

# EMERGENCY MEDICAID PLANNING

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# Sudden Onset of Illness, Impairment or Disability

01

Admission to  
Hospital

02

Discharge to  
Rehabilitation  
Facility

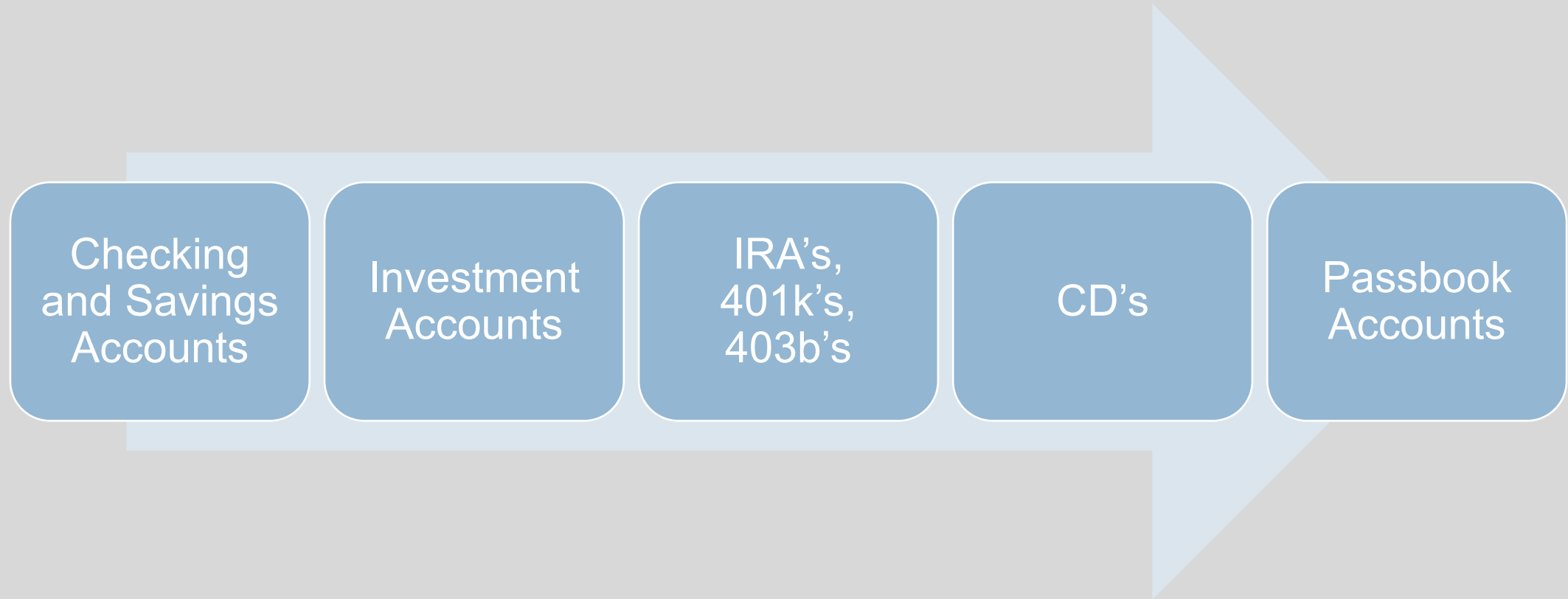
03

??????????????

### 3 Priorities:

- 1. Talk to Treating Physicians, Hospitalists, Physical Therapists, Social Workers to Gauge Health Trajectory.
- 2 Make Sure Power of Attorney is Valid and Effective.
- 3. Gather and Organize Financial Records.

