

# VIRGINIA MEDICAID EXPANSION: A NEW HEALTH CARE OPTION FOR LOWER-INCOME FAMILIES

A PRIMER ON THE PROGRAM AND HOW THIS WILL AFFECT SPECIAL NEEDS PLANNING

## PRESENTED BY:

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# HISTORICAL ISSUES

- Medicaid eligibility was based on 2 concepts:
  - Very low income with few resources
  - Category (pregnant women, children, elderly, disabled)
- States are mandated by the federal government to cover certain groups of people, but states may elect to take up additional optional categories
  - Adults generally not covered

# APPLICATION AND ENROLLMENT

- Applications for expanded Medicaid were accepted beginning November 1, 2018
- Coverage for the new population began January 1, 2019
- Up to 400,000 Virginians are eligible for coverage

# ELIGIBILITY

- Adults aged 19-64, who are not Medicare eligible
- Income (Modified Adjusted Gross Income) up to 138% of the Federal Poverty Guidelines

# ELIGIBILITY

	<b>Childless Adult</b>	<b>Parent (family of 3)</b>	<b>Person with Disability</b>
<b>Before Expansion</b>	Not eligible	Eligible with annual income at or below \$6,900	Eligible with annual income at or below \$9,700
<b>After Expansion</b>	Eligible with annual income at or below \$16,754	Eligible with annual income at or below \$28,677	Eligible with annual income at or below \$16,754

# ELIGIBILITY

- Adults may be eligible if income is less than:

Family Size	Monthly	Yearly
1	\$1,397	\$16,754
2	\$1,894	\$22,715
3	\$2,391	\$28,677
4	\$2,887	\$34,638
5	\$3,384	\$40,600
6	\$3,881	\$46,562
7	\$4,378	\$52,523
8	\$4,875	\$58,485
Each additional person add	\$497	\$5,962

# COVERED SERVICES

Doctor, Hospital and emergency services, including primary and specialty care

Prescription drugs

Laboratory and x-ray services

Maternity and newborn care

Home health services

Behavioral health services

Medical equipment and supplies

Preventive and wellness services, including annual wellness exams, immunizations, smoking cessation and nutritional counseling

Managed care organization case management/care coordination services

Transportation to Medicaid-covered services when no alternative are available

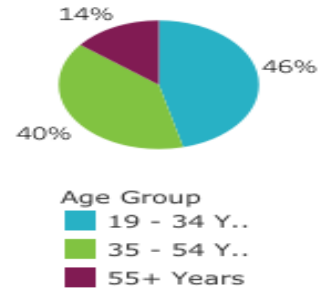
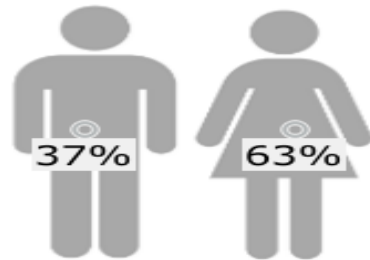
# New Health Coverage for Adults

## Overall Enrollment

200,100 adults newly enrolled in Medicaid

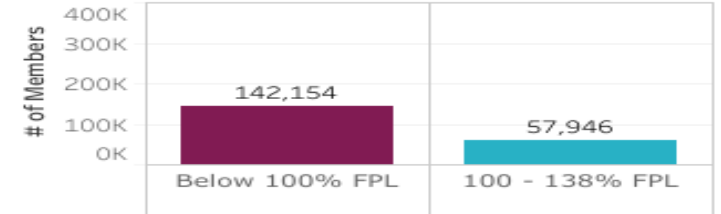
75,336 newly enrolled adults are parents

