

# ***Medicaid Planning or Medicaid Avoidance?***

University of Texas School of Law:  
***26<sup>th</sup> Annual Estate Planning, Guardianship  
& Elder Law Conference***

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1

*Medicaid Planning or Medicaid Avoidance?*

## ***Ethics: Competence, Diligence, Loyalty***

- Guardian held liable for selling ward's home to pay for care that Medicaid would have paid for
- Attorney's license suspended 6 months for failing to put Special Needs Trust in a will, so beneficiary lost Medicaid
- But some clients are better off paying their own way
- And what "better off" means depends on the *client's* values
- Our responsibility: present all the options clearly, so the *client* can the best decisions for them

Page 1



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2

## ***Client Capacity and Gifting***

- An agent generally cannot make gifts without express authority in the power of attorney.
- *Natho v. State*: 25-year sentence for agent making transfers to himself under power of attorney

Page 2



## ***Why We Don't Discuss Medicaid Avoidance Enough***

- Learning to do Medicaid planning takes several years
- Learning to do cash flow projections takes time also
- Medicaid *avoidance* is hard to sell—most people want someone else to pay for their medical care
- When you do sell it, you don't get paid well (financially)

Page 3



## ***Why Avoid Medicaid: “Medical Necessity” Requirement***

- The Requirement: At least LVN-level care in an institutional environment
- The Risk: Don’t strip them of their savings just when they need the money most!

Page 3



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5

## ***Why Avoid Medicaid: Getting Better Care***

- Since 1997, Medicaid programs have not been required to pay the reasonable cost of nursing facility care—so most do not.
- Most years Texas pays about 81% of the cost of nursing home care
- That is about 2/3 of the *private-pay rate*.
- Result: Private-pay residents pay a tax on getting old and sick—if they are in facilities with Medicaid beds
- ...a tax that you don’t have to pay if you pay privately in an Assisted Living Facility or in a nursing facility with few or no Medicaid beds

Pages 3-4



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6

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