

301 Evergreen Commons Information Series

2026 Nursing Home Medicaid in Michigan

(All monetary amounts reflect 2026 policies and may change in the future.)

Medicare vs. Medicaid

The Starting Point

Qualifying for Medicaid Financially

Regarding Assets

The Application Process

Spending Down Excess Assets

Future Income

After Approval

Estate Recovery

Consulting an Attorney

Care Coordination and

Resource Office

Medicare vs. Medicaid

Medicare's coverage of a skilled nursing facility (SNF) stay is limited. Following a qualifying three-day (three midnights) hospital admittance (not observation), Original Medicare will pay up to 100 days per benefit period if a physician orders skilled nursing or rehabilitation on a daily basis. Admittance to the SNF must occur within 30 days of discharge from the hospital and be for the same diagnosis. As long as skilled care is required and the SNF is Medicare Certified, the first 20 days are fully covered while the remaining 80 days have a co-pay. (varies with Advantage and Medigap plans). A new benefit period starts when an individual goes at least 60 consecutive days without hospital or skilled care.

It should be clarified that Medicare doesn't cover a SNF stay when only custodial care is needed. Custodial care consists of being assisted with daily living activities such as eating, bathing, dressing, transferring, using the toilet, taking medications, as well as being kept in a secure unit for safety purposes. These are common needs of dementia patients. Medicare only covers SNF stays when skilled nursing or rehabilitation is needed and ordered by a physician.

A long-term or permanent SNF stay must be paid for with private funds, a long-term care insurance policy, or Medicaid. This includes situations requiring only custodial care. Because Nursing Home Medicaid's provisions differ from state to state, it's essential that Michigan residents refer to their state's rules.

The Starting Point

When a patient's SNF stay exceeds Medicare's coverage and private funds or a long-term care insurance policy is unavailable or exhausted, then the individual must apply for Medicaid funding. This could require transferring the patient to a Medicaid Certified SNF. Facilities may be located and their certification status checked at the following website: <http://www.skillednursingfacilities.org/directory>.

When, instead, an individual is living in the community with deteriorating health that requires moving into a SNF, a physician must order the admittance (regardless of the source of payment). If Medicaid funding is likely, then a Medicaid Certified SNF should be selected. As part of the admission process, the SNF will complete a "Michigan Medicaid Nursing Facility Level of Care (LOC) Determination" form to ensure that the patient is medically eligible for Medicaid, whether the funding will be needed immediately or in the future. The LOC is not an application for Medicaid; however, it's imperative that the SNF be notified as soon as a patient applies for Medicaid so that the staff can submit the LOC to the Department of Health and Human Services (DHHS).

Qualifying for Medicaid Financially

If someone's income is less than a SNF's private pay rate, then the individual will be eligible for Nursing Home Medicaid after excess assets are spent down. This means most people will be eligible because the average cost for a SNF semi-private room in Michigan is nearing **\$11,000** per month.

Single individuals cannot apply for Nursing Home Medicaid until they are admitted to a SNF and their countable assets are below **\$9,950**. This financial requirement may necessitate a spending down of their assets (see section below). Upon reaching financial eligibility, they apply by submitting form DHS-4574.

A **married** person who has been admitted into a SNF and whose spouse expects to remain in the community should take a preliminary step toward applying for Nursing Home Medicaid if the patient's stay is likely to be more than 30 days (counting the hospital stay if it was continuous with entering the SNF). This is done by submitting form DHS-4574-B, which is the "Assets Declaration" part of form DHS-4574. This establishes the "Initial Asset Assessment Date" (sometimes called the "snapshot date") which is the first day of a SNF stay that lasts or is expected to last at least 30 continuous days (or the first day of the hospital stay if it was continuous with entering the SNF). As long as the stay is 30 continuous days, this form is completed only once and the snapshot date is set at that point, even if assets change later and even if the patient is discharged from the SNF (after 30 days) and readmitted at a later date.

The form tallies the couple's combined countable assets as of the snapshot date regardless of which spouse's name is on the assets. Of the total countable assets, the SNF spouse may keep **\$9,950** and the community spouse may keep one-half of the total but no less than **\$32,532** and no more than **\$162,660**. This is called the Protected Spousal Amount. Obviously, it can be advantageous for the couple to avoid any significant spending of their assets before the snapshot date is set because this will lower the Protected Spousal Amount. A trust known as the Sole Benefit Trust allows the community spouse to

keep more than the Protected Spousal Amount. Also, it may be possible to petition a judge to increase the amount. For either of these approaches, it would be wise to use the services of an attorney who specializes in elder law.