## Age and Gender of Enrollees



Enrollment We..  
All

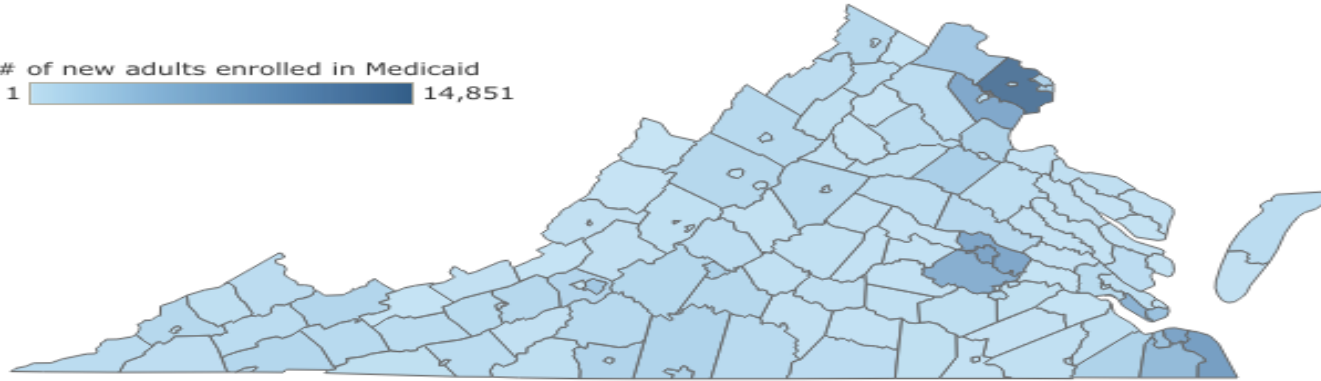
## Enrollee Family Income



The federal poverty level is \$12,140 annually for a single person or \$20,780 annually for a family of 3.

## Adults Enrolled in New Health Coverage by Locality

# of new adults enrolled in Medicaid  
1 14,851



## Enrollment by Region

Central	49,494
Charlottesville Western	25,363
Northern and Winchester	40,877
Roanoke and Alleghany	21,161
Southwest	15,728
Tidewater	47,477
<b>Grand Total</b>	<b>200,100</b>



# WORK REQUIREMENT

- DMAS filed a Demonstration Waiver Application with CMS and it was open to public comment. Over 1800 comments received
- Enrollees will be subject to work and community engagement requirements, unless exempt
- Initially required to work 20 hours per month, increasing to 80 hours per month after one year

# SPECIAL NEEDS CLIENTS - HISTORICAL

- Three historical groups
  - Individuals with a work history and eligible for SSDI 5 months after injury and Medicare 24 months later
  - Disabled as adult with minimal or no work history (no SSDI or Medicare)
    - Just out of college, women who raised children
  - Individuals injured prior to age 22 who may eventually be eligible for SSDI and Medicare when parent retires, becomes disabled, or dies
- Last 2 groups – use SNT to get or maintain Medicaid
- 1<sup>st</sup> group – use SNT only if needed Medicaid while waiting for Medicare, to supplement Medicare, or need LTC

# IMPACT ON SNTS

- Insurance is now available for a larger number of individuals with lower incomes
- Must consider alternatives to SNTs
- Third party SNTs still encouraged
  - No Medicaid payback
  - Discretionary standard
  - Inheritance is not later a resource

# A NEED FOR SPECIAL NEEDS TRUSTS

- Expanded Medicaid Coverage does not include:
  - Long-term care services
  - Waiver of custodial services in the home
- Professional administration and management of assets
- Creditor protection

# FACTORS TO CONSIDER

- Necessary services
- What funds are available
- Needs of other family members
  - Deeming issues?
- Ability to manage money

# INCOME VERSUS RESOURCES

- With expanded Medicaid eligibility, income analysis becomes important
- MAGI determines eligibility for NON-DISABILITY Medicaid

# CALCULATING MAGI\*

- Take AGI (line 21 on Form 1040)
- Add back:
  - IRA and self-employed retirement plan contributions
  - Alimony payments (for divorce prior to 2019)
  - Self-employed health insurance payments
  - ½ of any self-employment taxes paid
  - HSA deductions
  - Penalties on early withdrawal
  - Educator expenses
  - Student loan interest
  - Tuition and fees
  - Certain business expenses

