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PERSONAL FINANCE

Limits Loom on Nursing-Home Aid

Advisers Urge Elderly Clients To Act Before Rules Tighten Eligibility for Medicaid

By RACHEL EMMA SILVERMAN

With proposed new rules expected to take effect next month that would toughen eligibility for Medicaid-funded nursing-home stays, lawyers and financial advisers are urging elderly clients to make plans now that might increase their chances of being eligible for government aid.

Congress is moving toward passage of deficit-reduction legislation that includes tough new limits on the ability of people with homes and other financial assets to get Medicaid to pay for their nursing-home bills. Medicaid, a federal-state program, covers health care for the poor and is the nation's chief source of funding for nursing-home care. The legislation includes provisions that place some new limits on seniors transferring assets, typically to their children, in order to become eligible for Medicaid-paid nursing-home care.

Advisers have been scurrying to alert

their clients about the proposed new rules and are encouraging seniors to make plans now before the legislation is likely to become law. Vincent J. Russo, an elder-law attorney in Westbury, N.Y., has been giving a series of seminars on the rule changes. Bernard Krooks, an elder-law attorney in New York, has written letters to his clients warning them of the expected changes. "Transfers made before the law is enacted will not be subject to the new penalty-period rules and other new provisions," Mr. Krooks's letter says. His firm has lengthened its hours to accommodate an increase in business.

The Senate and the House have passed versions of the legislation, but the House needs to revote on the bill because of small changes made by the Senate in the larger deficit-reduction package. A vote may take place as early as Feb. 1. President Bush is subsequently expected to sign the bill.

Supporters of the measures are concerned that Medicaid is being abused by wealthier seniors who have the means to pay for their own care. Although rules vary by state and whether a patient is married, patients generally are eligible for Medicaid to help pay for long-term care after using up all but \$2,000 of their cash

and investments. A house and car are exempt under current law. Bill opponents say it is likely to penalize seniors with more modest incomes who, for instance, helped a grandchild pay for college, made generous charitable gifts or live in places like New York or California, where real estate has risen sharply in value.

Angelica Ulloa, 52 years old, and her mother, Librada Carrasco, 85, last week went to see Michael Gilfix, a Palo Alto, Calif., elder-law attorney to help plan Ms. Carrasco's estate. Ms. Carrasco's most important goal was to protect her San Jose home, where she has lived for 30 years and which is valued at more than \$500,000. "She wants to remain in her home and protect it from financial burdens," Ms. Ulloa says.

The proposed changes generally prevent a person with equity in a home of more than \$500,000 from qualifying for Medicaid coverage, although states can raise the limit as high as \$750,000. Under current law, primary residences of any value are generally exempt.

Among other changes: States would be required to look for asset transfers during the five years before a patient applies for Medicaid benefits for long-term-care coverage, instead of the current three years.