

Navigating Government Benefits for Long-Term Care in Michigan

Attorney Robert Mannor, CELA

Amy Persails, CECC, CDP



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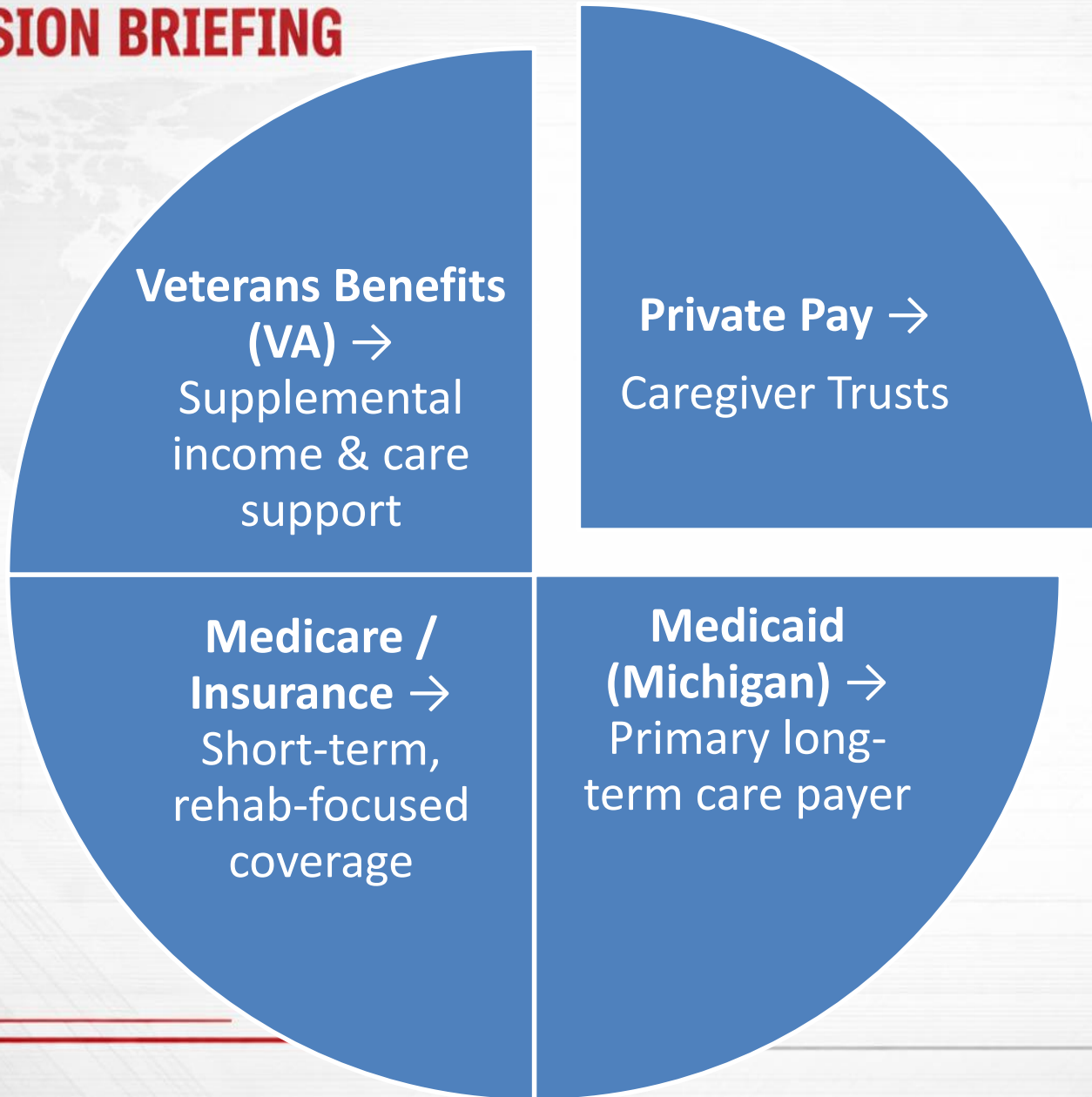
Why This Matters (and Why It's So Confusing)

- The “alphabet soup” problem: VA, Medicaid, Medicare—all different rules, different goals
- Families are often in crisis when these issues arise
- Your role:
 - First point of contact
 - Trusted guide for families
 - Critical in spotting eligibility opportunities (and risks)

Think of this as learning the rules of three completely different games... that families are expected to play at the same time



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What are the Rights to Appeal a Medicare Discharge from a Skilled Nursing Facility (SNF)?