Regarding Assets

Details about assets may be researched in DHHS's eligibility manual. Below is a simple summary.

For both **single** and **married** applicants, countable assets include the following:

- cash, checking accounts, savings accounts, credit union shares and draft accounts, CDs
- U.S. Savings Bonds, stocks, bonds, mutual funds
- retirement accounts (IRA, Keogh, 401k, etc.)
- second vehicles of any type (including boats, campers, RVs, trailers, motorcycles, etc.)
- second homes (minus the outstanding mortgage), unless listed for sale for at least 90 days without selling
- and other items

For both **single** and **married** applicants, the following items are **excluded** from countable assets and may be kept:

- one vehicle of any type and of any value (for **single** applicants, it must be used for transportation for the SNF resident, even if he/she isn't licensed)
- one primary residence (for **single** applicants, equity must be less than **\$752,000** and the SNF resident must intend to return to it, even if this is unlikely to happen)
- personal belongings and household goods (normal clothing, furnishings, etc.)
- life insurance not exceeding a total face value of **\$1,500** per person (patient and spouse)
- irrevocable prepaid funeral contract for the patient and the spouse
- burial space and certain associated costs for the patient, spouse, and certain other relatives
- and other items

Generally, assets aren't made exempt simply by adding a child's or other non-spouse's name to them. In such cases, bank and credit union monies and U.S. Savings Bonds are counted in their entirety as belonging to the applicant unless it's proven that a portion was actually contributed by a joint owner.

For other assets, such as a vehicle or house, it's assumed that each holder owns an equal share unless it's proven otherwise. Furthermore, making someone a joint owner of an asset is not without risks. It could result in a financial penalty from Medicaid if it's done within the look-back period (see section below). Also, it not only gives the person full access to the asset, but it makes the asset vulnerable to any financial liabilities of the person such as in the case of a divorce, lawsuit, or bankruptcy. And, joint ownership trumps any wishes expressed in a will for assets to be divided amongst other heirs.

If annuities or trusts are involved in someone's assets, then an attorney who specializes in elder law should be consulted. (For example, a home becomes a countable asset if it is owned by a revocable living trust, and this increase in assets could render someone ineligible. It must be retitled out of the trust before the application is submitted.) Securing legal assistance is advised as well for anyone with significant assets.

The Application Process

The Nursing Home Medicaid application form DHS-4574 (which contains the Assets Declaration form DHS-4574-B) is available at http://www.michigan.gov/documents/FIA-4574_1_70722_7.pdf or from any DHHS (Department of Health and Human Services) office:

- Ottawa County DHHS: 12185 James Street, Suite 200, Holland, MI 49424 (616) 394-7200
- Allegan County DHHS: 3255 122nd Avenue, Suite 300, Allegan, MI 49010 (269) 673-7700
- Locate other offices at http://www.michigan.gov/dhs/0,4562,7-124-5459_5461---,00.html or by calling toll free (855) 275-6424.

DHHS is required to help a person complete the application, including providing an interpreter free of charge or allowing the applicant to use his/her own interpreter. In filling out the form, the patient's spouse or adult child may act as the patient's representative without any official appointment to this capacity. DHHS may require documentation for anything reported in the form, so it must be completed accurately.

A **single** SNF patient whose assets are below **\$9,950** may apply for Nursing Home Medicaid by submitting form DHS-4574 by mail or in person to the DHHS office in his/her county of residence (the county of the SNF). DHHS has 45 days to decide eligibility and inform the applicant by mail (60 days for persons with a disability).

For a **married** SNF patient whose spouse expects to remain in the community, the Assets Declaration (form DHS-4574-B) portion of form DHS-4574 is submitted first. As previously stated, this should be done as soon as the patient is admitted to the SNF and it's clear that the combined hospital-SNF stay is likely to be at least 30 continuous days. It should be submitted by mail or in person to the DHHS office in the patient's county of residence (the county of the SNF). Within 45 days, DHHS will respond with instructions as to how the couple must qualify themselves and proceed with the application process.

