

Iowa Medicaid Definition

In Iowa, Medicaid is also called IA Health Link and is a managed care program. The Iowa Department of Human Services' division of Iowa Medicaid Enterprise administers the Medicaid program.

Medicaid (Title 19) is a wide-ranging, jointly funded state and federal health care program for low-income individuals of all ages. While there are many different eligibility groups, this page focuses on Medicaid eligibility for elderly Iowa residents who are 65 years of age and older. Specifically, it covers [long term care Medicaid](#), whether that is in one's home, a nursing home, or an assisted living facility.

The American Council on Aging now offers a free, quick and easy [Medicaid eligibility test](#) for seniors.

Income & Asset Limits for Eligibility

There are several different Medicaid long-term care programs for which Iowa seniors may be eligible. These programs have varying financial and medical (functional) eligibility requirements, as well as benefits. Further complicating eligibility are the facts that the criteria vary with marital status and that Iowa offers multiple pathways towards eligibility.

1) Institutional / Nursing Home Medicaid – This is an entitlement program; Anyone who meets the eligibility requirements is offered assistance. Benefits are provided only in nursing homes.

2) Medicaid Waivers / Home and Community Based Services (HCBS) – This is not an entitlement program; The number of program participants is limited. Once the enrollment cap has been reached, there are wait lists. Services are intended to prevent and delay nursing home admissions and are provided at home, adult day care, or in assisted living. [More on Waivers](#).

3) Regular Medicaid / Aged Blind and Disabled – This is an entitlement program; If eligibility criteria is met, services can be received. Long-term care benefits, such as personal care assistance or adult day care, may be available.

The table below provides a quick reference to allow seniors to determine if they might be immediately eligible for long term care from an Iowa Medicaid program. Alternatively, one can take the [Medicaid Eligibility Test](#). **IMPORTANT**, not meeting all the criteria below does not mean one is ineligible or cannot become eligible for Medicaid in Iowa. [More](#).

2022 Iowa Medicaid Long Term Care Eligibility for Seniors									
Type of Medicaid	Single			Married (both spouses applying)			Married (one spouse applying)		
	Income Limit	Asset Limit	Level of Care Required	Income Limit	Asset Limit	Level of Care Required	Income Limit	Asset Limit	Level of Care Required
Institutional / Nursing Home Medicaid	\$2,523 / month*	\$2,000	Nursing Home	\$5,046 / month (\$2,523 / month for each spouse) *†	\$3,000	Nursing Home	\$2,523 / month for applicant*	\$2,000 for applicant & \$137,400 for non-applicant	Nursing Home
Medicaid Waivers / Home and Community Based Services*	\$2,523 / month	\$2,000	Nursing Home	\$5,046 / month (\$2,523 / month for each spouse) †	\$3,000	Nursing Home	\$2,523 / month for applicant	\$2,000 for applicant & \$137,400 for non-applicant	Nursing Home
Regular Medicaid / Aged Blind and Disabled	\$841 / month	\$2,000	Help with ADLs	\$1,261 / month	\$3,000	Help with ADLs	\$1,261 / month	\$3,000	Help with ADLs

*A Medicaid nursing home beneficiary cannot retain a monthly income up to this level. All of a resident's income, with the exception of a monthly personal needs allowance of \$50, Medicare premiums, and a spousal income allowance (if applicable), must go towards the cost of nursing home care.

†The rules governing eligibility for married couples that are both seeking nursing home Medicaid or a Medicaid Home and Community Based Services Waiver change after six months of Medicaid eligibility. At this time, married couples can choose to be considered as single applicants. By doing so, each spouse is able to have up to \$2,523 / month in income and \$2,000 in assets.

What Defines “Income”

For Medicaid eligibility purposes, any income that a Medicaid applicant receives is counted. To clarify, this income can come from any source. Examples include employment wages, Veteran’s benefits, alimony payments, pension payments, Social Security Disability Income, Social Security Income, annuities, IRA withdrawals, and stock dividends. Holocaust restitution payments and [Covid-19 stimulus checks](#) do not count as income and do not impact Medicaid eligibility.

When just one spouse of a married couple is applying for institutional Medicaid or a Medicaid Waiver, only the income of the applicant is counted. Put another way, the income of the non-applicant spouse is disregarded and does not impact the applicant’s Medicaid eligibility. However, to prevent spousal impoverishment, the non-applicant spouse may be entitled to a [Minimum Monthly Maintenance Needs Allowance](#) (MMMNA). In 2022, the MMMNA in IA is \$3,435 / month. If a non-applicant spouse has monthly income under this amount, income can be transferred from the applicant spouse to the non-applicant spouse to bring their monthly income up to this level. A non-applicant spouse who already has a monthly income of \$3,435 or more is not entitled to a MMMNA / spousal income allowance.