- If you're told that Medicare will stop covering your care at a skilled nursing facility, you have the right to a fast appeal.



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Discharge Appeals for Medicare Advantage Patients in Skilled Nursing Facilities

- 📄 Notice of Medicare Non-Coverage Given at least 2 days before discharge Lists contact info for the QIO (e.g., Commence Health)
- 🕒 Fast Appeal Process
- Patient must call the QIO **by noon the day before coverage ends**
- Medicare continues to pay during review if appeal is timely
- 🔍 QIO Review (e.g., Commence Health) Reviews medical records from SNF and plan
- Decision issued within 72 hours
 - ❌ If Appeal Is Denied
 - Patient may request reconsideration by the Independent Review Entity (IRE)



What is the Difference between Traditional Medicare and Medicare Advantage?



How Many Seniors Choose Traditional Medicare vs Medicare Advantage?

- As of 2024, approximately **54%** of eligible Medicare beneficiaries—about **32.8 million people**—have chosen Medicare Advantage, while the remaining **46%** continue with traditional Medicare.
 - This marks a significant increase from previous years; for instance, in 2007, only 19% of beneficiaries were enrolled in Medicare Advantage plans.
- As of 2024, approximately 62% of **Michigan's** Medicare beneficiaries are enrolled in Medicare Advantage (MA) plans, while the remaining 38% are covered under traditional Medicare.
 - This is primarily the result of the loss of the guaranteed Blue Cross Blue Shield (BCBSM) Legacy is a Medigap Plan



**What are Recovery Audit
Contractors (RACs) and how
are they related to Skilled
Nursing Facility Medicare
Coverage?**



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- A Recovery Audit Contractor is a third-party entity hired by the Centers for Medicare & Medicaid Services (CMS) to review past Medicare claims and identify:
 - Overpayments (paid when services didn't meet Medicare rules)
 - Underpayments (when a provider didn't receive full reimbursement)
 - Michigan's RAC Jurisdiction - Michigan is currently assigned to **Performant Recovery, Inc. or Cotiviti GOV Services LLC.**
 - Perform reviews Part A (hospital, SNF) and Part B claims.



HOW DOES RAC Get Paid?



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💰 How RACs Get Paid?

- RACs are paid a percentage of the improper payments they identify and collect.
- If they find an overpayment (Medicare paid too much), and the funds are recovered, the RAC receives a contingency fee, typically ranging from 9% to 12.5%.
- If they identify an underpayment (Medicare paid too little), and CMS pays the provider the difference, the RAC is also compensated.

📄 Example: If a RAC identifies a \$10,000 overpayment and the provider repays that to Medicare, the RAC might receive \$1,000 to \$1,250 in commission.



What Happens If a SNF Is Audited??

- The RAC sends a demand letter for repayment if they determine an overpayment.
- The provider can either:
 - Accept the findings and repay
 - Appeal the decision, starting with redetermination by a Medicare Administrative Contractor (MAC)

✓ Tips for SNFs to Prepare for RAC Audits

- Ensure comprehensive documentation of all skilled services.
- Verify that Medicare coverage criteria are met for each claim.
- Maintain policies for Jimmo compliance, showing coverage is not improvement-dependent.
- Track your ADR (Additional Documentation Request) limits and deadlines carefully.



A vertical American flag is shown on the left side of the slide, featuring the stars and stripes. The right side of the slide has a solid blue background with white text.

VA Benefits Overview

- Service-connected disability
- Aid & Attendance
- VA healthcare system

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Veteran - Service-Connected Disability & Presumptive Claims (Agent Orange & PACT Act)

Why This Matters for Long Term Care

- Monthly tax-free compensation
- Opens access to **VA healthcare + long-term care benefits**
- Many veterans are **eligible but never apply**
- Benefit is not needs-based—it's based on disability and connection to military service
- Rated from 0% to 100%
- PACT Act expanded eligibility



This is one of the biggest missed opportunities.

The 3 Elements of a Successful Claim

1. Current Diagnosis
2. In-Service Event / Exposure
3. Medical Nexus (connection)

Notes:

Every claim—no matter how complex—comes down to these three elements. Presumptive claims simplify this dramatically.



