Medicare vs Medicaid: Key Differences for Asset Planning

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Often, we will meet with potential clients who tell us that they "need to do Medicare planning" to protect their assets for their children should they need to enter a nursing home in the future. We, however, know that they are talking about "*Medicaid*" planning. (FYI, the Medicaid program in Massachusetts is also known as "MassHealth").

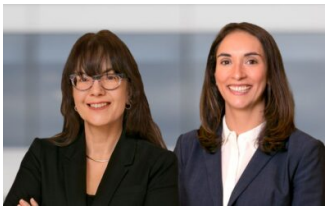
Medicare and Medicaid, although both government health insurance programs, are quite different in the benefits they provide. Following is a short explanation of the differences:

Medicare

- Federal health insurance program for elders 65 and over, plus
  - Younger people with certain disabilities or who have received SSDI benefits for 24 months or more, and
  - Children or surviving spouses of at least age 50 of an SSDI recipient
- Pays for short-term rehab stays (which can occur in a nursing home for potentially up to 100 days, with a daily co-pay after day 20
- Does not pay for long-term stays in a nursing home (called 'custodial care')

Medicaid (known as MassHealth in Massachusetts)

- Federal insurance program implemented differently by each state, eligibility rules may differ by state
- Different types of Medicaid programs such as MassHealth Standard or CommonHealth, depending on need, income and sometimes assets



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- Can cover Seniors age 65 and over, disabled or medically needy younger people, children and non-disabled, low-income recipients
- $2,000 asset limit once the member reaches age 65
- **Only** insurance program that pays for long-term stays in a nursing home if the applicant meets medical and financial eligibility requirements:
  - $2,000 limit of countable assets for the application at age 65 (potentially younger if in a facility)
  - $157,920 of countable assets for the applicant's spouse at home (yearly increases)

Know that when the issue is government benefits to pay for long-term nursing home care, the program needed is Medicaid ("MassHealth"). Be aware that there are expected changes over the next three years to the Medicaid long-term care eligibility process due to the recent enactment of the One Big Beautiful Bill Act. Any member of our Trusts & Estates group would be happy to answer any questions you might have.

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