



2569 US-23 South  
Alpena, MI 49707  
shipne@nemcsa.org

## Medicaid and Spousal Impoverishment

Spousal impoverishment was established to legally protect income and assets for a spouse when the other spouse is or will be receiving Medicaid long term care (LTC) services in a nursing home or through the MI Choice program. Medicaid allows the community spouse (the spouse not receiving LTC services) to keep a portion of their assets so they will not become impoverished by the other's long term care costs.

A nursing facility or MI Choice program agency does an assessment using the Nursing Facility Level of Care Determination to establish that the individual needs LTC services in a nursing home or through MI Choice, even if he/she is not immediately applying for Medicaid. The Department of Human Services (DHS) will then do an assessment of the assets held by the spouse needing long term care services and his/her spouse to determine their financial eligibility for Medicaid. The DHS assessment is called the Initial Assessment and is only done once even if circumstances and assets change. The client and spouse must request an Initial Assessment from DHS and keep the completed assessment for their records.

The couple's assets are reviewed and divided with the community spouse keeping  $\frac{1}{2}$  of the total countable assets up to a maximum of \$162,660 (2026). There is also a minimum protected asset amount of \$32,532 (2026). If the couple has less than \$32,532 in assets, the community spouse would be allowed to keep all the assets. The spouse needing LTC can use his/her assets to pay for LTC services, medical expenses, pre-pay funeral expenses, pay bills such as taxes, insurance, home repairs, and mortgage payments. When the spouse needing LTC services has spent down their portion of the assets to Medicaid eligibility levels, an application to Medicaid can be made. It is important to keep good records of how the assets are used. Medicaid reviews all assets transferred within 60 months of the application for Medicaid or after entering a nursing facility.

**For more information, contact the Region 9 Area Agency on Aging at 1-800-803-7174 to find an Elder Law Attorney or your local Department of Human Service office.**

### Assets That Are Not Counted:

- Your principle/primary residence
- Personal belongings and household goods
- One car
- Funeral items (plot, gravesite, crypt, mausoleum casket, niche) for you or certain family members
- Pre-paid irrevocable funeral contract
- Life insurance funded funeral
- Life insurance with face value of \$1,500 or less (2022)

### Assets That Are Counted:

- Cash, checking and savings accounts
- Credit union accounts
- CD's and IRA's
- Trusts (depending on conditions)
- Equity in real estate (other than your immediate family home)
- Vacation property, boats, and recreational vehicles
- Land contracts and mortgages on real estate.
- Stocks or bonds

"This publication has been created or produced by Region 9 Area Agency on Aging with financial assistance, in whole or in part, from the Michigan Office of Services to the Aging through a grant from the Centers for Medicare and Medicaid Services, the Federal Medicare agency."



LOCAL HELP FOR PEOPLE WITH MEDICARE