

# Guidepost for the Aging Network

*Tips for those who provide care to the elderly*

## “Your Father Has Too Much Income . . .”

***When talking to my clients, I find that they have been given misinformation about the maximum income for an applicant that is permitted by Medicaid. Understanding these rules will prevent needless discouragement for families and applicants.***

Medicaid’s income rules are confusing because there appears to be two rules for calculation of the maximum income for an applicant.

### What is the Income Cap?

When Colorado began participating in the Medicaid program, the maximum income permitted was three times the SSI rate: the “cap.” Countable income was (and is) based on the applicant’s gross income before deductions. Individuals who had incomes greater than the cap, for example \$3,000 per month, but less than the cost of a nursing home were denied eligibility for Medicaid. They did not have enough resources to pay the nursing home in full and lacked the income to pay the nursing home’s monthly charges. They were too “rich” to get Medicaid and too poor to pay their way! The law did not carry out its purpose to provide nursing home care to those who could not afford it. Consequently, a lawsuit was brought against the Colorado Department of Human Services, the “Miller” case. The Court approved eligibility for applicants whose incomes were less than the cost of care for the region in which the application was made, currently \$5,995 for Denver Metro, but more than the cap, \$1,911.

### What is an Income Trust?

For example, if an applicant has monthly income of \$3,000, which is more than the cap, \$1,911, and less than the regional maximum, then he or she must create an income trust. For applicants in the Denver Metro Area, the monthly maximum is \$5,995 per month. Regulations assign a maximum monthly income to counties in one of four Regions. For example, the maximum for Elbert and Douglas counties is \$5,636 and for El Paso County it is \$5,224. The amounts are increased on January 1 of each year.

Signing a written agreement creates the trust. The form is provided by the County Medicaid worker. The trustee sets aside a bank account into which the recipient’s income is deposited. By regulation, \$20 is allocated to account fees, \$50 is paid for the recipient’s Personal Needs Allowance. If the recipient has a spouse, a monthly income allowance, if any, is paid to the spouse. The trustee pays the balance, if any, to the nursing home.

### Conclusion

In the Denver Metro Area, individuals often have incomes greater than the cap, \$1,911 per month. So long as their income is \$5,995 per month or less, they will meet the income requirements for Medicaid.

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