- ✓ Max State vs. Range State
- ✓ Snap Shot Date

Week 2

- ✓ Look Back Date/Period
- ✓ Spend Down
- ✓ Transfers
- ✓ Penalty Period

Summary of What We Covered

Week 3

- ✓ Exemptions
- ✓ Case Study
- ✓ Miscellaneous Rules

Week 4

- ✓ Determining the Spend Down Method
- ✓ Spend Down Methods
- ✓ Case Study: Miss Brown Crisis

This Week We Will Cover

- Crisis v. Pre-Planning Methodology
- Break Even Point for Pre-Planning
- Case Study: Miss Brown Pre-Planning
- Funding Issues to be Aware of

Case Study: Miss. Brown (Crisis)

(Review From Last Week)

Client: Miss Brown

Name:	Age	Income
Miss Brown	80	\$900 per mo. Social Security \$100 per mo. Investment Income

Assets

House	\$100,000
Stocks	\$100,000
Cash	\$15,000
Car	\$7,500

Assumptions

Personal Needs Allowance	\$75
Individual Resource Allowance	\$3,000
Regional Divisor	Per month \$5,000
Cost of Health Insurance:	Per month \$150
Home Costs.	Per month \$500
Cost of Care	Per month \$5,000
Costs of Meds & Therapy	Per month \$1,000
Cost of funeral	\$10,000
Has "intent to return home"	
Life Estate Factor	.43659
Niece willing to manage home	

Situation

- Miss Brown is single and has resided at a nursing home for the past 18 months.
- Miss Brown's niece, Betty, who is also Power of Attorney, came to see you on the advice of the social worker at the nursing home.
- Miss Brown is physically well, but incompetent.
- Miss Brown's Will leaves everything to her three nieces.
- Betty wants to know:
 - How much excess resources will Miss Brown need to spend down before being eligible?
 - Can any resources be "saved" for the nieces?
 - When can Miss Brown qualify for Medicaid?

Betty B. Brown
(December 23, 2013)

LWP Qualification Worksheet

Box 1 - Income

Income Eligibility	(1) Client (JT)	(2) Spouse	(3) Total 1 + 2	(4) Exempt	Excess (3) - (4)	(Deficit)
Income						
Monthly Income:	\$900.00	\$0.00	\$900.00			
Exemptions						
Personal Needs Allowance:				\$75.00		
Health Insurance Costs:				\$150.00		
Total Income	\$900.00	\$0.00	\$900.00	\$225.00		\$675.00

Box 2 - Assets

Asset Eligibility	(1) Client (JT)	(2) Spouse	(3) Total 1 + 2	(4) Exempt / Discount	Countable Assets (3) - (4)
Cash	\$15,000.00	\$0.00	\$15,000.00	\$3,000.00	\$12,000.00
Investments	\$100,000.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00
Real Estate (Home)	\$100,000.00	\$0.00	\$100,000.00	\$43,659.00	\$56,341.00
Auto	\$7,500.00	\$0.00	\$7,500.00	\$0.00	\$7,500.00
Total Assets	\$222,500.00	\$0.00	\$222,500.00	\$46,659.00	\$175,841.00

Box 3 - Excess Assets

Total Countable Assets					\$175,841.00
Less Asset Spend Down					
Funeral				\$10,000.00	
Legal				\$7,500.00	
Total Asset Spend Down					\$17,500.00
Plus Est. Medicare Benefits					\$0.00
Excess Assets					\$158,341.00

Box 4 - Monthly Deficit/Surplus

Monthly Income					\$900.00
Less Monthly Need					\$225.00
Income Available for Care					\$675.00

Total Income Available					\$675.00
Less Monthly Costs (I/G)					
	Care		\$5,000.00		
	Medications		\$500.00		
	Therapy		\$500.00		
	Total Monthly Costs				\$6,000.00
Monthly Deficit/Surplus					\$5,325.00
Box 5 / Box 6 – Minimum Months to Qualify					
Excess Assets					\$158,341.00
Divided by \$ Needed per Month					
	Regional Divisor		\$5,000.00		
	Monthly Deficit/Surplus		\$5,325.00		
	\$ Needed per Month				\$10,325.00
Min. Months to Qualify					15.33
Box 7 – Assets At Risk / Assets Protected					
Excess Assets Protected					
Regional Divisor	\$5,000.00	x Min. Months to Qualify	15.33	-	\$76,678.00
Assets at risk till break even					
Monthly Deficit	\$5,325.00	x Min. Months to Qualify	15.33	-	\$81,663.00
Total Asset Protected					
Total Exempt/Discount Plus					\$46,659.00
Spend Down Plus					\$17,500.00
Excess Assets Protected					\$76,678.00
TOTAL SAVED					\$140,837.00

