

# MASTERING THE MAZE

## Medicaid and Medicare made easy

By Bill Byers

**M**edicaid assists eligible, needy persons who need medical help. Medicaid is jointly funded and administered by the federal government and the states. The Colorado Department of Healthcare Policy and Financing administers Medicaid on the state level. The county Departments of Social Services administer Medicaid at the local level. Medicaid covers a variety of medical benefits and pays for the majority of long-term nursing-home care. In some cases, Medicaid also provides assistance with assisted living and home care.

### Medicaid Qualifications

An applicant must meet certain requirements to qualify for Medicaid. These are known as categorical, income and resource requirements:

- ◇ A person must be elderly (over the age of 65 years), blind or disabled. Persons who qualify for Supplemental Security Income (SSI) are automatically entitled to Medicaid benefits. An applicant must also meet the criteria of the particular Medicaid program. For instance, in the case of nursing-home eligibility, a determination must be made to insure that the applicant needs long-term care.
- ◇ The Medicaid applicant's gross monthly income cannot exceed \$1,692 in 2004. However, if a person has income in excess of this amount and otherwise meets the Medicaid eligibility requirements for long-term care, it might be possible to establish a trust for the excess income, which will then allow the person to qualify for benefits.

- ◇ A Medicaid applicant cannot own countable resources of over \$2,000. Certain exempt resources are not counted as resources for purposes of Medicaid eligibility. The primary exempt resources are:
  - A person's home
  - One motor vehicle
  - Personal property with a value up to \$2,000
  - Wedding and engagement rings
  - Required medical equipment
  - Life insurance if the total face value of all policies is \$1,500 or less (if it exceeds \$1,500, then the total cash surrender value of all policies is counted toward the \$2,000 resource limit)
  - An irrevocable prepaid funeral or burial plan. Other assets may be considered unavailable in certain very limited circumstances. Virtually all other assets are counted toward the \$2,000 resource limit.

If a person is applying for Medicaid nursing home benefits and has a spouse at home (the "community spouse"), additional income and resource rules apply. The community spouse is allowed to keep non-exempt assets of \$92,760. The community spouse is also allowed a minimum monthly maintenance needs allowance of \$1,515. In certain circumstances, this amount can be increased up to a maximum monthly income amount of \$2,319. If the community spouse's income is less than the minimal amount, a portion of the institutionalized spouse's income can be shifted to the community spouse to make up the shortfall. For more information on the Colorado Medicaid program, go to [www.chcpf.state.co.us](http://www.chcpf.state.co.us)

## **Medicare**

The federal government administers Medicare as a program of health insurance for the elderly. Most persons automatically become eligible for Medicare at age 65, but the program also includes persons under age 65 with certain disabilities and

persons with End-Stage Renal Disease. Personal income is not a factor in determining eligibility.

Medicare consists of three parts:

◇ **Part A:** Hospital Insurance that provides basic protection against the costs of hospital benefits, limited post-hospital skilled nursing facility care, part-time home-health services, and hospice care. Most beneficiaries don't pay a monthly premium for Part A because they or their spouse paid Medicare taxes while they were working. Medicare beneficiaries participate in the financing of Part A services through deductibles, co-insurance and premium payments.

Many people mistakenly believe that Medicare provides comprehensive long-term care (nursing home) benefits. Skilled-nursing facility care is covered under Medicare Part A. however; this benefit is only available for a short time at best—up to 100 days for each benefit period. Most people receive much less than the 100 days of coverage because most long-term care in a nursing home is custodial care (help with activities of daily living like bathing, dressing, using the bathroom, and eating). Medicare does not cover this type of care.

◇ **Part B:** Supplemental Medical Insurance is a voluntary program of health insurance, which covers physician services, certain outpatient services, home health care, diagnostic tests, medical appliances, and prescription drugs. It is financed partly from the monthly premiums paid by enrollees and partly by federal contributions.

◇ **Part C:** Medicare Plus Choice is a delivery system that covers the same services and items that are covered under Parts A and B. A beneficiary can elect to participate in either original Medicare, or may choose from among several Part C Medicare Plus Choice Plans. These plans provide more choices and, sometimes, extra

benefits such as coverage for prescription drugs or extra days in the hospital, by letting private companies offer you Medicare benefits. In most of these plans, recipients can only go to doctors, specialists, or hospitals on the plan's list. Under these plans, the private company, rather than the Medicare program, decides how much it will pay and what the recipient will pay for the services received.

**Part D:** The new Medicare and Modernization Act of 2003 offers beneficiaries the option of enrolling in the new Medicare drug benefit, called Medicare Part D. Anyone who is entitled to Medicare Part A or is enrolled in Medicare Part B is eligible to join Part D which will be administered through private health plans. Beneficiaries may remain in traditional Medicare and receive prescription drug benefits through drug-only plans or join a Medicare Advantage plan that offers comprehensive benefits. People who prefer not to receive prescription drug coverage do not need to sign up for the new benefit. However, beneficiaries who do not enroll in Part D at the first opportunity will have to pay a late enrollment penalty if they later decide to enter the program..

Medicare is administered by the Centers for Medicare and Medicaid Services (CMS) and by the Social Security Administration. Inquiries and complaints about the Medicare program should be made at the local Social Security office. For more information about Medicare, go to [www.ssa.gov](#) or call 1-800-633-4227.

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