LONG TERM CARE: QUALIFYING FOR PUBLIC ASSISTANCE

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Nothing in this paper is to be construed as the rendering of legal advice.

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QUALIFYING FOR LONG TERM CARE

I. INTRODUCTION

In Texas, when the subject of Public Assistance for Long Term Care is discussed essentially the discussion is limited to only one subject, Medicaid. Many Medicare recipients are under the mistaken impression that they are covered for long term care by Medicare or their Medigap supplement. Much to their surprise upon admission to a nursing home they quickly discover that Medicare has a limited benefit for what is called "skilled care" but the type of care they are receiving is defined as "custodial care". Medicare has no benefit for custodial care. Based on prior experience with the healthcare system most elderly persons would then expect that their Medgap or Medicare Supplement policy would cover their stay in a nursing home. Prior experience has shown them that if a bill is not covered by Medicare then most often the Medigap will cover it. This is not the case with nursing home coverage. Medigap is only designed to cover the "gaps" in Medicare. Therefore, if Medicare will not pay then the Medigap will not pay. Upon discovering that there is no coverage from the traditional sources that have always helped pay for their medical care in the past, the person entering the nursing home or their care giver/spouse will be quite shocked when they are forced to write a check for the first months care. The amount of that check may vary depending upon the state the person lives in. The usual monthly cost of nursing home care in Texas will be somewhere around $3200.00 to $3500.00 per month. In many states the cost of nursing home care may exceed $6,000.00 per month.

After the shock of having to write that first check wears off, the care giver/spouse will then turn their attention to the long term implications of such an expense. Very quickly it becomes apparent that the cost of such care will bankrupt the spouse that remains in the community and they will be left with very little if any resources to provide for their own well being. Many times this "at home spouse" will be relatively young with perhaps a reasonable life expectancy of more than 20 years. This dilemma they face is compounded by the emotional trauma that they are experiencing as a result of putting their spouse of many years in a nursing home. Statistically speaking, this at home spouse will most likely be a female over the age of 70 years who has not worked outside the home during her lifetime. If she was employed outside the home she was not covered by any type of retirement plan. She and her husband have lived off of her social security check, his social security check and/or retirement check and the income from their savings.

This situation has afforded them a reasonably comfortable retirement because their bills are limited. Their house is paid off and they have a paid for automobile. The major expenses are typical living expenses of light bill, water bill, insurance on the home, and prescription medications. With both of their checks and their income from their nest egg they are able to get by although they are generally very frugal with their money.

Now she is faced with the situation that the nest egg will be rapidly depleted by the monthly nursing home bill. Once this money is gone her income will be dramatically reduced, but that is not the worst part. In struggling to cope with this mess she will more than likely forget the other shoe that is waiting to drop on her unsuspecting head. If her husband where to pass away it is very likely she would lose the income attributable to him. Depending upon the elections made at his retirement it is very possible at his death his pension will stop. If she does continue to get benefits from his retirement then they are most likely reduced from their current rate. Next, she will lose his social security income. In most cases she will receive an increase in her social security income but it will not replace the loss suffered from the loss of his check. Many times the combined effect of all of these issues as well as any health problems she might already be suffering from herself will completely overwhelm her. If she cannot get help from somewhere the only choice she has is to take her husband home. If she is lucky, someone at the nursing home will tell her that she needs to apply for Medicaid to help pay for her husband's care.

Even if she is told about the Medicaid program she may not see that as an answer to her problem. Over the years she has heard things about the Medicaid program, bad things. She has heard stories of people losing their homes to the nursing home when they sought Medicaid. She knows that Medicaid is a "welfare" program and you have to be broke to qualify for it. She has heard that if you have income from a retirement plan you can't qualify for Medicaid.

Further, she and her husband have always paid their own way. They have worked hard all their life and have never asked the government or anyone else to pay their bills. These are the reasons that may cause her to reject the idea of applying for Medicaid. Her choices are limited, either bring her husband home and care for him herself or continue to pay the bill knowing that it will ultimately leave her virtually destitute.

