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In this issue, we present information about nursing home Medicaid planning options, the benefits of having a brokerage account, the importance of keeping your beneficiary designations and asset lists updated, and more.

If you have questions or would like to schedule a meeting to discuss your needs, please call us at (513) 251-4900.

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Upcoming Seminar:

Nursing Home
Medicaid Planning
Thurs. November 8th

See inserted flyer for details.

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Medicaid Alternatives for Nursing Home Costs

Options exist for preserving some assets for you & your family

Does the following scenario sound familiar to you? An elderly neighbor, friend, or relative must move into a nursing home and is told that she must spend her entire life savings on her care before she can qualify for Medicaid. Let's say that her life savings amounts to \$100,000.

Over the course of the next year, she pays the nursing home for her care, spending

down any remaining assets, and at the end of that time a son or daughter goes through the process of applying for Medicaid, which includes gathering documents and presenting her case to the Department of Job and Family Services. Finally, only \$1,500 of her hard-earned assets remain, and the family has expended considerable time and turmoil in qualifying her for Medicaid.

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Update Your Beneficiary Designations & Asset Lists

"Make sure to do the paperwork." This instruction is apt, particularly in regard to estate planning documents including **beneficiary designations** (e.g. on life insurance & IRAs), **account ownership designations**, and **asset sheets** with basis information. If you should die or become incapacitated with out-of-date beneficiaries named, this can cause

distress and extra trouble for your heirs and loved ones.

So please make certain your beneficiary designations (both primary and contingent) are up to date.

Also be certain to update your list of assets so your attorney-in-fact/heirs/beneficiaries are able to assess your financial holdings easily and make good decisions. It takes effort to do the paperwork, but you will feel better knowing that your affairs are in order. Everyone will appreciate your efforts. 



Medicaid Alternatives for Nursing Home Costs

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Nursing homes often reinforce this version of the Medicaid-qualification narrative: you must spend all your assets on your care before you apply for and go on Medicaid.

But, are there other alternatives available to you? Yes, there are at least three:

1. Through skillful Medicaid planning with our office, if the same person with \$100,000 of assets required full nursing care, approximately 40% to 50% of those assets (i.e. \$40,000 to \$50,000) could be transferred to and held by the children or in a special protected trust, free and clear of Medicaid's reach when the person went on full Medicaid. Those held assets would then be usable for the individual's supplemental needs in the nursing home, such as paying for a private room or private duty nurses, for cable TV, telephone, hair styling and clothing. At the death of the individual, the remaining assets could be passed to family members; or

2. If a family is not interested in gifting assets, an individual could set aside a portion of those assets in a Medicaid pooled payback trust which could be used to supplement that person's care in much the same way as described in #1 above, but would revert to the state upon the individual's death; or
3. If no gifting or set-aside is desired, at a minimum the individual could pay an attorney to handle the entire Medicaid application to save their family the time and hassle of applying. The attorney expenses are an acceptable part of the Medicaid spenddown process.

A nursing home will not likely present these alternatives to you, although they are legal and proven ways to plan for your care in a nursing home. If you are interested in any of these means to preserve your assets and/or qualify for Medicaid, please contact our office to schedule an appointment. [☞](#)

Ohio Estate Tax Repealed

Last summer, the Ohio legislature repealed the Ohio estate tax, effective January 1, 2013. Starting in 2013, no estate, regardless of its size, will be subject to this Ohio tax. For the remainder of 2012, however, the present schedule of taxes will continue as shown in the table to the right.

For federal estate tax purposes, the exemption level for 2012 is \$5 million (\$10 million for a couple) and the tax rate has been reduced to 35%. At the end of 2012, the exemption level reverts to \$1 million unless new legislation is passed. [☞](#)

Ohio Estate Tax Rates

2012		2013 -	
Assets	Tax Rate	Assets	Tax Rate
\$0 - \$338,333	0%	Any level	0%
\$338,333 - \$500,000	6%		
\$500,000 +	7%		

Spotlight on Staff: Elana Aud



Elana (Ellie) Aud

Elana (Ellie) Aud has been part of our team for many years. As a paralegal, she has worked closely with Executors and Administrators, walking them through the steps of estate administration. For those of you who have worked with us in recent years to handle the estate of a loved one, you know how competent and helpful Ellie can be.

In addition to her paralegal work, Ellie is a "Jill of all trades," setting up and administering the database

and calendaring system for all three businesses in our building. Her ability to keep our office technology running smoothly is invaluable.

Recently, since the birth of her second child, Ellie has stepped back to part time work. Ellie is transitioning out of her role with estates and instead now assists Dave in the area of Medicaid planning. We are very fortunate to have such a skilled and resourceful staff member devoted to this complex area of our practice.