“Crisis” vs. “Pre-Planning”

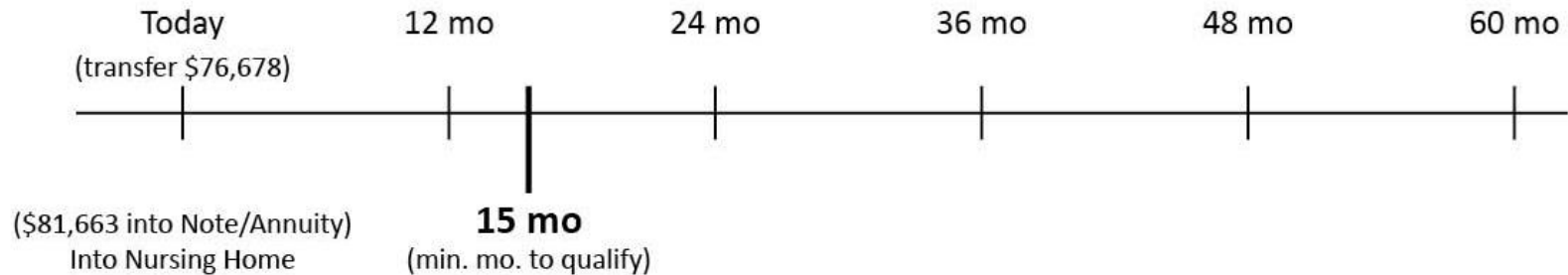
- In Crisis Planning, the client is already Physically Eligible. You need to get him/her Financially Eligible.
- In Pre-Planning, you get the client Financially Eligible, then wait for them to become Physically Eligible.

Walkthrough #2 - Miss. Brown Crisis vs Pre-Planning

Assumptions

Divisor = \$5,000/month; Excess Assets = \$158,341;
 Excess Assets Protected (Uncompensated Transfer) = \$76,678; Assets at risk until Breakeven = \$81,663;
 Enters Nursing Home TODAY; Min mo. to qualify = 15.33

Crisis: Annuity/Note



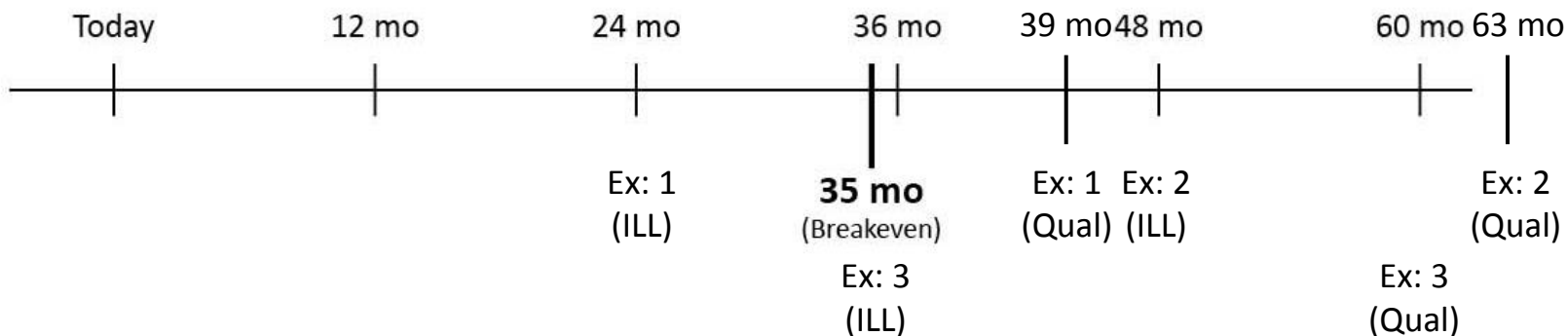
Assumptions

Divisor = \$5,000/month; Excess Assets = \$158,341;

Excess Assets Protected (Uncompensated Transfer) = \$76,678; Assets at risk until Breakeven = \$81,663;

Enters Nursing Home TODAY; Min mo. to qualify = 15.33

Pre-Planning: Full Loaf (\$158,341) Give Back (\$81,663 if falls ill before Breakeven)



Best Case Healthy 60 Months

Worse Case Healthy 0 Months

If Worse Case, Minimum Months to Qualify 15

Break Even (Best Case - Worse Case) 35 Months

“Crisis” vs. “Pre-Planning”

- In Crisis Planning, the Client is Already Physically Eligible. You Need to get him/her Financially Eligible.
- In Pre-Planning, you get the client Financially eligible, then wait for them to become Physically Eligible.