\* Does not include deductions you cannot take starting in 2018

# COST OF LONG-TERM CARE – VA MEDIAN

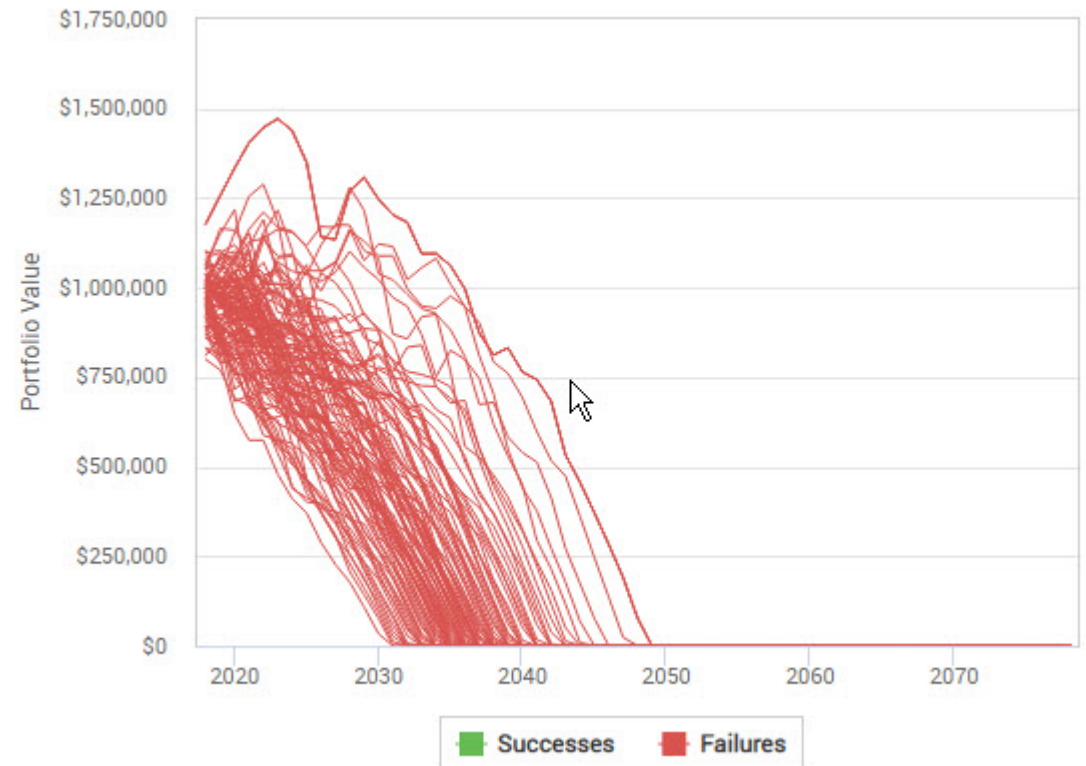
- Home Health Aide - \$21 per hour
- Adult Day Care - \$70 per day
- Assisted Living Facility - \$4,451 per month
- Nursing Home Semi-Private Room - \$7,452 per month
- Nursing Home Private Room - \$8,517 per month

Genworth Cost of Care Survey, 2018 (State Median)



# HYPOTHETICAL – NO SNT MONEY INVESTED

- Client is 30 and received \$1 million net settlement
- Needs care while parents are working
- No SNT– Client loses SSI and LTC Coverage
  - \$771 a month in lost income & 50 hours a week in LTC services (\$4,200 a month)
  - Projections do factor in receipt of SSDI of \$1,000 a month
  - Invested in 40% stock and 60% bonds with average return of 4.45% (Inflation at 2.25%)
- Used life expectancy to age 90



