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Changes in Medicaid Estate Recovery Rules May Affect Your Existing Estate Plan

Many people have incorporated Medicaid planning as part of their overall estate plans. Because the planning strategies are frequently tailored to the individual or couple, they vary greatly, making a general description of how the recent changes in Medicaid's estate recovery rules will affect the anticipated outcome impossible. That said, we would like to provide an example of how your plan may be affected.

A frequently used planning technique includes the transfer of a home to another person or to an irrevocable trust. As part of this plan, or sometimes as a separate planning strategy, an owner might transfer their home but retain a life estate. Under the new Medicaid recovery rules, Medicaid may be able to recover the benefits paid on behalf of a Medicaid recipient from assets that were previously insulated from such recovery, such as the value of the life estate or assets owned in trust.

We encourage our friends, family, clients and former clients to review their estate plans periodically. We hope that, in light of the new rules, they will take advantage of this opportunity. It is imperative that anyone who has done asset-protection planning, to protect against the possibility that they may one day need long-term care, meet with an attorney who is familiar with the most recent regulations. Moreover, if a loved one is currently receiving Medicaid benefits after having transferred assets or engaged in Medicaid planning, or has received Medicaid benefits and is now deceased, or if you are interested in this type of planning, we encourage you to make an appointment. Meet with us and discuss how these changes will impact you, your loved one, the plan or the results you hope to achieve. While there will be a nominal fee charged for this service, it is important to review, reflect, evaluate and consider the impact of these changes and what, if any, techniques are available to you.