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SENIOR BULLETIN: MEDICAID

When should one file an application for long-term-care coverage?

People who need help paying for long-term care (LTC) often wonder how early they should file an application for assistance from the Home and Community Services Division (HCS) of the Department of Social and Health Services. This bulletin addresses the *timing of the HCS application process* for LTC coverage. For information about LTC *eligibility*, see the pamphlets listed at the end of this bulletin.

Submitting an application to HCS

The ideal time to submit a LTC application is 30 to 45 days before coverage is needed. For example, if coverage is needed May 1st, the application should be submitted between March 15th and April 1st. It should include a note saying that the applicant wants coverage to start May 1st.

Submitting an application 30 to 45 days in advance allows time for the HCS eligibility determination process. During this process, an HCS financial worker will determine financial eligibility and an HCS social worker will assess functional eligibility. Assuming both are met, the social worker will establish the needed level of care and authorize services.

Effective date of coverage

Assuming an applicant is both financially and functionally eligible, the effective date of LTC coverage will depend on *where* the services are provided.

- ***Nursing homes*** – For services provided in nursing homes, the effective date of coverage is ordinarily *the first day of the month of application*. Retroactive coverage for nursing homes may also be available for up to three months before the month of application if the applicant was eligible during those months.

- ***Residential settings*** – When services are provided in a person's own home or in an adult family or boarding home, two important differences arise. First, *the effective date of coverage is not the first day of the*

month of application. Instead, coverage begins when HCS has established the applicant's level of care and approved a contract signed by the long-term care provider. Second, *retroactive coverage is not available outside of nursing homes*. Because of these differences, it is especially important for an applicant who seeks long-term care coverage outside of a nursing home to submit an application 30 to 45 days before the date coverage is needed.[1]

Resource eligibility

Generally, an applicant must be "resource eligible" (meaning resources fall within applicable limits) as of 12 a.m. on the first day of a given month in order to establish eligibility for any part of that month. However, within *the month of application*, an applicant can reduce excess resources and achieve eligibility by paying outstanding medical bills or by funding a permitted burial account.[2] Nursing home residents with excess resources may be eligible in the month of application if the total of their excess resources and their countable income is less than the Medicaid rate for the facility.[3]

To evaluate resource eligibility, the Department will need documentation showing the status of an applicant's resources on the first day of the month. For example, in an application for coverage to begin in

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[1] The timing of the application raises additional issues for applicants who pay privately for care in adult family homes or boarding homes and want to convert to Medicaid. For example, assume that a resident of an adult family home has been privately paying for care but can no longer afford to do so. The applicant applies late in the month of April for coverage to begin in May. On May 1st, the applicant is financially eligible for Medicaid but, because of the date that the application was submitted, the Department does not establish the level-of-care until May 15th. In such a situation, the resident would owe the adult family home for care provided May 1-14 even though the resident was financially eligible for Medicaid during that time.

[2] As the DSHS Eligibility A-Z Manual explains:

> 1. A client may reduce excess resources in either the month of application or an eligibility review, if they are used to determine participation in the cost of institutional care or a spenddown liability for non-institutional medical assistance. The client's non-excluded resources cannot exceed the program standard in other months, in order for the client to remain eligible for LTC services.
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> 2. A client may also reduce excess resources by paying medical bills or using funds to establish a burial fund, if appropriate. Care must be taken to ensure that excess resources are spent during the month of application. If a client remains resource ineligible during the month of application, the department cannot pay for services received that month, even if the client becomes eligible in the next month.

See Clarifying Information, No. 5: Excess Resources, www.dshs.wa.gov/manuals/eaz (follow "Long Term Care" hyperlink, then follow "Available Resources" hyperlink).

[3] WAC 388-513-1350(7)(f)(i)(B).

May, it will be necessary to furnish a bank statement showing what is in an applicant's bank accounts on May 1st. Such documentation cannot be submitted in advance.

If an applicant has excess resources in month one and wants to be eligible in month two, he or she may wish to reduce excess resources by, for example, making *permissible* expenditures in month one. If funds in a bank account are to be spent, it will be important to be able to show that the funds were spent before the end of month one. This may be easier if payments by check are made early in the month. If a payment is made late in the month, it may be wise to use a cashier's check. That way, the funds will no longer be available to the applicant, even if the payee does not cash the check until month two.

> *NOTE*: An applicant who wants to reduce resources to become eligible for LTC coverage should consult an experienced estate-planning attorney who is knowledgeable about Medicaid rules. Impermissible reduction of resources can result in significant penalties that delay eligibility for LTC coverage.

Application information

Application forms are available at local DSHS offices and online at http://www.dshs.wa.gov/pdf/ms/forms/14_001.pdf. Forms can be returned to local offices by mail or in person. Alternatively, the application may be completed online at https://fortress.wa.gov/dshs/f2esaapps/esaosa/intro.aspx.

Additional information about applications is available in the DSHS "Eligibility A-Z Manual" at http://dshs.wa.gov/manuals/eaz/index.shtml. Select "Applications for Assistance" in the alphabetical list.

Additional information

For additional information about Medicaid long-term care coverage, see the Columbia Legal Services publications, "Questions and Answers on the COPES Program" and "Questions and Answers on Medicaid for Nursing Home Residents." Go to www.washingtonlawhelp.org and select "Aging/Elder Law" and then "Long-Term Care Assistance."