If DHHS requests documentation for any amounts reported on the application, there's likely to be a 10-day deadline for supplying the documentation unless an extension is requested and approved by the DHHS caseworker. For all documentation, photocopies should be provided rather than originals.

Spending Down Excess Assets

For either **single** or **married** patients, a spending down of assets may be required before the patient qualifies for Nursing Home Medicaid. If so, there are a number of legitimate options for spending down excess assets:

- privately paying SNF costs
- paying medical expenses for the patient or spouse
- paying regular household living expenses and bills

- paying off credit cards
- purchasing personal items that the patient or the spouse might need (clothing, television, etc.)
- paying for reasonable household repairs, upgrades, and furnishings (ex: water heater, furnace, roof, appliances, cabinets, flooring, furniture)
- upgrading a vehicle
- prepaying funeral expenses for the patient and/or spouse

Whether a person is **single** or **married**, it's crucial that the actual Medicaid **application** (not the Assets Declaration which is submitted in advance to determine spend-down for married couples) not be submitted until the necessary spend-down has been completed and the applicant's qualification is certain. When an application is approved, payment to the SNF becomes effective as of the first day of the month in which the application was submitted. However, if it's denied, then the patient will owe whatever SNF bill accrues while waiting for this determination. With Michigan's average monthly cost being approximately **\$11,000** for **2026**, this private-pay responsibility can add up quickly.

Receipts and any other documentation should be kept for all spend-down expenditures. No illegitimate transfers of assets should be attempted without realizing the consequences. There's a five-year look-back period during which there cannot be any "gifts" or other forms of divestment. (Transferring assets to a spouse is of no consequence since a couple's assets are totaled regardless of whose name is on an asset.) The penalty for divestment isn't criminal or civil; it's financial: no Medicaid funding for a specific amount of time (computed according to the total amount of divestment divided by the state's average cost for a SNF stay). A gift that occurred before any knowledge of the medical need that placed the patient in a SNF can be appealed as not being a divestment.

Any technical, high-finance questions about spend-down rules should be answered by an attorney who specializes in elder law.

Future Income

A SNF patient, single or married, who receives Nursing Home Medicaid is allowed to keep the following portion of his/her monthly income: **\$60** for personal needs, the cost of health insurance premiums (including a supplemental plan, a prescription drug plan, dental coverage, vision coverage), and **\$60** for conservator/guardian fees if applicable. For a single patient, all other monthly income must be paid to the SNF to cover monthly costs (called the patient pay amount) with Medicaid covering the balance.

In the case of a married SNF patient whose spouse remains in the community, some or all of the patient's remaining income may be paid to the community spouse in order to provide adequate income for him/her. This is called the Community Spouse Income Allowance. In Michigan, the community spouse is allowed to receive enough of the patient's income to bring the community spouse up to a minimum monthly income of **\$2,643** or a maximum monthly income of **\$4,066**. DHHS will calculate the exact amount on the basis of the community spouse's actual living expenses. If any money remains of the patient's income after paying the patient's allowances and the Community Spouse Income Allowance, then that amount will be paid to the SNF to cover monthly costs (called the patient pay amount) with Medicaid covering the balance.

For the sake of clarification, it should be noted that SNF patients continue to receive their Social Security checks and all other forms of income, probably directly deposited into a bank account and perhaps managed by their financial power of attorney. The SNF will bill the patient for their patient pay amount, and such facilities usually bill in advance for each month of care.

If the community spouse has his/her own source(s) of income, it may be kept in its entirety regardless of the amount. However, it will be factored into DHHS's decision as to how much, if any, of the patient's income will be paid to the community spouse.

After Approval

After receiving approval for Nursing Home Medicaid, the patient is viewed as eligible for one year. At the end of the year and at the end of every year thereafter, his/her countable assets must be less than \$2,000. This may mean that the \$60 received each month for personal needs has to be spent rather than allowed to accumulate.

In the case of a married patient with a community spouse, the first year of Medicaid benefits should be used to remove the patient's name from any assets shared with the community spouse, keeping documentation that it has been done. It's advisable to have the patient's \$60 monthly allowance deposited directly into his/her own checking account which can be accessed by the community spouse. The community spouse should open his/her own separate bank accounts in order to avoid this money being included in the patient's countable assets.

