

Receiving an Inheritance While on Medicaid

By Littman Krooks LLP | 06/01/07

For most people, receiving an inheritance is something good, but for a nursing home resident on Medicaid, an inheritance may not be such welcome news. Medicaid has strict income and resource limits, so an inheritance can make a Medicaid recipient ineligible for Medicaid. Careful planning is necessary to make sure the inheritance doesn't have a negative impact, according to ElderLawAnswers member attorney, [Terry Cipriani](#) in an article in *Newsday*.

An inheritance will be counted as income in the month it is received. Therefore, if you receive an inheritance and the amount puts you over the income limits for your state, you will not be eligible for Medicaid for at least that month. If you can properly spend down the money in the same month it is received, however, you will be eligible for Medicaid again the following month. The first thing to do is pay the nursing home for the current month (at the Medicaid rate).

If you have money left after paying the nursing home, an elder law attorney can advise you on the proper way to spend down the money. You may be able to give it to a spouse, a child with special needs, or the child's special needs trust. You may also pre-pay an irrevocable funeral contract or buy burial items for a close relative. If the inheritance is too large to spend in one month, an attorney may be able to use other techniques to protect a portion of it.

To read the full *Newsday* article, [click here](#).