# Checklist of Financial Resources



# Checklist of Financial Resources (con't)

Annuities

Stocks, Bonds,  
Mutual Funds

Life Insurance  
with Cash  
Surrender  
Value

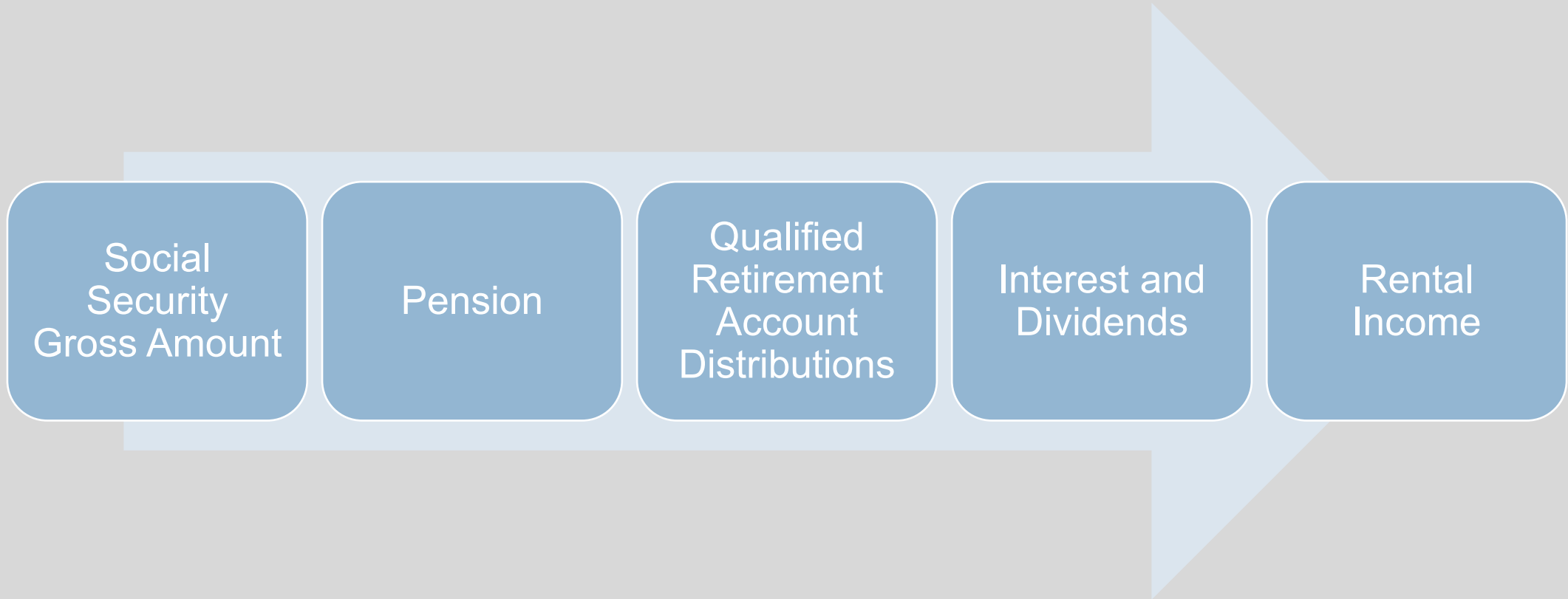
Title to Vehicles

Prepaid Funeral  
Contracts

# Real Estate

- Find the Deed to your residence
- See how it is titled
- Are there any vacation properties, unimproved land ownership, time shares?

# Income



# Income (continued)



VA Pension  
or Award

Annuity  
Payments

Pay Stubs

Reparations



# Scenario #1

- Assets:
  - Home
  - Checking and Savings \$40,000.
  - IRA \$350,000
  - 1 Automobile
  - Life Insurance with \$78,000 cash surrender value

## Scenario #2

- Assets

- Checking and Savings Account \$120,000

- Investment Account \$510,000

- Resides in Home which was transferred to adult daughter in 2016

## Scenario #3

- Assets:

- Checking and Savings \$175,000

- IRA \$37,000

- Total Gifts made to Children and Grandchildren since November 2017 \$80,000

## Scenario #4

- Assets:

- Wells Fargo Checking \$4,766.08

- Wells Fargo Savings \$982.25

- Sale of Home Proceeds + Return of Gifts from Kids  
\$555,790.82

# Exemptions To Consider

- Spousal
- Disabled Child
- Caretaker Child (2 years of Residence)
- Caregiver Agreement
- Sibling with Equity Interest in Home (1 year of Residence)

# Spousal Protections

- Exempt Spousal Asset Transfers
- Community Spouse Resource Allowance (2022 From \$74,820 up to \$137,400) vs. Spousal Refusal
- Community Spouse Income Allowance (2022 \$3,435 / month)