There is another option however. If she can find an attorney experienced in Elder Law she will be given other possibilities. Congress has repeatedly heard stories of spouses in her position and taken action to provide other possibilities so that her future is not so bleak. This paper will set forth many of the opportunities that exist to provide relief for this spouse. It is important to note that each situation is unique and the knowledge and skill required to apply the law and regulations to a particular case can take years of study and training. It is also important to note at this time that if the spouse should seek help in qualifying for Medicaid it should be from a licensed attorney. In Texas, it is a crime for a nonattorney to assist someone, for a fee, in seeking Medicaid benefits. Attached as exhibit A is a copy of the criminal statute. Many times as stated above the spouse will be a wife, but most of the strategies discussed below will apply equally to male spouses of nursing home residents.

The first thing we need to determine is the facts of the specific case we are handling. Attached as exhibit B is the background and financial information for the couple we will be discussing in this paper. The assets and income of Ruth and Fred Smith are typical of the situation of many of the couples of their age. They have been married for 55 years. They have never been divorced and have two adult children with whom they are very close and live nearby. They both are Medicare recipients and have Medigap insurance coverage. They have all of the required legal documents in place such as durable power of attorneys and wills that enable them to take the actions outlined in this paper.

II. MISCELLANEOUS MEDICAID REGULATIONS

In order to understand the various strategies that are discussed below there are some basic Medicaid rules that must be understood. These rules do not fit into any particular pattern of outline form. These rules are not intuitive and have no logical progression upon which to build. An understanding of these rules is similar to knowing how to play a baseball game, only when you have a good understanding or the overall game do the individual rules make sense.

A. Name on the check rule

The Medicaid program is a joint Federal and State program. The rules are basically set up as a frame and the states are free to create their own regulations to implement the program as long as they do not run afoul of the Federal mandates. Because marital property laws are essentially the creation of state law the Federal program does not comprehend or distinguish between community property states and common law marital property states. The Medicaid program uses what is called the "name on the check rule". The income derived from an asset or an income stream is attributed to the husband or wife, as the case may be, whose name is on the check. If an income producing asset has both spouses' name on the asset or account then the income will be divided between the parties and one-half will be counted as the income of each. The converse is also true. An asset or income stream may be considered community property belonging equally to either spouse under state law without regard to the name on the account. Medicaid will count that asset or income as belonging to only the named spouse.

In community property states such as Texas this rule can have very serious implications. As set forth above in the age group we are discussing, the husband will most likely have worked for a company or industry that provided a pension plan for its workers. Since the husband is the pensioner only his name will be on the check. If the retirement was taken as a rollover and placed into an IRA. then only the husband's name will be on the account. Under the name on the check rule all of the income attributable to the check or the income of the IRA will be considered to belong to the husband. Because Medicaid has rules limiting the amount of income a person can have and obtain benefits as well as rules on how the applicant's income will be used for their care, the name on the check rule can cause great hardship for some families. It is important to remember that even if the retirement is only in the name of one spouse, under community property laws the benefit and any income from it belongs equally to the spouses if the benefits were earned during the marriage of the couple.

B. Treatment of assets in spousal cases

Notwithstanding the previous paragraph and the implications of the name on the check rule for income purposes, Medicaid applies a special rule concerning assets in cases involving married couples. The rules require that all of the assets of the couple both separate and community property assets be counted as available assets to the spouse applying for Medicaid benefits. Much to the surprise of many spouses this special rule has the effect of nullifying any prenuptial agreements the couple may have entered into prior to marriage to control the status of property they may have owned prior to the marriage. There are many marriages today that involve older couples that may have been previously married and have assets and families from a prior marriage that they wish to keep separated from any martial property issues in this later marriage. In order to fulfill this desire usually stated as “my stuff to my kids and your stuff to your kids” the couple will enter into a prenuptial agreement. One of the issues that will be covered by this type of agreement is the issue of the obligation of the spouse to use their separate property assets to support the other spouse with regard to medical care and the payment for medical expenses. The need to qualify for Medicaid and the disregard of prenups by the Medicaid program have had a very tragic result for many elderly couples that thought they were taking the necessary legal steps to protect their assets for the benefit of their children from prior marriages. This rule and its implications have been the cause of great consternation to spouses in short term marriages where one of the two has been diagnosed with a catastrophic disease shortly after their wedding day. To be clear about this rule, it means that all of the assets a spouse may possess on the day before the marriage, no matter how many years they may have been owned by that spouse, will be counted against the other spouse if that spouse needs to apply for Medicaid one day after the wedding.

