What Family Caregivers Need to Know About Medicaid and How It Could Help Them Financially

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Approximately 20% of adults in the United States provide care to their parents or other adult family members. These caregivers provide an astonishing 34 billion hours of unpaid care.

**The economic value of this care is approximately $470 billion.**

Since most of these caregivers are also juggling paid jobs with their caregivers, they don’t have time to become experts in Medicaid. Unfortunately, this means that without guidance, they can make costly mistakes. Instead of being able to preserve some assets as payment for all their care, they can end up with nothing.

A recent New Jersey case shows how caregivers’ lack of knowledge can lead to an unfair result.
An adult son lived with and provided care to his mother. When her needs got too much for him to handle, he applied for Medicaid to provide aides for her in the home. The son paid for the household expenses and expected to get repaid when the house was sold after his mother’s death. He did not realize that Medicaid places a lien against properties owned by Medicaid recipients. After the mother’s death, Medicaid issued a claim against the estate. The son caregiver filed a hardship waiver pointing out that there would be nothing to recover if he had not paid the taxes and other expenses.

There are so many opportunities here that the caregiver seems to have missed.

First, depending on the situation, he may have been able to have the home transferred to him under the caregiver-child exception. This is a policy exception that allows for the transfer of a Medicaid applicant’s home if they provide a nursing home level of care for two years prior to application.

The son tried to argue the caregiver’s exemption justified the waiver of the lien. However, this exception must be claimed at the time of application in order to justify the transfer of the home, which otherwise would be penalized. If the son did not meet the caregiver-child criteria, then he should have done a promissory note and mortgage for the loan he made related to the household expenses. The mortgage must be satisfied upon sale, therefore converting it into an estate expense. This would have protected the son.

I have also found that a knowledgeable attorney negotiating a lien compromise with the state can make a big difference in these types of cases.

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