

**INTRODUCTION TO  
SPOUSAL  
IMPOVERISHMENT:  
HELPFUL INFORMATION  
FOR LONG-TERM CARE  
OPTIONS COUNSELING**

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**SPOUSAL IMPOVERISHMENT: What  
does that mean?**

- Simply put, spousal impoverishment provisions aim to keep spouses of individuals who have to enter nursing homes from becoming poor.
- Spousal impoverishment provisions apply to spouses of
  - Medical Assistance (MA) recipients who are in nursing homes
  - spouses of Community Waivers/Community Options Program participants
  - Participants in managed long term care waivers programs (i.e. Family Care, PACE and Partnership)

**SPOUSAL IMPOVERISHMENT  
CONCEPT**

- Spousal impoverishment provisions aim to allow the community spouse to remain independent and in the community while still providing MA benefits to the institutionalized spouse.
- Couples are now allowed to protect a greater amount of assets and a higher amount of income and still qualify for the benefits of MA.
- Wisconsin allows maximum asset limits compared to other states

**HOW DO SPOUSAL  
IMPOVERISHMENT  
PROVISIONS PROTECT  
ASSETS OR RESOURCES?**

- As with income, the spousal impoverishment rules are meant to preserve a certain level of resources for couples.
- **These rules DO NOT guarantee that couples will be able to keep all the assets they have accumulated over time.**

**WHAT IS THE TOTAL VALUE  
OF ALL THE COUPLE'S  
ASSETS AT THE FIRST  
PERIOD OF  
INSTITUTIONALIZATION?  
(Asset Assessment or "The  
Snapshot")**

## ARE ALL OF THE COUPLE'S ASSETS INCLUDED IN THE ASSET ASSESSMENT? (Countable Resources/Assets)

- Exempt assets: the home, car, certain pre-paid burial expenses, a small life insurance policy for the nursing home spouse, the IRA of the community spouse, etc.

## WHAT AMOUNT OF ASSETS MAY THE NURSING HOME SPOUSE KEEP?

Based on the results of the "snapshot" . . .

- \$0 - \$50,000 CSRA: ALL
- \$50,001 - \$100,000 CSRA: \$50,000
- \$100,001 - \$199,079 CSRA: HALF
- \$199,080+ CSRA: \$99,540

## In addition, the asset Limit for Institutionalized or Waiver Spouse

- \$2,000

Note: Consumers have 1 year to reduce assets  
It's not necessary to transfer assets before applying for Medicaid.

## HOW CAN A COUPLE SPEND DOWN EXCESS ASSETS TO THE REQUIRED LEVEL?

- Purchase exempt assets;
- Pay bills, medical debt, do house repairs, buy a new furnace, purchase a new roof, buy new furniture, etc.

## Can a couple give excess assets away? (DIVESTMENT):

- **CAUTION** Giving away excess assets creates the potential for the nursing home spouse to be denied eligibility for institutional care for a certain period of time.
- A private attorney who specializes in elder law should advise individuals of the consequences of giving assets away.
- Note: transfer of assets between spouses is not considered divestment

## WHAT HAPPENS AFTER MA ELIGIBILITY IS ESTABLISHED?

- Once MA eligibility is established, none of the community spouse's resources are considered available to the nursing home spouse. This means that once the institutionalized spouse is found eligible, the community spouse may acquire additional resources above and beyond the CSRA.
- And remember the couple has one year to transfer assets that are in the name of the institutionalized spouse.

## HOW DO SPOUSAL IMPOVERISHMENT PROVISIONS PROTECT INCOME?

## INSTITUTIONALIZED SPOUSE'S MONTHLY INCOME ELIGIBILITY LIMIT

- Monthly need must be greater than monthly income in order to become eligible.
- Once eligible, the institutionalized spouse may keep at a minimum \$45 / month. This is known as the "personal needs allowance" (Some other deductions may apply.)

## HOW MUCH INCOME IS THE COMMUNITY SPOUSE ENTITLED TO? (Minimum Monthly Maintenance Needs Allowance)

- Generally up to, \$2,138.33/ month. This amount changes annually
- Dependent family member allocation is also available

## WHAT HAPPENS IF THE COMMUNITY SPOUSE HAS LESS INCOME THAN THE MMMNA (\$2,138.33)?

- She or he may be entitled to an allocation of income from the institutionalized spouse, assuming the institutionalized spouse has income to give. The goal is for the community spouse to retain as much income as possible up to a maximum of \$2,138.33.

- The government does not supplement the community spouse's income even if that income combined with the allocation from the institutionalized spouse falls below the Minimum Monthly Maintenance Needs Allowance.

## WHAT IF THE COMMUNITY SPOUSE'S INCOME MEETS OR EXCEEDS THE MMMNA (\$2,138.33)?

- The institutionalized spouse's income, minus the \$45 Personal Needs Allowance (PNA) and other allowable deductions, will go towards the cost of nursing home care.
- The community spouse, on the other hand, may keep her or his own entire income even if it exceeds \$2,138.33.

- *A community spouse may receive more than \$2,138.33 in income so long as that income is in the community spouse's own name.*

## **ADDITIONAL COMMUNITY SPOUSE INCOME PROTECTIONS**

In certain instances, couples may be entitled to a higher CSRA than the standard amounts set forth in the chart.

- If the couple owns income-generating assets that provide a stream of income to the community spouse AND,
- The community spouse's income is below the MMMNA (\$2,138.33).

A community spouse's income allowance may be increased to a maximum of \$2,488.50 if the community spouse incurs "excess shelter expenses."

- If the community spouse's shelter expenses exceed \$641.50 the community spouse's monthly income allowance can be increased provided the sum is not greater than \$2,488.50.

- Allowable shelter expenses include rent or mortgage payments, property taxes, insurance, required maintenance charges, and a standard utility allowance.
- Assuming the institutionalized spouse has additional income available the community spouse may request an additional allocation. The couple may also request an increased CSRA to take advantage of income generating assets

## **Exceptional circumstances resulting in financial duress**

- If the community spouse is unable to meet "necessary and basic needs" the community spouse income allowance may be increased.
- What amounts to "necessary and basic needs" is left to the discretion of the hearing officer making the determination.

EXAMPLE

What is the amount of Betty and Jerry's non-exempt assets?

- Joint Savings Account \$15,000
- Stock \$15,000
- Loon Lake Cottage \$290,000
- Total \$320,000

What is Betty's CSRA?

- \$99,540

Does Jerry Qualify for Medical Assistance?

- NO
- Purchase Exempt Assets
- Pay Bills
- Pay Jerry's Cost of Care
- Seek Advice of an Elder Law Attorney

How much of Jerry's income will Jerry need to contribute to his care in a nursing home?

- MMMNA \$2,138.33
- Subtract Betty's Income \$742.00
- Possible Allocation from Jerry \$1,396.33

- Jerry's Income \$1,080
- Compare to Possible Allocation \$1,396.33
- All of Jerry's Income to Betty and \$0 contribution towards the cost of care at Rutledge Home

### Betty's Income?

- Jerry's Income \$1,080
- Subtract Personal Needs Allowance \$45
- Allocation to Betty \$1,035
- Add Betty's Income \$742
- Betty's Available Income \$1,777

### Methods to Increase Betty's Income

- No Additional Allocation Available from Jerry
- Income Generating Assets?
- Excess Shelter Expenses?