C. No penalty for transfers between spouses

One of the other impacts of this rule is that since assets in the name of either spouse count against the applicant spouse, Medicaid allows couples to freely move assets from one spouse’s name to another. Such retitling of assets has no effect on the countability of an asset for eligibility purposes, but it can have a huge effect on income attribution using the “name on the check rule” described in A above. This rule needs to be understood in the context of another rule concerning the transfer of assets from one owner to another. Most persons with causal involvement with Medicaid are aware of some type of eligibility problem that can result when assets are taken out of the name of an individual and that person later seeks Medicaid benefits. This is called the transfer of assets penalty. Since the amount of assets a person owns affects their potential eligibility for Medicaid the rules of the program prevent an applicant from disposing of assets in an attempt to gain eligibility. The assets of one spouse if transferred to the other spouse still count against the applicant spouse as an available asset and can disqualify the applicant spouse. Because the program counts assets in either spouse’s name, movement of assets from one spouse to another has no effect on eligibility. Therefore there is no penalty for such actions. In a spousal case the movement of assets from an account in one spouse’s name to an account in the other spouse’s name has no effect on assets countability but can have a huge effect on how much income is attributable to a specific spouse.

D. The lotto rule

This rule requires Medicaid to completely ignore the assets of a spouse of a Medicaid applicant after one year of eligibility by the applicant spouse. In order to illustrate this rule to clients your author uses the example of a spouse of someone that has obtained Medicaid eligibility a year earlier winning the state lotto. If the spouse puts the multimillion dollar prize in a bank account in their name only then the asset will have no impact on the other spouse’s Medicaid eligibility. This rule seems to be and is contrary to the rule discussed in B above. The effect of these rules is that a spouse could be compelled to use all of the assets they accumulated prior to their marriage to pay nursing home expenses of their husband, but if they receive a huge windfall during the marriage, albeit a year after eligibility is granted, the same spouse will not have to pay any of the windfall for his care.

III. PROTECTED RESOURCE AMOUNT (PRA)

In spousal cases at the time of application the Department of Human Services develops what is called the Protected Resource Amount or PRA for short. The PRA is an amount of assets that the Medicaid program will allow the at home spouse to keep to use for their own support and maintenance. All countable assets above the PRA amount must be disposed of or spent. This is known as the "spend down" and misconceptions or misunderstandings concerning this concept have cause untold grief and dispair for elderly couples needing Medicaid benefits. Fear of the impact of the spend down or loss of assets required by the process prevents many spouses from seeking Medicaid benefits often to their detriment.

A. Calculating the PRA

The PRA is often referred to as the "snapshot" because it is a picture of all of the assets of the couple as of 12:01 A.M. of the first day of the first month that the applicant spouse leaves home. If the applicant spouse has a fall and injures themselves and is admitted to the hospital on March 22, 2002 and later after an extended stay in the hospital of several weeks or even months enters the nursing home then March 1st is the PRA date. All countable assets of either spouse both separate and community property go on the PRA. In our couple's case the PRA would include:

Non interest bearing checking account	14,000.00
Passbook savings account	6,000.00
Money market account	12,000.00
Credit union accounts	36,000.00
Brokerage accounts	150,000.00
Stocks	2,000.00
Bonds	400.00
Mutual Funds	1,200.00
Notes	7,600.00
IRA's His name:	55,600.00
Life insurance: (his name cash value)	12,000.00
lake lot	3,000.00
mineral interest	200.00
Total countable assets	**300,000.0**

Once the countable assets have been determined then the Department would set aside the value of one-half of the assets with a maximum of 89,280. If the couple's combined countable resources were $70,000.00 the PRA would be set at $35,000.00 or one-half the amount found on the PRA. If the resources exceed $180,000, as in our couples's case, then the at home spouse will not be allowed to keep 50% of the assets. The PRA, for Ruth will have be limited to only 30% of the countable assets of the couple. The PRA represents a value concept. The Department will protect a specific value or amount. Ruth can chose to "protect" any assets she desires in any combination but the total amount cannot exceed the amount of the PRA. The PRA would be developed at the initial application stage of Fred's case. Once the PRA was established Ruth would be told to go home and "spend down" the value of any assets that exceeded the PRA.