What if Miss. Brown came to your office and was healthy?

What would change?

- Look Back Becomes Look Forward™ (to Break Even)
- Reduce Amount at Risk (Value Proposition)
- “Flip the Switch” (when to use each)

Case Study

Miss. Brown (Pre-Planning)

Case Study - Pre Planning

Client: Miss Brown

Name:

Miss Brown

Age

80

Income

\$900 per mo. Social Security

\$100 per mo. Investment Income

Assets

House	\$100,000
Stocks	\$100,000
Cash	\$15,000
Car	\$7,500

Assumptions

Personal Needs Allowance		\$75
Individual Resource Allowance		\$3,000
Regional Divisor	Per month	\$5,000
Cost of Health Insurance:	Per month	\$150
Home Costs.	Per month	\$500
Cost of Care	Per month	\$5,000
Costs of Meds & Therapy	Per month	\$1,000
Cost of funeral		\$10,000
Has "intent to return home"		
Life Estate Factor		.43659
Niece willing to manage home		

Situation

- Miss Brown attended one of your workshops and was quite intrigued. She wants to know if she has to wait 60 months to qualify for medicaid.

Betty B. Brown
(December 23, 2013)

LWP Qualification Worksheet

Box 1 - Income

Income Eligibility	(1) Client (JT)	(2) Spouse	(3) Total 1 + 2	(4) Exempt	Excess (3) - (4)	(Deficit)
Income						
Monthly Income:	\$900.00	\$0.00	\$900.00			
Exemptions						
Personal Needs Allowance:				\$75.00		
Health Insurance Costs:				\$150.00		
Total Income	\$900.00	\$0.00	\$900.00	\$225.00		\$675.00

Box 2 - Assets

Asset Eligibility	(1) Client (JT)	(2) Spouse	(3) Total 1 + 2	(4) Exempt / Discount	Countable Assets (3) - (4)
Cash	\$15,000.00	\$0.00	\$15,000.00	\$3,000.00	\$12,000.00
Investments	\$100,000.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00
Real Estate (Home)	\$100,000.00	\$0.00	\$100,000.00	\$43,659.00	\$56,341.00
Auto	\$7,500.00	\$0.00	\$7,500.00	\$0.00	\$7,500.00
Total Assets	\$222,500.00	\$0.00	\$222,500.00	\$46,659.00	\$175,841.00

Box 3 - Excess Assets

Total Countable Assets					\$175,841.00
Less Asset Spend Down					
Funeral				\$10,000.00	
Legal				\$7,500.00	
Total Asset Spend Down					\$17,500.00
Plus Est. Medicare Benefits					\$0.00
Excess Assets					\$158,341.00

Box 4 - Monthly Deficit/Surplus

Monthly Income					\$900.00
Less Monthly Need					\$225.00
Income Available for Care					\$675.00

Total Income Available					\$675.00
Less Monthly Costs (I/G)					
	Care		\$5,000.00		
	Medications		\$500.00		
	Therapy		\$500.00		
	Total Monthly Costs				\$6,000.00
Monthly Deficit/Surplus					\$5,325.00
Box 5 / Box 6 – Minimum Months to Qualify					
Excess Assets					\$158,341.00
Divided by \$ Needed per Month					
	Regional Divisor		\$5,000.00		
	Monthly Deficit/Surplus		\$5,325.00		
	\$ Needed per Month				\$10,325.00
Min. Months to Qualify					15.33
Box 7 – Assets At Risk / Assets Protected					
Excess Assets Protected					
Regional Divisor	\$5,000.00	x Min. Months to Qualify	15.33	-	\$76,678.00
Assets at risk till break even					
Monthly Deficit	\$5,325.00	x Min. Months to Qualify	15.33	-	\$81,663.00
Total Asset Protected					
Total Exempt/Discount Plus					\$46,659.00
Spend Down Plus					\$17,500.00
Excess Assets Protected					\$76,678.00
TOTAL SAVED					\$140,837.00

