Plan Today, Save Tomorrow: 6 Things You Can Do to Start Planning for Medi-Cal

When thinking about your future, it is often the steps you take today that can have the biggest impact. If you want to make sure you are able to qualify for the Medi-Cal program (California's Medicaid program) when the time comes, there are a lot of things you can do today. Planning for this type of need early is known as long-term Medi-Cal planning, or non-crisis Medi-Cal planning. When done properly, it will help protect the assets that you worked hard for throughout your life so that they aren't used up in the first few months of needing nursing home care. The following are some of the most important things you need to know, and some things you should do, in order to be ready for all your Medi-Cal needs.

Understand Countable Assets

When it comes to planning for Medi-Cal, one of the most important things you can do is take some time to learn about countable assets. These are any assets that will be counted when deciding whether or not you will qualify for the program. The following are some of the most common examples of countable assets:

- **Cash & Savings** – Any financial accounts such as checking and savings accounts, money market accounts, CDs, and more.
- **Long Term Savings** – Stocks, bonds, mutual funds, retirement accounts including IRAs, 401(k)'s, 403b's, SEP IRAs, and others.
- **Value of Life Insurance** – If you have a cash value (whole life) insurance policy, the cash value contained within that policy is countable.
- **Vehicles** – While your primary vehicle is not countable, all additional vehicles are. This includes trucks, boats, machinery, and others.
- **Some Real Estate** – Some types of real estate are countable. This will typically include cottages, vacation homes, "hunting property," and more.

Understand Non-Countable Assets

Part of planning for Medi-Cal may include purchasing or keeping certain non-countable assets to reduce the amount of countable assets you have on hand. This is often called a Medi-Cal spend down. While this usually occurs only when you believe you may need Medi-Cal in the near future, it is good to know which assets won't be counted against you. They typically include:

- **Primary Vehicle** – The main vehicle that you use for day to day transportation.
- **Non-Distributed Inheritance** – If you have an inheritance coming from the death of a loved one, but it is still in probate or otherwise delayed, that won't count at this time. Once you receive it, however, it may become countable, so make sure to discuss this with an attorney.
- **Primary Residence** – In many cases your primary residence won't count. This is especially true if you live there with a spouse or dependent child who would face hardship if you had to sell the home.
- **Appliances** – Major appliances are not countable.

There are others as well. When trying to determine if an asset is countable, look at whether or not you are able to get cash out of them. If the asset is unavailable to you, then it won't be counted in most situations. You do, however, have to be careful not to make any obvious abuses of this or the Medi-Cal program can come back to attempt to collect assets even after you have passed away.

Don't Transfer Assets

There are many times when you may want to transfer some of your assets to a loved one. Some people try to do this to reduce their total assets so they can qualify for Medi-Cal, and others do it simply to help out a loved one. Regardless of your intention, transferring your assets can cause real problems when it comes to your future planning. This is because the Medi-Cal program will look at the past five years of your financial transactions to determine if you qualify. If during that five years they notice that you have been transferring assets out of your name, they may deny your application. Even if your intent wasn't to reduce your countable assets to ensure you can qualify for the program, they can still consider the assets you transferred.

Take Advantages of Trusts

Trusts are an estate planning tool that you can place assets into so they are set aside for a specific use. Irrevocable trusts are a specific type that once created, can't be revoked or changed. This means if you place some of your assets in a trust, they will typically become non-countable assets. While you can't typically do this type of thing with the obvious intent of hiding assets in order to qualify for Medi-Cal, there are options available.

For example, if you have an adult child with special needs, you will likely want to put some money away for their care after you're gone. A great way to do this is to create a

special needs trust designated for their care. You can then begin placing money into that trust each year so that it builds up over time. In most cases, even the money added to this type of trust during the previous five years won't be counted since you don't have access to it and you had been doing it for quite some time. There are a variety of other types of trusts that may allow this type of asset protection, so talk to an estate planning attorney to go over your options.

Consider Long Term Care Insurance

One of the best ways to prepare for the possibility of having to get on Medi-Cal in order to pay for a nursing home is to make sure you don't have to use Medi-Cal at all. Many people, especially those who are relatively young, should consider purchasing long-term care insurance. This type of insurance will pay for your nursing home care, or other long-term care, should you end up needing it. The earlier you purchase this type of insurance policy, the less expensive it will be each month.

Always Work with an Experienced Attorney

Perhaps the most important thing you can do to prepare for Medi-Cal is to talk with an attorney. No matter what stage of life you are in, an experienced estate planning and elder law attorney will be able to provide you with the customized advice you need. Please contact us o go over your options and make sure you are ready for whatever the future brings.