B. The "spend down"

This "spend down" can be simple in some cases such as in our example. Most of the assets we hold are fairly liquid and Ruth could just start writing checks for Fred's care until she has only $89,000.00 left at which time Fred would qualify for Medicaid if he meets the other necessary criteria. The spend down can be a much different matter if the assets that the couple hold were illiquid such as land. If our couple had $300,000.00 in assets and $280,000.00 of it represented some land in South Texas that Ruth had inherited from her deceased father the situation would be quite different. In that case, Ruth would need to spend down to $89,000.00 but where would she get the cash to do so? She would be forced to sell the South Texas property as soon as she could to generate the funds to spend down. If she could not sell the land or borrow against it to pay her expenses and Fred's nursing home bill she would be in a very difficult position. That brings forth Mayo's rule of assets for elderly folks. *Dirt is dangerous.* In our South Texas land example the elderly wife cannot sell the land, she cannot eat it, nor can she pay the nursing home bill with it or lastly she cannot qualify Fred for Medicaid while she owns the land. The ownership of land or other illiquid assets can be disastrous for an elderly couple if one of them needs to qualify for Medicaid benefits. As set forth above Ruth could choose to protect any assets that do not exceed the amount of the PRA. The asset can be nonproductive if she so chooses. If we modify the South Texas property example somewhat and make the land worth only $70,000.00 then Ruth could keep it as part of her PRA. That would mean that she would only be allowed to have other countable assets of about $19,000.00. The ability to freely select the assets to be protected by the PRA can be very important to the outcome of some cases. Sometimes the protection of a particular asset can be of great importance to a spouse. If the $89,000.00 we are allowed to keep is in a tax protected account such as an IRA the ability to keep the account as is without withdrawing the money and losing its tax deferral can be a tremendous advantage. Likewise, in many of these cases the most valuable asset that the couple may own will be common stock with a very low basis. If we can avoid the sale of the stock then we will escape the huge tax bill due to capital gains.

IV. MODIFIED SPEND DOWN

Once Ruth leaves the application meeting after being told to go home and spend down she may have the impression or understanding that the only thing she can spend down her assets on will be Fred's nursing home bill. This is not the case. She can spend the assets on anything she desires. She could spend the money on a cruise around the world. She can spend it however she chooses. The only thing she cannot do is to give the money away. If she gives the money away she would subject Fred to a penalty that would make him ineligible for benefits. Ruth also can spend the money in other ways that can be more advantageous to her in the long run than the benefits she might receive from the trip on the Queen Mary.

A. Exempt assets

Although it may not be apparent to Ruth from the documents she is given there are several assets that did not appear on the "snapshot." These assets are considered to be exempt by Medicaid and do not count as available assets therefore they were not counted in developing the PRA. Since these assets are not countable then any money she would chose to put into these types of assets would likewise not be countable. It is permissible to mix and match the purchase of any of the following examples of exempt assets.

1. The Home

The first and largest asset she may have that is not countable is her home and any surrounding acreage. If her home needs improvements she can spend down any amount she desires on improvements to her home. In most of the cases the home will be free of any mortgage because the family has owned it for more that 30 years but not always. In the event that there is a mortgage on the home then Ruth can use any amount of money above the PRA to pay off the mortgage and in turn lower her monthly expenses in the future. If she needs to do repair work to the home such as a new roof or insulation or installation of an energy efficient HVAC system that will result in savings on utility bills down the road that can be a wise expenditure of the money.

2. An Automobile

Many times the couple will have an automobile that is very old. The driving that they have been doing did not include long trips so the older car suited their needs. An automobile of any value is exempt so it may be a good expenditure to purchase a new vehicle that will be reliable transportation for many years to come. If they owe any money on the car then the loan can be paid off with part of the spend down.

3. Preneed Burial Plans

If they have not purchased these prior to this time then this can be an expenditure of money as part of the spend down. The purchase can be for any amount. If the couple had made these type of arrangements already it may be a good idea to revisit the purchase. Many times the arrangements were made many years ago and the amounts invested may be quite frugal by today's standards. It is also important to make sure that the location the person desires to be buried in has been considered. Many times the person may have planned to return to the place of their home in another location or state. The preened burial arrangements should include the cost of transportation to the remote location.

4. Burial Plots

The exempt assets include burial plots or crypts for the applicant, his or her spouse, and their immediate family. The definition of immediate family includes siblings and adult children and their spouses. The purchase of a family plot for families with several members can be a very expensive matter.