# Intent To Return Home and Community Budgeting

- If Applicant Owns a residence at time of applying for Institutional Medicaid – submit an Intent to Return Home letter.
- This will exempt the home temporarily during the Medicaid eligibility process (usually 6 months) and allow for Community Budgeting (applicants keep \$934 of their monthly income while staying in the Nursing Home for the short term)

# Promissory Notes

1. Add all assets together (not IRA's or 401K's)
2. Add all income together
3. Add all Medicare and health insurance premiums together



## Promissory Note (continued)

1. Find out daily nursing home rate for the facility
2. # of days in month of Note
3. Confirm the Regional Nursing Home Rate
4. Calculate the Gift amount so that it is approximately  $\frac{1}{2}$  of the asset total.
5. The Loan Amount equals the remainder of the assets.

# Promissory Note Mechanics

1. Set the annual interest rate for the loan
2. Add the monthly income less expenses to the loan repayment amount. This amount should be around \$200 less than the monthly nursing home cost.

**Assets, Income Expenses**

**Client:** Smith  
**Date:** 4/20/2022

| <b>ASSETS</b>              | <b>AMOUN</b>         | <b>NOTE</b> | <b>INCOM</b>     | <b>AMOUN</b>       | <b>NOTE</b> | <b>EXPENSE</b>    | <b>AMOUN</b>    | <b>NOTE</b> |
|----------------------------|----------------------|-------------|------------------|--------------------|-------------|-------------------|-----------------|-------------|
| Wells Fargo                | \$ 4,766.08          | 4/7/2022    | Social Security  | \$ 2,613.10        |             | Medicare          | \$ 170.10       |             |
| Savings                    | \$ 982.25            | 3/31/2022   | Pension          | \$ 534.22          |             | United Healthcare | \$ 265.50       |             |
| Proceeds of<br>Sale + Gift | \$555,790.82         |             | TIAA Annuity RMD | \$ 123.00          |             | United Healthcare | \$ 101.00       |             |
|                            |                      |             |                  |                    |             |                   |                 |             |
|                            |                      |             |                  |                    |             |                   |                 |             |
|                            |                      |             |                  |                    |             |                   |                 |             |
|                            |                      |             |                  |                    |             |                   |                 |             |
|                            |                      |             |                  |                    |             |                   |                 |             |
|                            |                      |             |                  |                    |             |                   |                 |             |
| <b>TOTAL:</b>              | <b>\$ 561,539.15</b> |             | <b>TOTAL:</b>    | <b>\$ 3,270.32</b> |             | <b>TOTAL:</b>     | <b>6 536.60</b> |             |

**Assets and Income AFTER Promissory Note**

|               |                 |                |              |
|---------------|-----------------|----------------|--------------|
| Total (above) | \$ 561,539.15   | Total (above)  | \$ 3,270.32  |
| Loan Amount   | \$ (272,370.15) | Expenses       | \$ (536.60)  |
| Allowance     | \$ (16,800.00)  | Note Repayment | \$ 11,899.68 |
| Gift Amount   | \$ 272,369.00   | Monthly Income | \$ 14,633.40 |

# Promissory Note

## Promissory Note Calculations

**Client:** **Smith**  
**Date:** **4/20/2022**

Total Assets Less \$16,800.00    \$            544,739.15  
 Total Monthly Income            \$            3,270.32  
 Total Monthly Expenses         \$            536.60

|                      |              |   |
|----------------------|--------------|---|
| # Days in app. month | 30           | April                                     |
| Monthly NH Cost      | \$ 14,880.00 |   |
| Daily Cost of NH     | \$ 480.00    |   |
| Regional NH Amount   | \$ 13,399.00 |   |
| # months             | 24           | *Change this number to adjust Gift Amount |

Gift Amount                         \$            272,369.00    \*Should be approx. 1/2 of assets  
 Loan Amount                        \$            272,370.15    \*Remainder of Total Assets

Income w/ Note less Expenses    \$            14,633.40  
 Difference Income & NH            \$            (246.60)    \*Want this to be about (\$200)

| Data          | Description   |
|---------------|---|
| 5%            | Annual interest rate  |
| 24.00         | Number of months of payments  |
| \$ 272,370.15 | Amount of loan  |
| (\$11,949.26) | Monthly payment for a loan with the above terms - due at end of period.                                   |
| (\$11,899.68) | Monthly payment for a loan with the above terms - except payments are due at the beginning of the period. |

