



How a Pooled Trust Can Help Seniors Age in Place

Presented by: NYSARC Trust Services

Long-term Care Needs

- The number of seniors in need of long-term care services is growing as baby boomers reach retirement age
- The prevalence of disability increases drastically with age and 70% of people turning 65 can expect to use some form of long-term care during their lives
- Overwhelmingly, older adults and individuals with disabilities prefer to receive long-term care support and services in their own home or in a community setting

1. US Department of Health and Human Services, 2017 (www.longtermcare.gov)
2. AARP Fact Sheet - Long-term Support and Services, March 2017



Long-term Care Costs

- Home Care
 - unpaid home care – spouse, children, family, friends
 - paid home health aides – average cost \$25 per hour, costs vary depending on number of hours you need
- Assisted Living – the average cost of assisted living is around \$3,000 to \$5,000/month, costs vary depending on the level of assistance you need
- Nursing Home care costs in New York is about \$12,000/month

1. Paying for Senior Care – New York Elder Care Costs, May 2019 (<https://www.payingforseniorcare.com/financial-assistance/new-york.html>)
2. DOH - Estimated Average New York State Nursing Home Rates, January 2019 (https://www.health.ny.gov/facilities/nursing/estimated_average_rates.htm)



Medicaid Long-term Care Services

- In New York, Community Medicaid covers long-term care services and home care for elderly or disabled individuals to help people remain comfortably at home for as long as possible
- To qualify for Medicaid, you must meet the eligibility requirements and financial limits
- There is **NO lookback period** for Community Medicaid



2019 Medicaid Financial Limits

“Income received by an individual and placed into a pooled SNT in the same month will be disregarded for Medicaid eligibility purposes.”

- 2019 NY Medicaid Resource Limits

- Individual - **\$15,450**
- Couple - **\$22,800**
- Spousal - **\$74,820**

- 2019 NY Medicaid Income Limits

- Individual - **\$879/month**
- Couple - **\$1,287/month**
- Spousal - **\$3,160.50/month**

Examples of countable assets:

- Resources are cash or those assets, which can be readily converted to cash
- Bank accounts, life insurance cash value, stocks, bonds, mutual fund shares and promissory notes

Examples of Monthly Income:

- Social Security
- Pension
- Alimony
- IRA Distributions



How to Qualify for Medicaid with Excess Income (Spend-down)

Your options to spend-down excess monthly income:

1. Send your excess income to Medicaid each month
2. Spend-down your excess income on qualified medical expenses
3. People with disabilities and disabling chronic conditions can deposit excess monthly income into a Pooled Supplemental Needs Trust (SNT) and use that money to pay bills and other expenses not covered by Medicaid



What is a Pooled Trust?

- If you, or a loved one, need Medicaid health benefits or long-term care services, but you have too much money to qualify, you can spend-down those funds in a pooled trust to become financially eligible.
- A **pooled trust** is a special type of **irrevocable supplemental needs trust** in which a not-for-profit trustee, such as NYSARC, Inc., manages funds for the benefit of a person with a disability in order to help that person qualify financially for Community Medicaid benefits.
- Federal and New York State law both permit the use of a pooled trust by person with disabilities and seniors with disabling chronic conditions for the purpose of determining Medicaid eligibility



Pooled Trust Overview

- People who meet the SSA definition of a person with a disability are eligible
- Trustee must be a not-for-profit organization
- In NYS, a financial institution must act as co-Trustee
- Funds are pooled for investment and management purposes
- Activity is tracked individually in sub-trust accounts
- Under Federal statute, trust account closes upon the death of the beneficiary and any funds not retained by the trust must go to the State(s) that provided Medicaid services



Who is Eligible?

- Individuals who reside in New York are eligible to use a trust if they meet the Social Security Administration's definition for a person with a disability:

The law defines disability as the inability to engage in any substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment(s) that is expected to last for a period in excess of one year.



Benefits of a Pooled Trust

- Qualify and maintain eligibility for Community Medicaid to get health care benefits and long-term care services, like home care, without a complete loss of resources and financial independence
- Utilize excess funds for living expenses and to enhance quality of life
- Maintain comfort and independence in the community - get needed care at home and avoid a nursing home
- Helps people transition home following short-term rehabilitation
- Benefits can provide helpful relief for family caregivers



Norma Needs Medicaid

- Norma is 80 years old, single and in need of long-term care services
- She had a fall recently and was placed in a skilled-nursing facility for short-term rehabilitation
- To transition back home, she is applying for Medicaid to assist her with activities of daily living and to cover her other long-term care needs
- She has too much monthly income to qualify for Community Medicaid, but not enough to private pay for home health aids



How it Works?