B. Texas Tomorrow Fund

If Ruth finds that she must spend down some of her assets and does not desire to spend any money on the items mentioned above she has another possibility that may fit well with her family values and belief systems. She and her husband can contribute any amount of money they would like to the Texas Tomorrow Fund for the education of a child. This is not always an attractive option as the elderly person loses control and the use of the money. Once the money is contributed to the fund the money cannot be returned. If the child decides not to go to college then the money will not be returned. Many elderly clients see this is a desirable alternative to spending the money on the nursing home and they have no desire to spend the money on themselves. Often the elderly person has a desire to gift the money to their children as the may have been a major goal of the accumulation of the assets in the first place. If they have grandchildren or great-grandchildren, then providing for their education is tantamount of gifting the money to their children without creating a penalty for the transfer. The child does not have to be a relative of the donor.

V. SPOUSAL IMPOVERISHMENT APPEAL

All of the possible uses of the modified spend down approach discussed above require the assets to be liquidated. The above discussion above also covered the problem that liquidation of the assets can entail, the loss of a step up in basis of a capital asset and the accompanying capital gains tax bill as well as the loss of the assets as an income producing item to support the community spouse. There is another alternative.

Almost twelve years ago your author spent over a year in constant struggle with the Texas Medicaid authorities to force them to recognize portions of the federal Medicaid statute that would allow community spouses to retain resources in excess of the PRA found by the Department. This process is called a Spousal Impovishment Appeal. Notice the word appeal in the title of the process as stated above a spouse using this technique would be denied benefits at the original application stage of the process as the first level Medicaid worker does not have the authority to allow for the protection of assets above the PRA developed by the Department as part of the application process. Once a denial based on excess resources (resources above the PRA figure) is obtained then an appeal can be filed seeking to increase the amount of resources that will be protected for the use of the community spouse. The process of determining the amount of resources is very complicated and is beyond the scope of this paper. However, it can be stated that the process most often results in the protection of assets at a higher level than is available through the standard PRA determined by the department at the application level. It is also important to again emphasize that only licensed attorneys are allowed to handle these types of appeals in the State of Texas. There are nonattorney groups that have attempted to handle these appeals for Texas seniors and such actions are in violation of the aforementioned criminal statute.

The advantages of this method over the spend down approach is obvious. If the assets can be protected under the expanded PRA then they do not have to be liquidated. If the assets consist of stock with a low basis or real estate that is difficult to sell the approach can be of great benefit. Since the asset can be maintained in place no capital gains tax is due and no problem arises because the asset is illiquid. Further, the greatest benefit can be the ability to use the asset to produce income for the community spouse for many years to come. Remember, the community spouse may lose a significant portion of her or his income if the applicant spouse passes away. They may lose the income from the retirement benefits that the applicant spouse was receiving at the death of their spouse. If the community spouse survives for many years after the death of the applicant spouse the lost income can be a significant financial burden to the community spouse.

The greatest benefit to the community spouse may be the intangible benefit obtained by being able to just maintain the status quo. The community spouse is in the midst of a traumatic experience of the likes that they may have never had to endure. Everything in their life has been jolted and jerked around, their spouse and loved one is no longer with them, they are having to deal with financial issues and quality of life issues such that nothing in their life seems to be stable or grounded anymore. The ability to hold on to their assets and not have to make these dramatic changes or to dispose of things they have held on to for many years during this time of upheaval can have an unbelievable calming impact on an otherwise unbearable and overpowering situation they find themselves faced with. This may be the first good news they have gotten since the process of placing their spouse in a nursing home began.

VI. SPOUSAL DIVERSION

Once the assets problem is surmounted and Fred is eligible for Medicaid it may be possible that we can give Ruth some additional good news. Many times the spouse will have talked to friends or relatives that have told her about the benefits she can expect once Fred is on Medicaid. Often the administrators at the nursing home have discussed the future she faces and the cost of care she will pay after Fred gets on the program. In these discussions Ruth would have been told that Fred will have to pay his entire income to the nursing home except he will be allowed to keep $60.00 a month as a personal needs allowance. All Fred's remaining income consisting of his social security check and his retirement check will be paid each month to the nursing home as Fred's portion of what DHS calls his "applied income". This is simply the amount of his income that is applied to the bill before Medicaid pays anything for his care. In most cases handled by your author the applied income is much smaller. The reason is that in most cases and certainly in Ruth's case a portion of Fred's income can be diverted from the nursing home bill or applied income to Ruth. What this means is that she would continue to receive all of Fred's income. She would therefore have his income to help her pay her living expenses. Once again it must be noted that she may only receive this income while he is alive. If Fred passes away she may lose a goodly portion of his income and only receive an increase in her social security check. That is why is can be so important to protect as many dollars of assets for her later use as is possible.