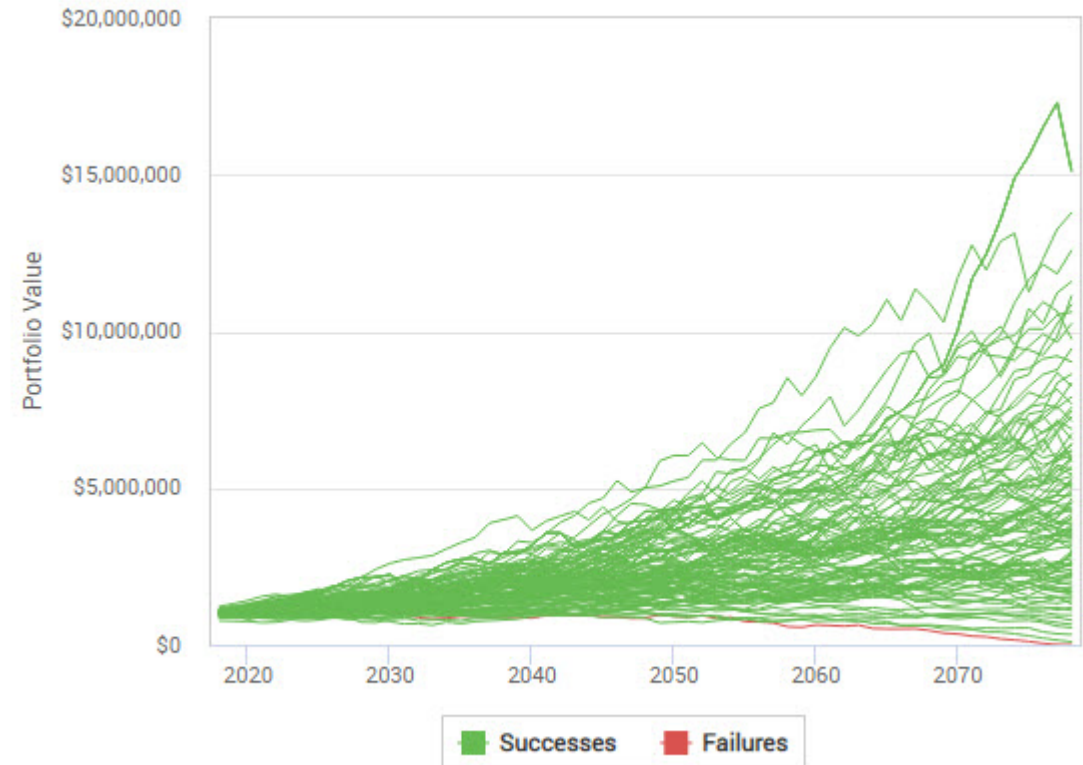
# HYPOTHETICAL - ANNUITY

- Guaranteed income of \$3,465.20 for life.
  - Income NOT a resource
- Lost SSI and Medicaid to pay for long term care services.
  - Waivers are problematic
- Eligible for SSDI later and Medicare
- Does not cover cost of needed services
  
- NOTE: YOU CAN ASSIGN TO A TRUST IF THEY LIKE THE GUARANTEE BUT NEED BENEFITS

For : John Doe		Male, Date of Birth: Unknown, Age: 30		
<u>Benefit Description</u>	<u>Guaranteed Benefit</u>	<u>Expected Benefit</u>	<u>Cost</u>	
Life with Certain Period Annuity - \$3,465.20 for life, payable monthly, guaranteed for 20 year(s), beginning on 03/01/2019, with the last guaranteed payment on 02/01/2039.	\$831,648.00	\$2,068,724.40	\$999,250.00	
<b>Subtotal For: John Doe</b> .....	<b>\$831,648.00</b>	<b>\$2,068,724.40</b>	<b>\$999,250.00</b>	
SUMMARY INFORMATION				
	<u>Guaranteed Benefit</u>	<u>Expected Benefit</u>	<u>Cost</u>	
ANNUITY COST .....			\$999,250.00	
Assignment Fee .....			\$750.00	
<b>TOTAL ANNUITY COST W/ FEES</b> .....	<b>\$831,648</b>	<b>\$2,068,724</b>	<b>\$1,000,000.00</b>	

