

The Case
of
Fred and Martha Murphy

Medicaid Crisis Planning

For a

Married Couple

Bar Association of Erie County CLE

May 31, 2018

Assets				
House - Life estate June, 2016 - Kathy				\$ 245,000.00
Car			Martha	\$ 8,000.00
KeyBank Money Market	#8802		F&M, ITF kids	\$ 385,000.00
KeyBank Checking	#9077		Fred & Martha	\$ 26,500.00
Wells Fargo IRA	#5923		Fred	\$ 265,000.00
Wells Fargo IRA	#8752		Martha	\$ 75,000.00
5+ year old Savings Bonds	75@ \$500		Martha & William	\$ 37,500.00
5+ year old Savings Bonds	50@ \$500		Martha or Larry	\$ 25,000.00
Life Ins - Bene Martha	#1001		FV-\$1,000	\$ 5,000.00
Life ins - Bene Fred	#1002		FV-\$25,000	\$ 20,000.00
Putnam Brokerage	#9748		Martha, Larry, JTWROS	\$ 150,000.00
Prior Gifts in look back				\$ 117,000.00
College Tuition Gift				\$ 60,000.00
Total				\$ 1,419,000.00

Less exempt/unavailable resources			
Resource allowance (\$15,150) with cushion	\$	14,500.00	GIS 17 MA/020 - C

Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
3 Month SNF				\$ 28,691.12	MRG 443 - E
Burial for Fred				\$ 9,550.00	11 OHIP/ADM 4 - F
Burial for Martha				\$ 9,550.00	MRG 368, 385 - G
Home Improvements				\$ 28,000.00	MRG 443 - E
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses		4@ 10K and 1 @ 5K		\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins			FV-\$1,000	\$ 5,000.00	MRG 324 - H

Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
3 Month SNF				\$ 28,691.12	MRG 443 - E
Burial for Fred				\$ 9,550.00	11 OHIP/ADM 4 - F
Burial for Martha				\$ 9,550.00	MRG 368, 385 - G
Home Improvements				\$ 28,000.00	MRG 443 - E
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses	4@ 10K and 1 @ 5K			\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins			FV-\$1,000	\$ 5,000.00	MRG 324 - H
Wells Fargo IRA	#5923	Fred		\$ 265,000.00	MRG 316 - I

Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
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Home Improvements				\$ 28,000.00	MRG 443 - E
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses		4@ 10K and 1 @ 5K		\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins		FV-\$1,000		\$ 5,000.00	MRG 324 - H
Wells Fargo IRA		#5923	Fred	\$ 265,000.00	MRG 316 - I
Wells Fargo IRA - Annuity		#8752	Martha	\$ 110,000.00	MRG 316 - J

Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
3 Month SNF				\$ 28,691.12	MRG 443 - E
Burial for Fred				\$ 9,550.00	11 OHIP/ADM 4 - F
Burial for Martha				\$ 9,550.00	MRG 368, 385 - G
Home Improvements				\$ 28,000.00	MRG 443 - E
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses	4@ 10K and 1 @ 5K			\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins		FV-\$1,000		\$ 5,000.00	MRG 324 - H
Wells Fargo IRA	#5923	Fred		\$ 265,000.00	MRG 316 - I
Wells Fargo IRA - Annuity	#8752	Martha		\$ 110,000.00	MRG 316 - J
Savings Bonds	15@ \$500	Fred and Bill		\$ 37,500.00	MRG 500 - K

Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
3 Month SNF				\$ 28,691.12	MRG 443 - E
Burial for Fred				\$ 9,550.00	11 OHIP/ADM 4 - F
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Home Improvements				\$ 28,000.00	MRG 443 - E
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses	4@ 10K and 1 @ 5K			\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins		FV-\$1,000		\$ 5,000.00	MRG 324 - H
Wells Fargo IRA	#5923	Fred		\$ 265,000.00	MRG 316 - I
Wells Fargo IRA - Annuity	#8752	Martha		\$ 110,000.00	MRG 316 - J
Savings Bonds	15@ \$500	Fred and Bill		\$ 37,500.00	MRG 500 - K
Savings Bonds	15@ \$500	Fred or Larry		\$ 25,000.00	MRG 500 - K

Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
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Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses	4@ 10K and 1 @ 5K			\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins		FV-\$1,000		\$ 5,000.00	MRG 324 - H
Wells Fargo IRA	#5923	Fred		\$ 265,000.00	MRG 316 - I
Wells Fargo IRA - Annuity	#8752	Martha		\$ 110,000.00	MRG 316 - J
Savings Bonds	15@ \$500	Fred and Bill		\$ 37,500.00	MRG 500 - K
Savings Bonds	15@ \$500	Fred or Larry		\$ 25,000.00	MRG 500 - K
Total				\$ 987,791.12	

