Planning for Nursing Home Expenses

Many families worry about how they will pay for nursing home care if it becomes necessary. Medicaid will pay nursing home costs if a persons income and assets are below certain limitations. Generally nonexempt assets must be $2,000 or less and income must be less than $2,400 per month. Married couples with one spouse living outside of the nursing home may qualify even if they have assets significantly more than $2,000.00
If your income exceeds the $1,400 monthly limit, you may still qualify by using a specialized trust often referred to as a "Miller Trust"
A Miller Trust can contain only certain funds. It is a trust that only includes income such as pension and Social Security income.

- Savings or other resources cannot go into a Miller Trust.
- The person who benefits from the trust is the "beneficiary."
- For Miller Trusts, the beneficiary is the person in the nursing home.
- The person who administers the trust and pays out money is the "trustee."
- The trustee is usually the beneficiary's spouse or other family member.
- A Miller Trust limits a beneficiary's income to an amount that qualifies for Medicaid.

For example, suppose Mr. Jones has $1,000 in savings and needs to move to a nursing home. His only income is Social Security and pension benefits totaling $2,500 each month. Without a Miller Trust, Mr. Jones' income is over the $2,382 limit and he is not eligible for Medicaid. With a Miller Trust, however, he can be eligible. The first step is to set up the trust. Once this is done, Mr. Jones' Social Security and pension income, but no savings, will start going into the trust. Mr. Jones will be the beneficiary. A trustee will be named to handle the trust for Mr. Jones. Once the paperwork is completed and a separate bank account is opened for the Miller Trust, Mr. Jones should be eligible for Medicaid to help pay his nursing home bills. The funds in the Miller Trust account must ordinarily be paid out as follows:

- $10 per month (more with a court order) may be paid to the trustee for trust expenses;
- $50 per month for Mr. Jones' personal needs (possibly more if he is a qualifying veteran);
- If Mr. Jones has a spouse, some of his income can usually be paid to his spouse with the balance to the nursing home;
- If Mr. Jones does not have a spouse, the balance of $2,440 ($2,500 – 10 – 50 = $2,440) would be paid to the nursing home.

Upon Mr. Jones' death, any income left in the trust will go to the state, up to the amount spent by the state on his care.

If you are facing unplanned nursing home expense, it is important to consult with a professional to preserve your assets and options which are available to you and your family.