

Medicaid ahead – help!

If you're a CEO or someone with a lot of bucks, you need read no further.

If filing for Medicaid for someone else, be forewarned – the process isn't easy. It's filled with a great deal of work and plenty of frustration. I spent at least the last six months working on just this issue and I encountered one headache after another. Here are a few suggestions that might prevent you from running into what I faced.

Let us assume you are trying to obtain Medicaid for your mother, Jane. First, about five or six years before you think Jane will need the coverage, ship most of her investments to the Cayman Islands or some Swiss account. Those may be untraceable. Of course, you may not see the cash again, might have difficulty obtaining the money and I won't think very highly of you. Thus, that's not a good idea. In order to receive Medicaid coverage for Jane, there are a few things to remember.

Assets:

Jane's total assets have to be less than \$13,800 – as of the fall of 2011. Assets include anything of value: house (residence and summer home(s)), insurance policies, jewelry, collectables, stocks (regular, retirement, mutual funds), savings accounts, checking accounts, CDs, alimony payments, trusts and royalties. I'm sure there are other assets, but you get the idea.

Documentation:

Everything asked for of you to get Medicaid for Jane has to be documented on paper. There will be a few cases where you can create acceptable documents for the Medicaid people, but those will be rare. What is needed are old bank statements, cancelled checks, year end statements from stock funds, transaction history including dividends, withdrawals and additions – all from the company that took your money and eventually returned it – unless there was a meltdown. But even that needs to be documented. If a company can't provide the required documentation – that shouldn't happen, but may anyway – you need a letter saying they searched but couldn't come up with anything. The records were probably purged.

\$2000:

Any checking account transaction of \$2000 or more needs paperwork provided to Medicaid. In the case of a deposit or withdrawal, you will have to provide a bank offset. That just indicates where the \$2000 or more went or from where it came. For CDs, a cash-in of less than \$2000 still needs documentation since it is an asset.

Five years:

There is a bit of good news: You only need provide tax returns for the last four years and you need not worry about documentation for the sale of a house or any other transaction that happened more than five years ago. The extremely bad news is that to obtain information from a bank from three years ago may be like jumping through burning hoops, not to mention some transaction of four and a half years ago.

Address changes:

Since Jane sold her house six years ago, there's no concern about documentation for the sale. However, since she moved, you need to make sure that a change of address was done for that change as well as for every one that follows. If you are taking care of Jane's finances, it is your responsibility to make sure that the address change was made. From my experience, the corporations do not do that great a job with these change procedures. One insurance company made the change to my address – what I requested – but then a year later they sent me a letter saying the address change was made – but it had already been done. Another huge problem results when Dick, Jane's husband, sets up investments, insurance policies and other accounts to provide for Jane before he dies. It's a great gesture but now up to the person handling Jane's address change to find these things – not an easy task.

Insurance:

Jane can have one insurance policy worth \$1500 or less. Every other one has to be cashed in and documentation provided to Medicaid.

A sample of what needs to be provided to Medicaid:

- 1) Death certificate for deceased spouse
- 2) bank statements going back 5 years – the statements in their entirety
- 3) payments for the last 5 years of Jane's rent, wherever she lived
- 4) Jane's federal tax return for the last 4 years
- 5) funeral arrangements and breakdown
- 6) documentation of any investment sold within the last 5 years
- 7) information on any CD cashed in the last 5 years
- 8) life insurance policies with proof of amount, date of cash in, etc.
- 9) transaction of the sale of property, if within the last 5 years
- 10) Jane's Medicare and social security card
- 11) sale of any asset sold within the last 5 years
- 12) there's more I haven't listed here

Problems and suggestions

Keep transactions under \$2000, where possible.

Cash in assets 6 years before applying for Medicaid.

If you can pay cash for Jane's needs, do so instead of writing checks.

I sent one request via regular U. S. mail and it never reached the intended party.

I sent overnight mail via the U. S. Post Office and the party had it 5 days later.

Use Fed-Ex rather than the Post Office – Newman and Cliff Claven are back

Despite the fact that we're in the 21st century, some companies might tell you the process of obtaining your documents – if they get them at all – will take 20 business days. This is el toro crappo since we have all that technology and this is the 21st century. If a financial institution says they can't get the information you want, they're pulling your leg. Banks document everything to death.

Having Power of Attorney may not really be much of an advantage.

Working without a lawyer and instead with the Medicaid person directly will save you money and you won't have the frustration you may get from the lawyer.

Work with institutions that will aid you, not drive you crazy for documentation.

Good luck!

Note: At the end of May 2011, I began the process of applying for Medicaid for my mom. On Tuesday, November 15, 2011, I received a letter stating that my Medicaid request was approved. I sincerely hope that your efforts will not take anywhere near that long.