



Allowable Spend-Down Expenses for Medicaid

Individuals must be careful in managing a spend-down plan of assets prior to applying for Medicaid. Prior to beginning the spend-down process there are two rules with which you must be aware of: the *lookback period* rule and the rules regarding *proper ways* to spend down items.

There are acceptable ways to reduce your countable assets and income to \$2,000. *Embrace Journey* can provide knowledgeable support to help stay within the guidelines of a Medicaid Spend-down.

Legitimate Debt of an individual applying for Medicaid

Pay off accrued debt, such as personal and vehicle loans, mortgages, and credit card balances.

Irrecoverable Funeral Trust

One can purchase an irrevocable funeral trust, which can only be used for funeral and burial expenses. In general, up to \$15,000 per spouse can be placed in a funeral trust.

**Check with Medicaid to confirm the allowed amount.*

Annuities

Purchase an annuity, which in simple terms, is a lump sum of cash converted into a monthly income stream for the Medicaid applicant or their spouse. The payments can be for a set period shorter than one's life expectancy or equal to the beneficiary's life expectancy.

The costs associated with creating a care life agreement

Create a formal life care agreement, often called a personal care agreement. This type of agreement is generally between an elderly care recipient and a relative or close family friend. It allows the care recipient to spend down their excess assets while receiving needed care. It is vital this type of contract be drafted properly and that pay is reasonable for the area in which one lives. If it isn't, one could be in violation of Medicaid's look-back period.

The cost of home renovations and repairs designed to improve access and safety

Make home reparations and modifications to improve access and safety, as well as build on to their existing home, such as adding a first-floor bedroom or bathroom.

The cost of vehicle repairs & maintenance, and of selling and buying a new car

Vehicle repairs, such as replacing the battery, getting an engine tune-up, or replacing old tires. One can also sell an existing car at fair market value and purchase a new one.

The purchase of medical devices that insurance does not cover

Purchase medical devices that are not covered by insurance, i.e., dentures, eyeglasses, and hearing aids