What Is “Presumptive Service Connection”?

- VA **presumes** connection to service
- No nexus opinion required
- Based on:
 - Location of service
 - Time period
 - Specific conditions

Notes:

This is where things get powerful. Instead of proving the connection, the VA assumes it—if you meet the criteria.



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Agent Orange Presumptive Exposure

Applies to veterans who served in:

- Vietnam (boots on ground)
- Brown water Navy
- Certain Thailand bases
- Some Korean DMZ service

Agent Orange Presumptive Conditions

Examples include:

- Parkinson's Disease
- Ischemic Heart Disease
- Type 2 Diabetes
- Prostate Cancer
- Certain Leukemias

- Many more



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Enter the PACT Act (Game Changer)

PACT Act

- Expands presumptive exposure
- Covers **burn pits, toxic exposure**
- Adds new locations and conditions
- Biggest expansion of VA benefits in decades
- Allows reopening claims that were previously denied



PACT Act Presumptive Conditions

Examples:

- Asthma
- Chronic Bronchitis
- COPD
- Various cancers
- Sinusitis / Rhinitis



PACT Act Presumptive Locations

Includes service in:

- Iraq
- Afghanistan
- Southwest Asia
- Djibouti
- Uzbekistan



Secondary Conditions

Conditions caused by service-connected disability

- Examples:
 - Depression from chronic illness
 - Mobility issues from injury

Notes:

This is one of the most underutilized strategies to increase ratings.



Appeals Process

- Supplemental Claim
- Higher-Level Review
- Board of Veterans' Appeals

Notes:

A denial is not the end—it's often just part of the process.



Key Takeaways

- 👉 Presumptive claims simplify everything
- 👉 PACT Act expanded eligibility dramatically
- 👉 Don't assume prior denial = no eligibility



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VA Aid & Attendance: **Myths vs Reality**

MYTHS ❌



Must have served in combat



Must have a service-connected disability



Too much income = no eligibility



Only for nursing home residents



It takes years to qualify

✅ REALITY



Stateside service during wartime qualifies



No service-connected disability required



Medical expenses can reduce income dramatically



Covers in-home care & assisted living



Many approvals happen within months



• **Don't Miss Out On Benefits.**

- Pays for in-home care, assisted living, or nursing care
- Often overlooked by families and providers
- Can be worth **\$1,558–\$2,874+ per month**

Notes:

When Families are paying privately for care they may qualify for a tax-free monthly benefit that can meaningfully extend how long they can afford care.



3 Core Eligibility Buckets

- Wartime Service
- Medical Need
- Financial Eligibility



MISSION BRIEFING Wartime Service Requirements

- 90 days active duty
- 1 day during wartime
- Honorable or General Discharge

Recognized Wartime Periods:

- WWII: 12/7/1941 – 12/31/1946
- Korean War: 6/27/1950 – 1/31/1955
- Vietnam Era: Aug 5, 1964 to May 7, 1975
(November 1, 1955 for veterans who served “in country” before Aug 4, 1964)
- Gulf War: 8/2/1990 – present



Must need help with:

- Bathing, dressing, toileting, transferring, feeding
- OR supervision due to cognitive impairment
- OR be in assisted living or nursing home

Notes:

Think in terms of **ADLs or dementia supervision**.
If a social worker is involved, there's a very good chance this threshold is already met.



MISSION BRIEFING 2026 Monthly Benefit Rates

- Single Veteran: **\$2,424/month**
- Veteran with Spouse: **\$2,874/month**
- Surviving Spouse: **\$1,558/month**
- Two Married Veterans: **\$3,845/month**

Notes:

These are **maximums**, not guaranteed payments. The VA subtracts income—so the actual benefit depends on amount of countable care costs.



MISSION BRIEFING Spouse Needs Care Scenario

- Veteran does NOT need care
- Spouse DOES need care
- Benefit available (lower than full married rate)
- **\$1,903/month**

Notes:

This is one of the most missed opportunities.

- Veteran is healthy
- Spouse is in assisted living and no one realizes there is a benefit available.



Formula:

VA Pension = MAPR – Countable Income

- Income reduced by **unreimbursed medical expenses**
- Can reduce income to **zero** in many cases

Notes:

Unlike Medicaid, the VA allows you to offset income with care costs.



