

## **Understanding Medicaid**

by Gary Villnow

### **What is Medicaid?**

Medicaid is a federal program that provides payment for medical care for eligible individuals. It is a means tested program that is funded by the states and the federal government. Among the groups of people served by Medicaid are children, seniors, and persons with disabilities. Medicaid covers physician services, hospital care, medications, supplies and other necessary services for persons that have qualified for the program. Medicaid also pays for expenses of long term care.

The Medicaid program is administered independently by each state through county offices, but the basic eligibility standards are the same throughout the United States.

Eligibility for Medicaid is determined based on the value of assets owned by a person, together with the income of that person. In the case of married persons, the assets and income of both spouses are considered in the determination process.

### **What is the difference between Medicare and Medicaid?**

Medicare is an insurance program providing payment for medical needs for persons 65 and over and for certain disabled individuals. All persons 65 and over, regardless of financial resources or income, are eligible for Medicare. Medicare provides only limited coverage of medical expenses and generally does not cover the cost of long term care such as may be needed in a nursing home. Medicare will only cover an individual's care in a nursing home for a limited time under limited circumstances. Items of medical expense which are not covered by Medicare must be paid privately or through supplemental insurance purchased by the Medicare recipient.

Medicaid pays for all medical needs for those who, regardless of age, have been determined to be medically and financially eligible. Medicaid covered services would include medications, medical services and the costs of long term care in nursing home settings, in assisted living and other similar facilities, and, in some cases, in the home of the Medicaid recipient. Depending on the amount of income received by the Medicaid recipient, a portion of that income may need to be paid to the care facility. In all other respects, the costs of care are completely covered by Medicaid.

### **Why is Medicaid important?**

Medicaid is an important program because the cost of long term care is not covered by Medicare. Most individuals who need such care for extended periods will eventually deplete their assets and will be unable to pay for their care. At such time, Medicaid is available to pay the difference between the income of the Medicaid recipient and the actual costs of care, including room and board in a nursing home, medical expenses, and medications.

### **Can planning be of assistance to me with regard to Medicaid benefits?**

Medicaid rules are complex and change frequently. The rules provide for the exemption of certain assets from counting toward resource thresholds. Medicaid rules also allow for certain planning actions to be taken to assist a person in qualifying for the

Medicaid program. It is important to be aware of specific eligibility provisions so that assets will not be depleted unnecessarily.

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