

Expert: Medicaid cuts will hurt low-, middle-income Illinois seniors

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The state's proposed cuts to Medicaid will result in low-income seniors having a tougher time finding a doctor, nursing home or home health agency, says elder law expert Richard L. Kaplan. Photo by L. Brian Stauffer

(Medical Xpress) -- Springfield's plan to slash nearly \$1.4 billion from the state's Medicaid program will ultimately result in bigger medical (and financial) problems for low- and middle-income senior citizens and their families, says a University of Illinois elder law expert.

The proposed law would reduce the reimbursement rate for Medicaid-funded facilities, such as nursing homes, by 2.7 percent, and would also reduce most hospitals' Medicaid reimbursements by 3.5 percent, says Richard L. Kaplan, a U. of I. law professor who studies retirement issues.

"As a result, low-income seniors will have a tougher time finding a doctor, nursing home or home health agency," said Kaplan, the Peer and

Sarah Pedersen Professor of Law.

According to Kaplan, the new law will also significantly tighten Medicaid eligibility for older married couples and their families. That means couples will have to spend a lot more of their own money before they can access Medicaid benefits, thereby placing more of their assets at risk, he says.

“When an ill spouse enters a nursing home, the other spouse living in the community will be able to retain only \$22,728 of non-home assets instead of the current \$113,640,” Kaplan said. “So, when dad goes into the nursing home, mom will need to spend down an additional \$90,912 before dad can qualify for [Medicaid](#).”

In addition, the community spouse’s income cannot exceed \$1,891 per month – “about \$950 less per month for bills than under the current system,” Kaplan says. And the maximum home equity a community spouse can retain will be \$525,000, down from \$786,000.

Although the new law is considerably less generous to the community spouse than the current system, Kaplan notes that it’s not a radical change that makes Illinois an outlier.

“In fact, the new law would actually put us on par with 25 other states regarding assets retention,” Kaplan said.

But in terms of income retention, Illinois would be among only 13 states that use such a low maximum allowance, Kaplan says.

Kaplan says the new law will take effect once the governor signs it, giving families little time to adjust to the slimmed-down realities of the new system.

“In effect, mom may enter a nursing home sooner, because she will now be required to spend most of her financial resources to pay for dad,” he said. “Overall, what this means is that married seniors are much more at risk for paying nursing home bills than before.”

Provided by University of Illinois at Urbana-Champaign

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