Calculating the Gift and Note

Steps to take

1. Determine the available resources
2. Determine applicant's income
3. Determine the income of the Community Spouse
4. Determine reasonable amount for family to contribute
5. Determine the promissory note payment
6. Calculate the penalty period
7. Determine the gift
8. Determine the length of the note
9. Check final numbers

Calculating the Gift and Note

Step 1 – Determine the Available Resources

Total				\$ 1,419,000.00	
Less exempt/unavailable resources					
Resource allowance (\$15,150) with cushion				\$ 14,500.00	GIS 17 MA/020 - C
CSRA (\$123,600) with cushion				\$ 120,000.00	GIS 17 MA/020 - C
House				\$ 245,000.00	MRG 337, 338 - D
New Car				\$ 35,000.00	MRG 443 - E
3 Month SNF				\$ 28,691.12	MRG 443 - E
Burial for Fred				\$ 9,550.00	11 OHIP/ADM 4 - F
Burial for Martha				\$ 9,550.00	MRG 368, 385 - G
Home Improvements				\$ 28,000.00	MRG 443 - E
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses	4@ 10K and 1 @ 5K			\$ 45,000.00	11 OHIP/ADM 4 - F
Life Ins			FV-\$1,000	\$ 5,000.00	MRG 324 - H
Wells Fargo IRA	#5923		Fred	\$ 265,000.00	MRG 316 - I
Wells Fargo IRA - Annuity	#8752		Martha	\$ 110,000.00	MRG 316 - J
Savings Bonds	15@ \$500		Fred and Bill	\$ 37,500.00	MRG 500 - K
Savings Bonds	15@ \$500		Fred or Larry	\$ 25,000.00	MRG 500 - K
Total				\$ 987,791.12	
Excess for Gift and Note					
Made up of				\$ 177,000.00	prior gifts
				\$ 20,000.00	Life ins #002
				\$ 234,208.88	cash

Calculating the Gift and Note

Step 2 – Determine the Applicant’s Income

Income Fred					
SS			\$ 2,150.00		
RMD			\$ 993.75		MRG 135, DOH Email - L
Less Med Pt B	Premium		\$ (134.00)		MRG 276 - M
Less Health Ins Premium			\$ (101.00)		MRG 276 - M
Available income				\$ 2,908.75	

Calculating the Gift and Note

Step 3 – Determine the CS Income

Income Martha				
SS			\$ 1,825.00	
Pension			\$ 375.00	
RMD			\$ 412.50	MRG 135, DOH Email - L
Less Medicare Pt B Premium			\$ (104.90)	MRG 239 - N
Less Health Ins Premium			\$ (230.75)	MRG 239 - N
Total			\$ 2,276.85	

Calculating the Gift and Note

Step 4 – Determine Family Contribution

Combined income			\$ 5,185.60	
Less Applicant Income Allowance			\$ (50.00)	MRG 280 - O
Less Minimum Monthly Maintenance Needs Allowance			\$ (3,090.00)	17 MA/020 - C
Income contribution to SNF			\$ 2,045.60	

Calculating the Gift and Note

Step 5 – Determine the Promissory Note Pymt

Promissory Note Payment			
SNF 31 day mo @ \$350.00	\$10,850.00	\$976.50	\$11,826.50
less available income			\$ (2,045.60)
less safety			\$ (50.00)
Monthly Note Payment			\$ 9,730.90

Calculating the Gift and Note

Step 6 – Calculate the Penalty Period

Note Payment	\$ 9,730.90			
Penalty Rate	\$10,239.00			
Total	\$ 19,969.90	\$ 431,208.88	21.59	

Calculating the Gift and Note

Step 7 – Determine the Actual Gift

Gift			\$ 221,090.13		
Includes	\$ 177,000.00	Prior			
	\$ 20,000.00	Life Ins			
	\$ 24,090.13	cash			
Less resource deficit			\$ (650.00)		MRG 447 - P
Sanctionable gift				\$ 220,440.13	MRG 439-460 - Q
Penalty		21.53 Months			17 MA 020; 06 ADM - 5 C.R

Calculating the Gift and Note

Step 8 – Determine the Length of the Note

Note				\$ 210,768.75	MRG 443 - E
Term of note	21.6597389 Months				Promissory Note

Calculating the Gift and Note

Step 9 – Check the final numbers

Final #'s				
Sanctioned Gift				\$ 221,178.13
Penalty				21.60
Promissory note principal				\$ 210,030.75
Term				22.00

The Case of Patricia Pride

Medicaid Crisis Planning

For a

Single Person

Bar Association of Erie County CLE

May 31, 2018

Patricia Pride - Medicaid Application Plan

Patricia is 88 yrs old, Husband died 6 years ago

3 children: Henry, Michael, Kathy

Kathy has lived w/ mom since dad passed.