At the end of every year of Medicaid benefits, a Redetermination must be submitted for both single and married patients. DHHS will send the forms that are to be completed and submitted. For married patients with a community spouse, this requires, among other things, that both spouses' incomes be reported, thereby allowing DHHS to verify that the community spouse's living expenses still justify any portion of the patient's income that's being received. The Redetermination does not ask for any re-reporting of the community spouse's assets.

Something worth considering, especially for married couples, is whether there should be an updating of estate planning documents in light of one spouse becoming a SNF patient and in light of changes in the legal ownership of assets that were previously owned jointly.

Estate Recovery

Each state was required by the federal government to develop and implement an estate recovery program with the intent being to recoup from the estates of Nursing Home Medicaid recipients some of the monies paid on their behalf. Even though Michigan was the last state to comply, there is a program in place now. Recovery can be sought against all assets that pass from the deceased person to their heirs through a probate proceeding. However, no such effort is made until after the death of the patient and the patient's spouse. It doesn't occur at all in certain cases of a surviving child. Also, the home can be excluded from any recovery effort when a survivor is living in it who can document having lived in it and having provided care for the Medicaid recipient that resulted in the recipient being able to remain in the home for at least two years immediately prior to being admitted to the SNF.

It's best to consult an elder law attorney regarding estate recovery questions, including any avenues for lessening the effects of the program. The home, for example, is oftentimes the most valuable asset, and it can be titled in such a way as to protect it from estate recovery.

Consulting an Attorney

It could be advantageous to meet with an experienced elder law attorney regarding long-term care and estate planning, especially if a person has countable or uncountable assets that exceed \$2,000. (See Attorneys--Elder Law and Attorneys--Medicaid Law in the yellow pages.) If a person has more assets than the cost of an attorney's services, then the services are likely to be worth the investment. Even if someone has been admitted to a SNF, it's not too late to pursue significant benefits.

First of all, if an attorney prepares a Nursing Home Medicaid application, then his/her expertise is brought to bear on ensuring that the application is approved in a timely manner. Relieving family of the responsibility for errors and the effects of those errors is invaluable.

Secondly, an attorney can counsel someone in taking full advantage of provisions created by Congress for protecting assets. With this assistance, a single person could protect more than \$2,000, and a married couple could protect needed assets rather than spending them down. When financial arrangements, namely, certain types of trusts, are structured and drafted properly and the spend-down component is lessened or eliminated entirely, the applicant may become eligible for Medicaid funding sooner than would be the case otherwise.

There are legitimate reasons to protect more assets than the minimal amounts identified by DHHS. There may be medical services (dentures, eye glasses, hearing aids, etc.) needed by the patient in the future but not covered by Medicaid. The family may wish to pay for a “bed hold” at the SNF so that, in the event of a temporary hospitalization, the patient will be assured of returning to the same SNF. Certain comforts are not necessarily provided by the facility such as a private telephone or cable television. Personal clothing definitely isn’t provided. For a single or married patient, if a home is protected, then there will be costs for maintaining the home (utilities, insurance, taxes, repairs, etc.). In the future, the community spouse may need in-home care, costly medical services, or assisted living. Preserving assets wisely can provide for such needs.

Care Coordination and Resource Office

Care Coordinators at Evergreen Commons can answer questions regarding Nursing Home Medicaid and assist in the application process. The Resource Office maintains a current list of skilled nursing facilities in Ottawa and Allegan counties, with an indication of which are Medicaid Certified, as well as lists of senior apartment complexes, assisted living facilities, and adult foster care homes. This office is a source of information about other community resources for older adults and is likely to be aware of Medicare, Medicaid, and estate planning seminars being conducted by elder law attorneys.

In addition, The Resource Office provides the community’s older adults with information on home-delivered meals, in-home care services, medication management, adult day center programming, caregiver training classes, caregiver support groups, and much more. Feel free to request additional information.

Regarding this handout, it must be emphasized that the staff of Evergreen Commons are not attorneys. The information contained in this document is based on personal research and experience. Although great effort has been made to ensure its accuracy, it is intended for informational purposes only and not for the purpose of providing professional legal advice. Specific situations should be addressed by an experienced elder law attorney.



480 State Street
Holland MI 49423
(616) 355-5118
(888) 201-9145

E-mail: resources@evergreencommons.org
www.evergreencommons.org

Revised **April 2026**

Please request additional copies or permission to reprint.