## 1.PROMISSORY NOTE

2.THIS AGREEMENT is made April 20, 2022, between **Smith1, "Borrower"** residing at ,  
3.and **Smith2, "Payee"** also called "**Lender**" residing at Nursing Home

4. In consideration of **\$272,370.15** paid on this day to Borrower, the Borrower agrees to pay the Payee as follows:
  5. Annual interest rate shall be 5.0%.
  1. Borrower promises to pay Payee at ("Nursing Home") and according to the terms for payment set forth below the principal amount plus interest at the rates stated above. Any unpaid amount shall be due by the final scheduled payment date.
  2. This Note is due and payable as follows: **Twenty Four (24)** equal monthly payments of **\$ 11,949.26**, which includes principal and interest. The first payment is due and payable immediately, as of the date of this agreement, and a like payment shall be due and payable on the 1st day of each month thereafter until the total principal of **\$272,370.15** is paid in full. If each payment is not paid on time, the remaining balance will be subject to the maximum amount of interest permitted by the Laws of the State of New York.
  3. Borrower reserves the right to prepay this Note in whole or in part, prior to maturity, without penalty.
  4. All past due payments of principal and/or interest and/or all other past-due incurred charges shall bear interest after maturity at the maximum amount of interest permitted by the Laws of the State of New York until paid.
  5. Payee's forbearance in enforcing a right or remedy as set forth herein shall not be deemed a waiver of said right or remedy for a subsequent cause, breach or default of the Borrowers' obligations herein.
  6. Interest on this debt shall not under any circumstances exceed the maximum amount of interest that may be contracted for and charged or received under law; any interest in excess of the maximum shall be credited on the principal of the debt and refunded.
  7. Any check, draft, Money Order, or other instrument given in payment of all or any portion hereof may be accepted by the Payee and handled in collection in the customary manner, but the same shall not constitute payment hereunder or diminish any rights of the Payee except to the extent that actual cash proceeds of such instruments are unconditionally received by the payee and applied to this

10. If this Note is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Borrower shall pay Payee all costs of collection and enforcement, including reasonable attorney's fees and court costs in addition to other amounts due.
1. If any provision of this Note or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Note nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.
2. This Note is intended to and shall be construed to comply with the requirements of the Deficit Reduction Act of 2005 [42 U.S.C. 1396p(c)(1)(I)], so that it is not a transfer of assets under Medicaid law and therefore will not create a transfer of asset penalty for Payee. In addition, this Note provides for equal payments and does not allow deferrals and/or balloon payments.
3. The cancellation of this debt, or any balance due of this debt, upon the payee's death is prohibited. This agreement shall be binding on and inure to the benefit of the heirs, legal representatives, and assigns of the parties hereto.
4. This Note is irrevocable and unassignable. Payee shall not sell, transfer or assign Payee's rights under this agreement, nor shall Payee sell, transfer or assign his rights to the income stream payable to him. Any such sale, transfer or assignment shall render this promissory note unenforceable.
5. This Note shall be governed, construed and interpreted by, through and under the Laws of the State of New York.
6. Borrower is responsible for all obligations represented by this Note.

DATE:

\_\_\_\_\_  
1. Signature of Borrower  
Smithl

2.STATE OF NEW YORK )

3.COUNTY OF )ss:.

1. On the day in the year 2022, before me the undersigned personally
2. appeared **Smith**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the document.

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1. Notary Public
  2. Commission Expires:

# After the Promissory Note is Set Up

1. If possible, Consolidate all the funds that will be gifted and lent from the Medicaid Applicant's financial account.
2. The loan/gift recipient should open 2 separate bank accounts – one to hold the gift amount and one to hold the loan amount.
3. From the new loan account, the monthly payments will be made to the nursing home for the length of the note along with the income.
4. Once all note repayments have been made, the applicant's nursing home stay will be covered by Medicaid and only the applicant's income (NAMI) will be paid to the facility each month going forward.

\*NAMI stands for Net Available Monthly Income



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