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—Allen H. Neuharth  
Founder, Sept. 15, 1982



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Today's topic: Paying for long-term care

## Loopholes let wealthy seniors access Medicaid funds

**OUR VIEW** Planning schemes help elderly hide assets to get nursing home care.

Why would a senior citizen worth \$300,000 give away all but a few pennies? "Who in his right mind would do that?" asked one attorney at a November conference in Nashville, Tenn. The answer: to collect Medicaid.

Medicaid's huge and fast-growing nursing-home program is supposed to be for impoverished seniors faced with lengthy, and extremely costly, nursing home stays. Only those with a paltry \$2,000 in assets are eligible.

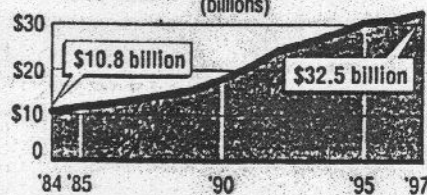
But decades of eligibility creep have left Medicaid riddled with loopholes. Homes are exempt from asset calculations, as are cars, burial trusts, annuities, businesses, personal effects and more. All were added so that the aged wouldn't have to spend themselves into bankruptcy to get long-term care.

A noble goal perhaps, but it has opened the nursing home doors to those sufficiently well-heeled to hire Medicaid estate planners, experts in hiding assets in these loopholes. Seniors with the wherewithal can set up limited partnerships, life estates, irrevocable trusts, self-canceling installment notes and a number of other complex estate plans to shield hundreds of thousands of dollars — making themselves look poor to Medicaid.

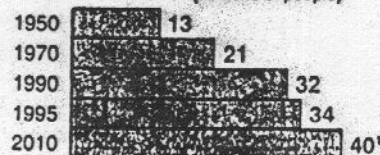
"People come in prepared to do things they would just not otherwise do," explained one presenter at the Nashville conference, sponsored by the 3,500-member National Acade-

### Medicaid's bleak future

As Medicaid's nursing home budget spirals upward...



... the number of people 65 and older also is increasing.



<sup>1</sup> - Projected

Sources: Department of Health and Human Services, Congressional Budget Office

By Grant Jarding, USA TODAY

senior groups largely thwarted them.

A measure passed two years ago to criminalize some forms of Medicaid estate planning was weakened last year after critics complained that it would throw seniors in jail. Attorney General Janet Reno now says she won't enforce the weaker law, questioning its constitutionality. Similarly, attempts in Congress to cover nursing home care forthrightly have foundered because of cost — potentially tens of billions annually.

Easy access to Medicaid only feeds a relat-