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## ELDER LAW MINUTE

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1. Patty's gross monthly income is \$2,025. The income CAP is \$1,911 so she must contribute at least \$115 each month to a Qualified Income Trust. MEDICAID MANUAL § 2407. The money in the trust should be used each month to pay medical expenses for Patty.

2. The promissory note is a resource. MEDICAID MANUAL § 2313. The presumption is that it is worth roughly \$149,000. However, Patty can rebut this presumption by having the note appraised by two knowledgeable sources. Since the note is interest free and payable over 1,250 years, it should be nearly worthless. DFCS will accept the higher appraisal as the value of the note for purposes of the resource test. The difference between the amount loaned and the value of the note is considered a gift but the gift falls outside of the three year look back period for gifts made before February 8, 2006, so no penalty applies. MEDICAID MANUAL § 2342.

3. Patty's homeplace is excluded for purposes of the resource test because it is worth less than \$500,000. MEDICAID MANUAL § 2316. The vacation home will count as a resource unless Patty lists it for sale at no more than fair market value and receives no offers over two-thirds of that amount. MEDICAID MANUAL § 2304. If Patty rents the property, only \$6,000 of its value will be exempt. MEDICAID MANUAL § 2327. However, she could list it for sale and simultaneously rent it. DFCS will allow her to apply the rental income against the expenses of maintaining the property. MEDICAID MANUAL § 2410.

4. Patty can transfer her homeplace to her disabled child with no penalty. She can transfer all of her other assets to a trust for her disabled child. If she makes gifts to her other children Patty's Medicaid eligibility will be delayed. MEDICAID MANUAL § 2342.

5.  $\$1,450(SS) + 575(RB) - 96.40(MED) - 155(IME) - 27.50(IME) - 50(PNA) = \$1,696$   
MEDICAID MANUAL § 2552. The loan payment of \$10 per month does not count as income since it is a principal payment and the principal counts as a resource at its appraised value. MEDICAID MANUAL § 2313.