

# LAW OFFICE OF STEPHANIE L. SCHNEIDER, P.A.

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PROPER PLANNING MAY CREATE PEACE OF MIND



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## SWEEPING NEW MEDICAID CHANGES

**C**ongress has passed legislation that will severely impact individuals who require Medicaid assistance. The Deficit Reduction Act, which passed by a vote of 216-214, affects those with long-term care needs who do not have or, cannot obtain long term care insurance. Do not allow yourself, your family or, your clients to be caught off guard.

Some of the new Medicaid changes include:

**1. Look-Back Period for Transfer of Assets:** The look-back period has been changed from three to five years for all transfers. This means the government can look at an individual's financial records for five years prior to date of application. Gifts made during this period will cause delay in Medicaid qualification. Gifts made for reasons other than qualifying for Medicaid may potentially get caught in the process; these include tithing to the church, gifts to charities and gifts to grandchildren for graduation, birthdays, and weddings.

### **2. Penalty Period:**

Previously, the penalty (i.e. disqualification) associated with a transfer of

assets for less than fair market value began to run in the month the gift was made. Now, the penalty will not begin running until the individual applies for Medicaid and otherwise satisfies the medical and financial eligibility requirements. This is a trap for the unwary and can backfire on nursing homes when the resident has exhausted their assets and won't qualify for Medicaid.

### **3. Calculation of Penalty Period:**

Previously, gifts made in different months were looked at separately. Now, all gifts will be added together to determine the penalty period; this will likely result in a longer penalty.

### **4. Limitation on Value of Homestead:** Under the former law, an individual's homestead remained an exempt resource regardless of its value.

Now, an unmarried applicant's equity interest in a home exceeds \$500,000.00 will not qualify for Medicaid. The State may raise this up to \$750,000.00.

There are different effective dates for the various sections of the new law. Each client's financial and medical situation must be evaluated carefully to understand how the

new law affects them.

Our office provides guidance and empowers our clients to take responsibility to make decisions for their future long term care needs that will provide peace of mind.

"Years steal Fire from the mind, as vigor from the limb; And life's enchanted cup but sparkles near the brim."

— Lord Byron

### **Meet The Staff**

**Flo Koplo, C.P.**

|                      |                    |
|----------------------|--------------------|
| Guardianship         | Probate            |
| Trust Administration | Court Appointments |

**Kathy Russo, CLA**

**Debra, Pitts, Legal Asst.**

|                            |                 |
|----------------------------|-----------------|
| Special Needs Trusts       | Medicaid & SSI  |
| Facility Residents' Rights | Estate Planning |

**Myrna Hambro**  
Client Liaison

**Gayle Fisch**  
Legal Secretary

**Hillary S. Josephs**  
Business Development  
Coordinator

*"We recommend that you, your families and clients to consult with our firm to properly understand how the new Medicaid law applies to them."*

*Ask about having our complimentary Florida Bar Approved CLE at your office*