The ability to obtain a spousal diversion for Ruth is the reason that the purchase of an annuity has not been discussed as a manner of protecting the value of assets for Ruth. A quick search of articles dealing with these issues will disclose that it is possible for Ruth to liquidate all of her resources above the PRA and to purchase an annuity that pays a stream of income to her in her name only. You will remember from the discussion above that any income that comes in Ruth's name only (name on the check rule) will not effect Fred's eligibility in any way. This method converts assets that are countable to an income stream that is not countable and can result in Fred achieving eligibility for benefits while giving Ruth the income off the assets rather than having her spend down any assets to meet the PRA. Because the amount of diversion that Ruth is entitled to is based partly on her income level *the use of an annuity in this situation will prevent Ruth from receiving any diversion of Fred's income.* Many insurance agents will recommend the purchase of an annuity for Ruth is this situation without realizing that such a purchase will cost her the loss of Fred's income which in this case is $1638.00 a month for the remainder of Fred's life. This can result in Ruth losing close to $20,000.00 a year in income and if Fred survives 5 years she has lost $100,000.00 because of the purchase of the annuity. This is on top of the loss from the sale and liquidation of her assets and the payment of any capital gains taxes. Because of this tremendous loss of income, it has been the author's experience that the purchase of an annuity by someone in Ruth's position would be a terrible mistake and result in significant harm to her overall financial future.

VII. CONCLUSION

The techniques and strategies discussed in this paper have been set forth for informational purposes only. The work of advising clients and assisting them in obtaining government benefits for long term care is a complex and convoluted area of the law. It requires expertise in several areas of both Federal and State law and regulations. The impact of dealing with the applicant's property and the tax implications as well as the marital property laws of the state in which a couple may reside must all be considered before any course of action is undertaken. Additionally, the use of different techniques for Medicaid planning may run afoul of state fraud on creditor laws.

It is possible in most instances with careful preparation and planning to legally assist spouses such as Ruth to protect their assets and their income and in most cases the income of their spouse for their use at home. This will not solve all of the problems that Ruth is facing with the placement of Fred in a nursing home but it can help her with the financial impact and in turn reduce the emotional trauma she is experiencing. She no longer has to despair that she will be left destitute and unable to pay for her own living expenses.

Exhibit “A”

TEXAS STATUTES AND CODE

HUMAN RESOURCES CODE

Title 2. DEPARTMENT OF HUMAN SERVICES AND DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

Subtitle A. GENERAL PROVISIONS

Chapter 12. PENAL PROVISIONS

Current through End of 2001 Regular Session

§ 12.001. Prohibited Activities.

(a) A person who is not licensed to practice law in Texas commits an offense if the person charges a fee for representing or aiding an applicant or recipient in procuring assistance from the department.

(b) A person commits an offense if the person advertises, holds himself or herself out for, or solicits the procurement of assistance from the department.

(c) An offense under this section is a Class A misdemeanor.

Exhibit "B"

Applicant Spouse: Fred Smith Age: 81
Community Spouse: Ruth Smith Age: 79

Non interest bearing checking account	14,000.00
Passbook savings account	6,000.00
Money market account	12,000.00
Credit union accounts	36,000.00
Brokerage accounts	150,000.00
Stocks	2,000.00
Bonds	400.00
Mutual Funds	1,200.00
Notes	7,600.00
IRA's His name:	55,600.00
Life insurance: (his name only cash value)	12,000.00
Real estate	
homestead	128,000.00
lake lot	3,000.00
mineral interest	200.00
Automobile : 1996 Crown Victoria	7,000.00
Preneed burials (2)	12,000.00
Burial Plots (6)	2,700.00
Total assets	**512,700.00**

Her income : social security 451.00
His income : social security 800.00 pension 838.00 total $1638

He pays a medigap policy premium of $172.00 per month
He will be granted a personal needs allowance of $60.00 per month