1. Transfer/protect 'resources' through planning solutions (no lookback period)
2. Obtain determination of disability from DOH
3. Apply for Medicaid – may take up to 3 to 6 months
4. Apply for pooled trust – you can apply and open a pooled trust within a week
5. Deposit monthly surplus income (NAMI) into pooled trust
6. Medicaid covers amount of care per assessed need
7. Funds in the pooled trust will pay for living and other expenses

* The order of these steps may vary



Obtain Determination of Disability

- County DSS will ask for proof of disability to spend-down using a Pooled Trust
- Show proof with an award letter for either SSDI or SSI benefits
- If the beneficiary does not receive these benefits or has not otherwise been deemed disabled, he or she will need to obtain that determination
- Forms are available on www.health.ny.gov and include:
 - [LDSS-486T Medical Report](#) – completed by a doctor describing disability
 - [LDSS-1151 Disability Questionnaire](#) – completed by beneficiary, caregiver, or other advocate
 - [LDSS-1151.1 Disability Questionnaire Continuation Sheet](#)



Using a Pooled Trust for Income Spend-down

Norma's total monthly income:	\$1,954
Medicaid Income Limit:	<u>- \$879</u>
Excess monthly income (spend-down)*	= \$1,075
Monthly Administrative Fee (approx.)	<u>- \$75</u>
Funds left in the trust to pay bills	= \$1,000

After the monthly administrative fee, Norma will have around **\$1,000** in her trust account to pay bills and other expenses

**Excess monthly income is determined by Medicaid/LDSS/HRA-NYC*



Establishing a Pooled Trust

- Easy to set up in about a week because trust documents are already drafted by the not-for-profit organization
- One-time enrollment fee to join a pooled trust – fees vary by trust
- Simply submit completed Joinder Agreement, Social Security documentation and initial funding
- Joinder Agreement creates sub-trust account and may be signed by:
 - Individual, Power of Attorney, Guardian, Parent/Grandparent



Account Approval

Upon approval of Joinder Agreement and receipt of funds:

- Sub-trust account established
- Enrollment fee is subtracted from trust account balance following initial deposit
- Executed documents **must be submitted by the Beneficiary** to local DSS office and/or provider(s)
- Beneficiary and/or authorized contact can submit disbursement requests to pay eligible expenses from available balance



Trust Administration

- All disbursements must be for primary benefit of the trust Beneficiary
- Disbursements are paid directly to third parties (to reimburse individuals or to pay a licensed business)
- Trust funds are intended to supplement, not replace, the goods and services available to a person through government benefits by paying for purchases a person's benefits do not provide
- Disbursements must be substantiated by supporting documentation (receipts, invoices, bills, etc.)
- Administrative and investment management fees charged monthly – fee structures vary by trust
- No disbursements can be made after death in accordance with Federal SSA POMS policy



Types of Disbursement Requests

Submit a bill/receipt to pay a third party directly

- Rent/Mortgage, Utility Bill, Loan Payment, Insurance Premium, Newspaper/Magazine subscription, etc.

Submit a receipt to reimburse an individual

- Groceries, clothing, or other store purchases

Make purchases using a credit card

- Submit Credit Card bill and itemized receipts for purchases the trust will pay

Quote/Invoice for service or purchase

- Assistive technologies, furniture, computer, home repairs, etc.



What can your trust pay for?

For a person receiving Community Medicaid, the trust typically pays for living expenses, such as:

- Rent or mortgage, property maintenance, and taxes
- Utility bills, cable, phone, etc.
- Transportation/Vehicle expenses/Insurance (owned by Beneficiary)
- Groceries, clothing, and other personal needs
- Uncovered Medical Expenses/OTC items
- Additional hours for home health aids not covered by Medicaid
- Irrevocable pre-need funeral arrangement
- Entertainment/Recreation



Prohibited Disbursements

- Cash to beneficiary or bank accounts
- Items for others (sole benefit)
- Capital improvements to property not owned by Beneficiary
- Leases between spouses
- Both rent and mortgage/property taxes, etc.
- Items covered by government benefits
- Alcohol, tobacco, firearms, illegal activity, bail, restitution
- Disbursements after death of Beneficiary



Reporting Trust Activity

- Account statements sent monthly
 - Copies to family & service providers as requested
- Full detailed activity history when requested by Medicaid/DSS
- Medicaid may require disbursement documentation, including receipts, invoices, etc.
- Monthly verifications of deposit to LDSS available upon request
- Trustee/Administrator handles Trust tax reporting



What happens if a Beneficiary enters a Nursing Home?

- **If simply a Rehab period:**
 - Beneficiary will give monthly surplus to NH during rehab period
 - Deposits to Trust restart after return home
- **If permanent placement:**
 - Stop deposits and use balance until funds depleted
 - Surplus income now goes to Medicaid to cover cost of NH



Contact us with questions!

If you have additional questions following today's presentation, please don't hesitate to contact us:

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