Henry and Michael are married

Rehab just ended. Now privately paying \$350.00/day plus 19.86/day assessment tax

Current RMD on IRA is \$ 590.80

Assets

House	Patricia	\$ 160,000.00
Northwest Savings - JTWROS	8802 P & Henry	\$ 336,218.77
Northwest Checking - JTWROS	9077 P & Michael	\$ 3,725.36
Wells Fargo IRA	5923 P	\$ 95,000.00
Federated Brokerage - JTWROS	9873 P & M 2012	\$ 33,684.72
Putnam Brokerage	9748 P&H 2012	\$ 112,434.51
Wells Fargo Brokerage	2052 P & K 2015	\$ 9,548.70
Total		\$ 750,612.06

Less exemptions						
Resource allowance (\$15,150.00) with cushion					\$ 12,000.00	GIS 17 MA/020 - C

Less exemptions						
Resource allowance (\$15,150.00) with cushion				\$ 12,000.00	GIS 17 MA/020 - C	
House		caretaker child		\$ 160,000.00	MRG at 442 - S	
Wells Fargo IRA			5923 S	\$ 95,000.00	MRG 317,318 - I	
Expenses during preparation of app - 3 Month SNF				\$ 38,090.94	MRG 443 - E	
Burial for Patricia				\$ 9,550.00	MRG 367, 368, 368.1,369 - G	

Less exemptions					
Resource allowance (\$15,150.00) with cushion				\$ 12,000.00	GIS 17 MA/020 - C
House		caretaker child		\$ 160,000.00	MRG at 442 - S
Wells Fargo IRA			5923 S	\$ 95,000.00	MRG 317,318 - I
Expenses during preparation of app - 3 Month SNF				\$ 38,090.94	MRG 443 - E
Burial for Patricia				\$ 9,550.00	MRG 367, 368, 368.1,369 - G
Legal Fee				\$ 10,000.00	MRG 443 - E

Less exemptions					
Resource allowance (\$15,150.00) with cushion				\$ 12,000.00	GIS 17 MA/020 - C
House		caretaker child		\$ 160,000.00	MRG at 442 - S
Wells Fargo IRA			5923 S	\$ 95,000.00	MRG 317,318 - I
Expenses during preparation of app - 3 Month SNF				\$ 38,090.94	MRG 443 - E
Burial for Patricia				\$ 9,550.00	MRG 367, 368, 368.1,369 - G
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses		4@ 10K and 1 @ 5K		\$ 45,000.00	11 OHIP/ADM 4 6, 7 - F

Less exemptions					
Resource allowance (\$15,150.00) with cushion				\$ 12,000.00	GIS 17 MA/020 - C
House		caretaker child		\$ 160,000.00	MRG at 442 - S
Wells Fargo IRA			5923 S	\$ 95,000.00	MRG 317,318 - I
Expenses during preparation of app - 3 Month SNF				\$ 38,090.94	MRG 443 - E
Burial for Patricia				\$ 9,550.00	MRG 367, 368, 368.1,369 - G
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses			4@ 10K and 1 @ 5K	\$ 45,000.00	11 OHIP/ADM 4 6, 7 - F
1/2 Federated Brokerage				\$ 16,842.36	MRG 498 - 500 - K

Less exemptions					
Resource allowance (\$15,150.00) with cushion				\$ 12,000.00	GIS 17 MA/020 - C
House		caretaker child		\$ 160,000.00	MRG at 442 - S
Wells Fargo IRA		5923 S		\$ 95,000.00	MRG 317,318 - I
Expenses during preparation of app - 3 Month SNF				\$ 38,090.94	MRG 443 - E
Burial for Patricia				\$ 9,550.00	MRG 367, 368, 368.1,369 - G
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses		4@ 10K and 1 @ 5K		\$ 45,000.00	11 OHIP/ADM 4 6, 7 - F
1/2 Federated Brokerage				\$ 16,842.36	MRG 498 - 500 - K
1/2 Putnam Brokerage				\$ 56,217.26	MRG 498 - 500 - K