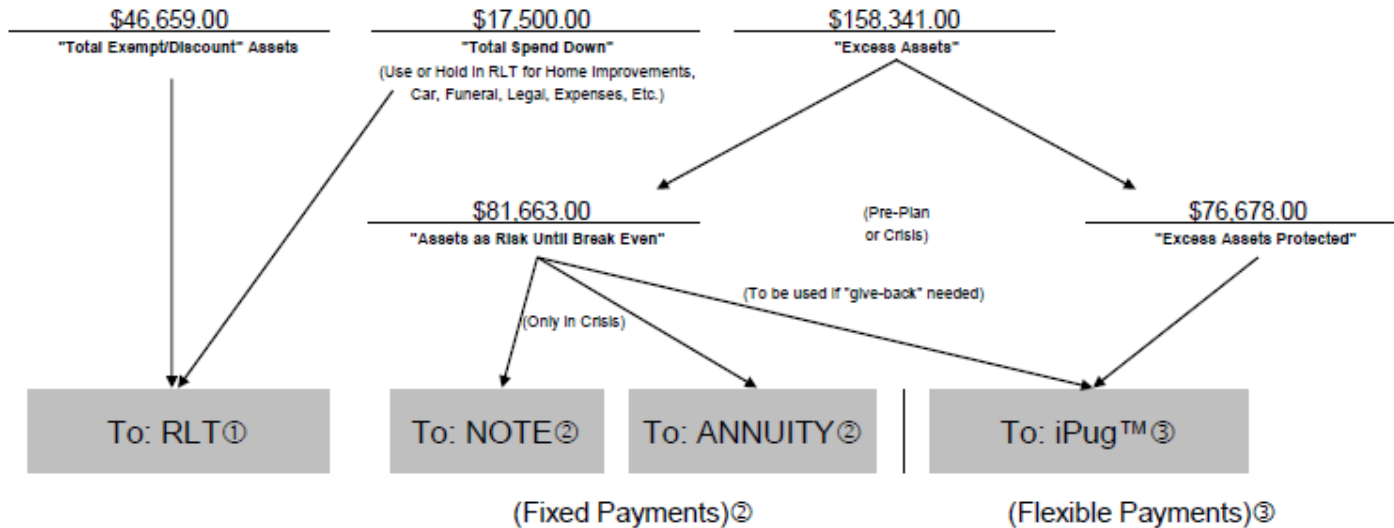
Client Name: Betty B. Brown

Date: December 23, 2013

LWP™ Funding Roadmap

(All Information Taken directly off the Qualification Worksheet™)

Total Assets \$222,500.00



① Consider Funding Exempt Assets into iPug™ in a pre-planning case. No harm if they stay healthy 60 months "Give-back" if they don't.

② Is it considered "Available Resource" for eligibility purposes? Does it disqualify for income purposes?

③ Enables adjustments each month and STOPS at premature death with no Payback. Flexible to file a second application when most appropriate through use of the "CURE".

Pre-Planning (Post DRA '05)

- Other Reasons to Plan Now
 - Healthy (less stress) vs. Unhealthy (burden to spouse/kids)
 - Planning costs less now, then in crisis
 - 1-3 Month nursing home savings (Min)
 - Shelters growth/income (“Medicaid Freeze”)™
- Estate Planning
 - Asset Protection 2+ generations
 - Lawsuits/In-Laws/2nd Spouse(s)
 - Values promotion

The LWP™ Medicaid Planning Principles

- Learn the rules (Federal/Local)
- Identify client's eligibility or excess spend down amount
- If excess, determine the spend down method
- **Create and implement the Funding Plan**

Create the Funding Plan

- Overview of Funding
 - Funding Strategy (Last Asset)
 - Key Issues (Qualified \$)
 - Other Funding Considerations
 - (Medicare/LTC/Previous transfers/Death)

LWP™ Spend-Down Funding Summary

Date 3/10/06

Asset Type	Location	Account No.	\$ Value	Transfer to: Location/Account No	Fund to (Trust)	By When (Date)	Exemption? (Type)	Break-Even Date
House	123 Easy St		\$150,000		RLT/MIT	4/30/06	Home	
Checking	HSBC	A3261	\$4,540		JT		CSRA	
Savings	Bank of America	127936	\$148,000	Ameriprise	98,000 RLT/MIT 50,000 MIT		CSRA	5/09
Stocks	Merill Lynch	17936	\$100,000	Ameriprise	MIT			
Stocks	Ameriprise	1847A	\$90,000		MIT			
Stocks	Morgan Stanley	MS3927	\$60,000	Ameriprise	MIT			
Life Ins.	Met Life	2X4742	\$4,729		MIT	↓	LI	↓

Summary of What We Covered

- ✓ Crisis v. Pre-Planning Methodology
- ✓ Break Even Point for Pre-Planning
- ✓ Case Study: Miss Brown Pre-Planning
- ✓ Funding Issues to be Aware of

What We Will Cover Next Week

- Estate, Disability, Tax & Asset Protection Plan Design
- Relevant Law vs. Plan Design
- Tax Treatment of Trusts
- Irrevocable Trusts
- Power of Appointment