

## **Ea\$y Money – Retirement: Medicaid**

**What it is:** Medical Assistance, Medicaid - Title XIX provides medically necessary healthcare coverage for financially needy children, parents with children, people with disabilities, elderly people, and pregnant women. The goal is for members to live healthy, stable, and self-sufficient lives. According to the Department of Human Services, Medicaid is a health insurance program for certain groups of people based on income levels. In addition to meeting certain income levels, you need to be in eligibility groups before you can be considered for Medicaid. Specifically, in Iowa, the groups are:

- A child under the age of 21
- A parent living with a child under the age of 18
- A woman who is pregnant
- A person who is elderly (age 65 or older)
- A person is disabled according to Social Security standards
- A woman in need of treatment for breast or cervical cancer
- Others may qualify

**How it works:** This year marks the 50th anniversary of Medicare, Medicaid, and the Older Americans Act. Medicaid is a joint federal-state program that provides medical assistance to various low-income individuals, including those who are aged (i.e., 65 or older), disabled, or blind. It is the single largest payer of nursing home bills in America and is the last resort for people who have no other way to finance their long-term care.

**Why it matters?** Many nursing home residents end up exhausting their assets on long-term care, but it doesn't have to be that way. Instead of spending your savings solely on nursing home bills, you can pay off the mortgage on your family home, make home improvements and repairs, pay off your debts, purchase a car for your healthy spouse, and prepay burial expenses.

Property placed in an irrevocable trust can be excluded from your financial picture, for Medicaid purposes but there are limitations of income-only irrevocable trusts in protecting assets from Medicaid recovery in Iowa. According to Iowa State University Center for Agricultural Law and Taxation (CALT), "Iowa clients should be counseled that a long-term care insurance policy, purchased during middle age from a reputable insurer, is usually going to be

the best Medicaid planning tool available. Clients may also need to be reminded that Medicaid planning is very state-specific. What may have worked for their relatives in other states won't necessarily work in Des Moines. The Supreme Court has again confirmed that when it comes to Medicaid recovery, any doubts will be resolved in favor of recovery."

**Who should care?** Questions on Medicaid and Applying for Health Care Coverage: If you're looking for information about health care coverage options and how to apply for Medicaid, call the Department of Human Services Contact Center toll-free at 1-855-889-7985 FREE, Monday-Friday, 7:00 a.m.- 6:00 p.m.

**NOTE:** This information is provided as an educational service and is not intended as, nor should it be considered legal advice but provides general information.

**For more information:**

- 360 Degree of Financial Literacy, American Institute of CPA's, <http://www.360financialliteracy.org/>
- Iowa State University Extension and Outreach Money Blogs tips, <http://blogs.extension.iastate.edu/moneytips/>
- Iowa State University Center for Agricultural Law and Taxation (CALT), <https://www.calt.iastate.edu/article/elder-law-update-2015>
- Iowa State University Extension and Outreach publication PM1825A, *Retirement Transitions: Strategies for Retirement Income -- Retirement: Secure Your Future*
- Iowa State University Extension and Outreach Human Sciences website at [www.extension.iastate.edu/humansciences/](http://www.extension.iastate.edu/humansciences/)