Less exemptions					
Resource allowance (\$15,150.00) with cushion				\$ 12,000.00	GIS 17 MA/020 - C
House		caretaker child		\$ 160,000.00	MRG at 442 - S
Wells Fargo IRA			5923 S	\$ 95,000.00	MRG 317,318 - I
Expenses during preparation of app - 3 Month SNF				\$ 38,090.94	MRG 443 - E
Burial for Patricia				\$ 9,550.00	MRG 367, 368, 368.1,369 - G
Legal Fee				\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses		4@ 10K and 1 @ 5K		\$ 45,000.00	11 OHIP/ADM 4 6, 7 - F
1/2 Federated Brokerage				\$ 16,842.36	MRG 498 - 500 - K
1/2 Putnam Brokerage				\$ 56,217.26	MRG 498 - 500 - K
Total exemptions				\$ 442,700.56	

Calculating the Gift and Note

Steps to take

1. Determine the available resources
2. Determine applicant's income
3. Determine the promissory note payment
4. Estimate the penalty period
5. Estimate the Note Principal
6. Estimate the Gift
7. Determine the length of the note
8. Calculate the final numbers

Calculating the Gift and Note

1. Determine the Available Resources

Total					\$ 750,612.06	
Less exemptions						
Resource allowance (\$15,150.00) with cushion					\$ 12,000.00	GIS 17 MA/020 - C
House			caretaker child		\$ 160,000.00	MRG at 442 - S
Wells Fargo IRA			5923 S		\$ 95,000.00	MRG 317,318 - I
Expenses during preparation of app - 3 Month SNF					\$ 38,090.94	MRG 443 - E
Burial for Patricia					\$ 9,550.00	MRG 367, 368, 368.1,369 - G
Legal Fee					\$ 10,000.00	MRG 443 - E
Burials for Kids/spouses			4@ 10K and 1 @ 5K		\$ 45,000.00	11 OHIP/ADM 4 6, 7 - F
1/2 Federated Brokerage					\$ 16,842.36	MRG 498 - 500 - K
1/2 Putnam Brokerage					\$ 56,217.26	MRG 498 - 500 - K
Total exemptions					\$ 442,700.56	
Excess for Gift and Note					\$ 307,911.51	

Calculating the Gift and Note

2. Determine the Applicant's Income

Income						
SS				\$ 894.90		
Increased RMD				\$ 1,401.18	17 MA/016 - T	DOH Email - C
Pension				none		
Less Med Pt B Premium				\$ (134.00)	MRG at 239 - N	
Less Med Pt D Premium				None	MRG at 239 - N	
Less Health Ins Premium				\$ (134.00)	MRG at 239 - N	
Less Income Allowance				\$ (862.00)	06 ADM 5, p. 15; Att iv -U	
Available income				\$ 1,166.08		

Calculating the Gift and Note

3. Determine the Promissory Note Payment

Promissory Note Payment					
SNF 31 day mo				\$ 10,850.00	
less available income				\$ (1,166.08)	
less safety				\$ (50.00)	
Monthly Note Payment				\$ 9,633.92	

Calculating the Gift and Note

4. Estimate the Penalty Period

Penalty Estimator

$$\text{\$9,633.92} + \text{\$10,239.00} = \text{\$19,872.92}$$

$$\text{\$307,911.51} / \text{\$19,872.92} = 15.49$$

[MRG 448 - Q 17 MA/020 - C](#)

Calculating the Gift and Note

5. Estimating the Note Principal

Note				\$ 152,459.40	MRG 443 - E	<u>17 MA/020 -</u> <u>C</u>
Term of note				15.83	Promissory Note	

Calculating the Gift and Note

6. Estimating the Gift

Gift		\$10,239.00	15.49	\$ 158,602.11		
Less resource deficit				\$ (3,150.00)	MRG 447 - P	
Sanctionable gift				\$ 155,452.11	MRG 439-460 - Q	
Penalty				15.18		

Calculating the Gift and Note

7. Determine the Length of the Note

Promissory Note				\$ 151,980.70
Term				16

Calculating the Gift and Note

8. Calculate the Final Numbers

Final #'s						
Sanctioned Gift	\$307,911.51	-\$151,980.70		\$155,930.81		
Penalty	\$155,930.81	\$10,239.00		15.23		
Promissory Note	\$151,980.70	\$2,162.02		\$ 154,142.72		
Term				16		
Penalty Checker	\$307,911.51	-\$155,930.81	-\$151,980.70	\$0.00		