MISSION BRIEFING Asset Limit (2026)

- **\$163,699 total net worth limit (2026)**
- Includes:
 - Assets + income (VA calculation)
- Excludes:
 - Primary residence (including up to 2 acres)
 - Family vehicles

Notes:

This is not an asset-only test like Medicaid.

It's a **test combining income + assets**, which confuses many professionals.



Assets

Countable:

- Cash, investments, retirement accounts
- Additional real estate

Exempt:

- Primary residence (up to 2 acres)
- Family Vehicles
- Personal belongings



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Income Rules

Includes:

- Social Security
- Pensions
- Retirement income

BUT:

- Reduced by **unreimbursed medical expenses**
- Assisted living costs often reduce income for VA purposes dramatically

Notes:

This is why many people who “make too much” still qualify after proper calculation.



Look-Back Period

- **3-year (36-month) look-back**
- Transfers below fair market value:
- Trigger penalty period
- Penalty can create up to 5 years of ineligibility
- Income Annuities after October 2018
- Unlike Medicaid... Penalty period starts the 1st of the month after the transfer



MISSION BRIEFING When to Pursue:

- Veteran or spouse in assisted living
- Paying privately for care
- “We’re running out of money”
- Veteran served during wartime
- Surviving spouse living alone with care needs



MISSION BRIEFING Common Myths

- ✘ Must have served in combat
- ✘ Must be service-connected disability
- ✘ Too much income = no eligibility
- ✘ Only for nursing homes



Takeaway

- 👉 Ask: “Did you or your spouse serve during wartime?”
- 👉 Identify care needs early
- 👉 Discuss options before assets are spent down



Basic Eligibility

- Veteran status (active duty + discharge other than dishonorable)
- Minimum service requirements (post-1980 rules apply)
- Enrollment in VA health system
- Priority group assignment 1-8
 - Service-connected disability
 - Income
 - Special status (POW, Purple Heart)

Overview of VA Long-Term Care Options

- Community Living Centers (VA nursing homes)
- State Veterans Homes
- Contract Nursing Homes
- Assisted Living (limited support)
- Home-Based Care
- Adult Day Health Care



A group of four healthcare professionals, including nurses and a doctor, are gathered around a table in a clinical setting. They are looking at a laptop screen and appear to be in a collaborative meeting. The background shows a clean, modern hospital environment with white walls and a window.

**Medicaid
&
Life Savings Protection**

MISSION BRIEFING *Nursing Home Medicaid*

The Default Coverage for Skilled Nursing Facilities

Basic Eligibility:

- **Medical necessity**
- **Income limit**
- **Asset limit** (\$9,950 for single person)

Important Rules:

- **5-year lookback period**
- Asset transfers can cause penalties
- patient pay amount

Spousal Protections:

- community spouse resource allowance (CSRA)
- Income allowances for community spouse



Eligibility is not just about now– it includes what you did in the last 5 years.

MISSION BRIEFING New Asset Rules (Single Person)

Single Person

(without using any Legal Strategies or Protections)

- 2025: \$9,660
- **2026: \$9,950**
- Replaces \$2,000 rule

Can Keep (Default Rules):

- Residence* Up to \$730,000.00
*(But **State can take proceeds** after patient dies – Estate Recovery)
- One Car
- One Prepaid Funeral
- Burial expenses for family
- One Life Insurance Policy FMV < \$1,500
- Household Goods
- \$2.00 a day from income for personal needs

Can PROTECT (With Legal Planning):

- Residence* Up to \$730,000.00
*(**Protected** forever - **even after death**)



- **Protect Between 50% and 100%** of other assets using strategies such as half/loaf, Sole Benefit Trusts and other protections for a disabled child or other strategies.