# HYPOTHETICAL - SNT

- \$1 million put into SNT
- All other variables the same
  - Collecting SSI of \$771 and then switches to SSD of \$1000 a month
  - Medicaid paying for LTC
  - \$1,500 monthly withdrawal
- 99% certainty money will last

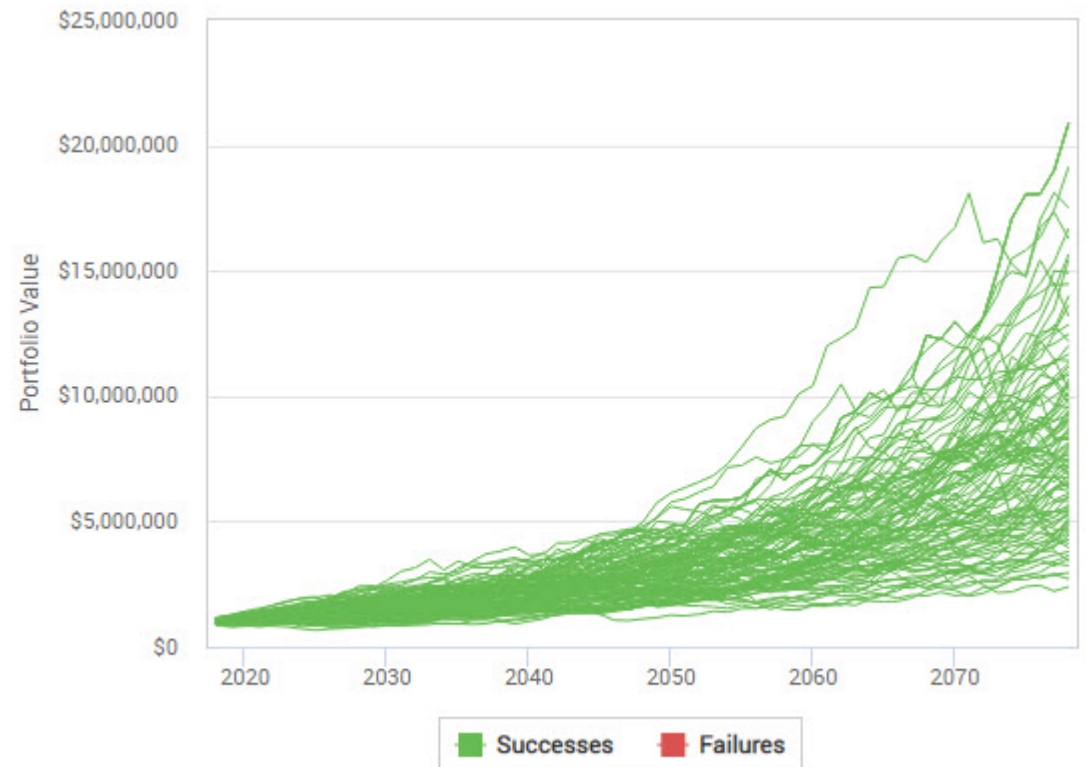


# PRESERVATION TRUSTS WITH SNT PROVISIONS

- Can have a flexible trust that turns to a SNT prior to age 65
  - Minimize the payback
  - No premium

# HYPOTHETICAL – NO LTC NEEDED

- Client does not need LTC Care
- May need to be a Non-Grantor Trust
  - Income thresholds
- \$1 million into the SPT
  - SSI is lost, but will collect \$1,000 a month in SSDI later
  - Medicaid still covers as health insurance
  - \$1,800 a month in distributions
- 99% certainty will not run out of money



## WHAT ELSE HAS CLIENT GAINED?

- Avoids Medicaid payback
  - Automatic for SNT
  - Medicaid Estate Recovery
- Financial Independence
  - May be able to work
  - More flexibility in distributions
- Asset Protection

NOTE: CAN TRIGGER SNT UNTIL AGE 65

# TAKEAWAY FOR PERSONAL INJURY ATTORNEYS

- The rules are complex and will vary state by state
- Bring in an Elder Law Attorney who is not selling a product, but looking for ideal solution for client