When Ellie is not in the office, she can be found with her husband Jonathan and their two children, Joseph and Claire. [☞](#)

The Benefits of Holding Securities in a Brokerage Account

Many people continue to own stocks in certificate form or in “book entry” (directly with the company). For many reasons, however, you may want to consider “street name” registration, which allows a brokerage firm to hold securities in a brokerage account on your behalf. Benefits include:

Consolidation – You should receive a regular (monthly or quarterly) comprehensive statement, reflecting all of the positions and activities in your account.

Convenience – Dividends, interest, and bond redemption proceeds for your securities are credited to your account on their scheduled payment dates. You can arrange to receive these proceeds automatically and on a regular basis. Your portfolio will also be monitored for possible

stock splits, spin-offs, early redemptions, tender offers, mergers, name changes, and other corporate actions.

Simplicity – Reregistering your securities during your lifetime or after you die only requires one letter of instruction to the brokerage firm versus one for each transfer agent/account when securities are held. Also, selling securities held in a brokerage account is as simple as telephoning your investment professional or initiating a transaction online.

Tax Reporting – You will receive a consolidated Form 1099 covering all of the securities held in your account.

The benefits above will also translate into time and cost savings for your heirs, and will reduce complication for those administering your estate. [☐](#)



Paying for Nursing Home Care: Understanding Medicare & Medicaid

The process for paying for long term care in a nursing home can be confusing. A basic understanding of the available government programs can be helpful and reassuring.

Medicare is a Federal program that can be thought of mainly as health insurance for the elderly. Medicare pays for an individual’s hospitalizations, doctor visits, and in some cases medicines. Medicare’s payments for

nursing home care are very limited, and only available under specific circumstances. Medicare will pay for up to 100 days’ stay in a nursing facility, but it must be preceded by a three-day hospital admission and must be considered rehabilitative. Medicare will not pay for long-term nursing home care. Similarly, private health insurance, by and large, does not cover nursing home care, although it may supplement the Medicare coverage during short rehabilitation periods. Long term care insurance provides partial coverage for nursing home care, though it can be expensive.

This means that for most individuals, private resources must pay for the care. Life savings—including IRAs, annuities, bank accounts, stocks, brokerage accounts—would generally have to be spent for care before the **Medicaid** program kicks in. Medicaid is a multi-faceted program, but in the nursing home context it begins to cover nursing home costs for a single individual when the available assets are very low—less than \$1,500.

With skillful Medicaid planning, such as we offer at Niehaus Law Office, the process of going on Medicaid can be accelerated, and in many circumstances up to 40% to 50% of private assets can be preserved. These assets

Medicare vs. Medicaid

Medicare is a government health insurance program for older Americans. Medicare does not cover long-term nursing home care—only short-term rehabilitation stays.

Medicaid is a state-run program with many facets, including coverage of nursing home care when one’s own assets are insufficient. With the high cost of nursing care and Medicaid’s complex eligibility rules, it is important to start Medicaid planning long before your assets are depleted.

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Paying for Nursing Home Care: Understanding Medicare & Medicaid

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are then used to supplement care during the life of the nursing home resident, and then pass to the family upon the resident's death. Thus, Medicaid planning, which is a part of elder law, involves getting assets transferred out from the nursing home resident into the hands of family members or to a trust to preserve them, to supplement the nursing home resident's care during life, and to pass to the family upon his or her death.

If nursing home care is foreseeable, or if a family member is already in a nursing home, you may benefit from advice about Medicaid planning.

At Niehaus Law Office, we offer **free educational seminars** to explain some of the most common Medicaid issues. See the enclosed flyer for details. To discuss specific cases, however, we recommend that you set an appointment with Dave to review your individual circumstances. (A fee will be charged.) 

Did you know...?

- Did you know that many strategies can be employed to **maximize the assets of a married couple** when one spouse is at home and the other is entering full nursing care?

The nursing home resident can have his or her care paid by Medicaid, without impoverishing the healthy spouse. For example, the healthy spouse can keep their **home of any value, one car of any value, and up to a maximum of \$113,640 of other assets** (for 2012).

- Did you know that the **"5-year look-back"** rule is not an absolute prohibition on gifting, but instead provides a penalty for gifts made during that five-year period? **An experienced professional can minimize this penalty period, while preserving many of the family's assets.**
- Did you know that it is often possible to preserve assets through a **gifting plan after an individual has entered the nursing home**? Under current Medicaid rules, often 40% to 50% of an individual's assets can be preserved under such a gifting plan.