MISSION BRIEFING Married Person (w/ Community Spouse)

Community Spouse Resource Allowance (CSRA)

2026 Michigan CSRA :

Minimum: \$32,532 Maximum: \$162,660

Community spouse keeps:

One-half of the combined countable assets **up to the maximum...** or at least the **minimum amount**

Can PROTECT (With Legal Planning):

- **Married Couple** – one spouse needs Medicaid
 - Can normally **save all the assets** and the home in favor of the Spouse



Examples of Legal Strategies to Achieve These Results:

- Sole Benefit of Spouse (MI Supreme Court- Hegadorn v MDHS)
- Protective Orders from Probate Court (MI Supreme Court- In Re Sizick)
- Support Order from Circuit Court (MI Court of Appeals- Stacy v Stacy)



MISSION BRIEFING Married Couple- Income Protections

Income Protections for Community Spouse:

- Minimum Monthly Maintenance Needs Allowance:
 - Minimum:
 - **\$2,643.75 /month (2026)**
 - Maximum:
 - **\$4,066.55/month (2026)**

- **Additional Monthly Amounts as Ordered by a Probate or Circuit Court Judge**



MISSION BRIEFING Initial Asset Assessment – Married Couple

The total number of assets is calculated on the Initial Asset Assessment or “Snapshot” date

- The first date of a continuous period of care that the Medicaid applicant spent 30 days or more in a hospital/care facility
- The continuous period of care applies to the person that is applying, even if their spouse was hospitalized or in a long-term care facility for 30 days or more first
- This only applies for married applicants



MI-Choice Waiver

- Can help pay for care:
 - In the home
 - In an Independent Living
 - Some Assisted Livings
- Can transition into
 - Long Term Care
 - Medicaid in a skilled
 - Nursing facility

P. A. C. E.

- P = Program of
- A = All-Inclusive
- C = Care for the
- E = Elderly

PACE is a well-known & trusted model of long-term care



Medicaid Planning and Life Saving Protection can be done for MI Choice Waiver and PACE!

Individual* Income limit for Mi-Choice Waiver and P.A.C.E: \$2,982/month

***Spouse's income doesn't matter**

Otherwise Same Eligibility as Nursing Home:

- Medical necessity same as Nursing Home Eligibility
- Asset Rules Same as Nursing Home Eligibility

MI-Choice Waiver never pays for room and board (only care costs)



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Michigan Medicaid Authority (BEM References)

- BEM 400: Financial Eligibility
- BEM 401: Asset Treatment
- BEM 405: Transfers
- BEM 546: Patient Pay Amount



- Every family gets the Letter after the Applicant's death – the family is not required to respond.
- Only Probate assets are subject to Estate Recovery
- If they only have a home, they need still need good legal work. A good plan will avoid Estate Recovery
- Consult with an experienced Elder Law attorney



Gifting Penalty

Medicaid will penalize for any gifts or transfers made in the last 5 Years:

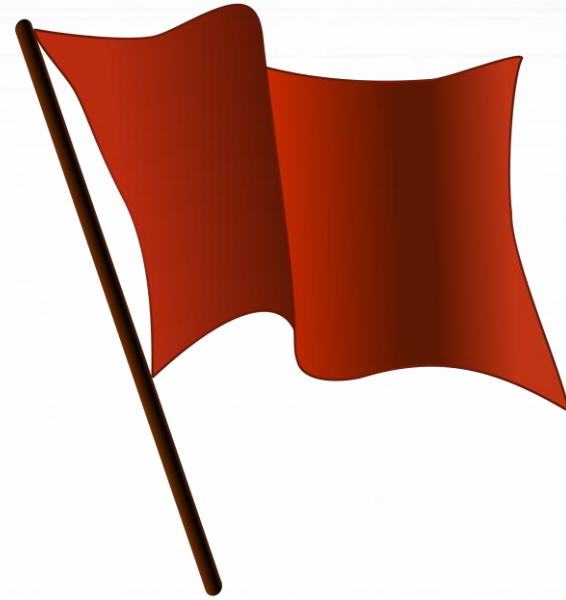
- Every multiple of \$12,216.30 = 1 month penalty



- **Myth:** Medicare covers continuing long-term care
- **Reality:** It does not
- **Myth:** Income disqualifies Medicaid
- **Reality:** Not for nursing home Medicaid
- **Myth:** Spouses assets don't count
- **Reality:** Spouses assets do count in qualifying other spouse for Medicaid
- **Myth:** You must spend down your assets for LTC Medicaid
- **Reality:** There are legal several option to protect assets, especially for a married couple



MISSION BRIEFING Discharge Planning Red Flags



- Rehab ending soon
- No payment plan
- Family confusion
- Veteran status unknown
- Asset transfers
- Family only has short term plan for long term care need
- The family's current plan will impoverish the community spouse

WE CAN HELP!



Circle of Care