Income is counted differently when only one spouse applies for regular Medicaid Aged Blind and Disabled; The income of both the applicant spouse and the non-applicant spouse is calculated towards the applicant’s income eligibility. [Learn more about how Medicaid counts income.](#)

What Defines “Assets”

Countable (non-exempt) assets include cash and most anything that can easily be converted to cash to be used to pay for long-term care. This includes stocks, bonds, investments, credit union, savings, and checking accounts, and real estate in which one

does not reside. Many assets (resources) are also exempt (non-countable). Exemptions include personal belongings, such as clothing, household furnishings, an automobile, an irrevocable funeral contract, burial spaces, and generally one's primary home. For the home to be exempt, the Medicaid applicant must live in it or have "[intent to return](#)" and, in 2022, have a home equity interest under \$636,000. Equity interest is the value of the home in which the applicant outright owns. If the applicant has a spouse living in the home, it is exempt regardless of the above circumstances. Furthermore, there is no home equity limit for Regular Medicaid / Aged Blind and Disabled.

While one's home is generally exempt from Medicaid's asset limit, it is not exempt from Medicaid's [estate recovery program](#). Following a long-term care Medicaid beneficiary's death, the state Medicaid agency attempts reimbursement of care costs through whatever estate of the deceased still remains. This is often the home. Without proper planning strategies in place, the home will be used to reimburse Medicaid for providing care rather than going to family as inheritance.

Regardless of the long-term care Medicaid program for which one is applying, the assets of a married couple are considered jointly owned. However, the non-applicant spouse of a Medicaid nursing home or Waiver applicant is permitted a [Community Spouse Resource Allowance](#) (CSRA). In 2022, the non-applicant spouse (the community spouse) can keep 50% of the couple's combined assets, up to a maximum of \$137,400, as shown on the chart above. If the community spouse's half of the assets falls under \$27,480, they can keep 100% of the assets, up to this amount.

Iowa has a [Medicaid Look-Back Period](#) of 60 months that immediately precedes one's Medicaid application date. During this time frame, Medicaid checks to ensure no assets were sold or given away under fair market value. This includes gifts, as well as asset transfers made by one's spouse. If the look-back period has been violated, a [penalty period](#) of Medicaid ineligibility will be established.

Non-Financial Eligibility Requirements – For Iowa long-term care Medicaid, an applicant must have a functional need. For nursing home Medicaid and Waivers, a [nursing facility level of care](#) (NFLOC) is required. Furthermore, some program benefits may have additional eligibility requirements specific to that benefit. For instance, for a Waiver to pay for home modifications, an inability to safely live independently without modifications may be necessary. For long-term care services via the regular

Medicaid program, a functional need with the [activities of daily living](#) is required, but a NFLOC is not necessarily required.

Qualifying When Over the Limits

For Iowa elderly residents (65 and over) who do not meet the eligibility requirements in the table above, there are other ways to qualify for Medicaid.

1) Medically Needy Pathway – Iowa has a “Spenddown” program for persons applying for regular Medicaid / Aged Blind Disabled who have income over the Medicaid limit. This program allows applicants to become income-eligible for Medicaid services by spending “excess” income on medical expenses. This may include overdue medical bills, Medicare premiums, health insurance premiums, and medical bills that Medicaid won’t cover. In 2022, the Medically Needy Income Limit (MNIL) for individuals is the same as for married couples and is \$483 / month. The amount one must “[spend down](#)” can be thought of as a deductible. It is the difference between one’s monthly income and the medically needy income limit. In IA, the spend down is calculated for a 2-month period. Once one has met their “spend down” for the period, they are income-eligible for the remainder of the period. The medically needy asset limit is \$10,000 per household.

2) Miller Trust – Also called a [Qualified Income Trust](#) (QIT), or specific to Iowa Medicaid, a Medical Assistance Income Trust (MAIT). MAITs allow persons applying for nursing home Medicaid or a HCBS Medicaid Waiver who have “excess” income to become income-eligible. In simple terms, “excess” income is deposited into the irrevocable trust, in which a trustee has legal control, and is no longer counted as income for Medicaid eligibility. Irrevocable means the trust cannot be changed or cancelled. Money in the trust can only be used for very specific purposes, such as paying medical expenses and long-term care costs accrued by the Medicaid enrollee.

3) Asset Spend Down – Persons who have assets over Medicaid’s asset limit can “[spend down](#)” assets and become asset-eligible. This can be done by turning countable assets into non-countable ones. Examples include making home modifications (i.e., adding wheelchair ramps or stair lifts, [prepaying funeral and burial expenses](#), paying off debt). Remember, when spending down assets, it’s important that one does not give away assets or sell them under market value. This is because in Iowa, Medicaid has a “[Look-](#)

[Back” period](#) of 60 months. When “spending down”, it is best to keep documentation of how the assets were spent as evidence the look back period was not violated.

4) Medicaid Planning –The majority of persons considering Medicaid are “over-income” or “over-asset” or both, yet they still cannot afford their cost of long-term care. For persons in this situation, Medicaid planning exists. By working with a Medicaid planning professional, families can employ a [variety of strategies](#) to help them not only become Medicaid eligible, but also to protect their home from [Medicaid’s estate recovery program](#). [Read more](#) or [connect with a Medicaid planner](#).

Specific Iowa Medicaid Programs

1) [HCBS Elderly Waiver](#) – This Home and Community Based Services Medicaid waiver is intended to provide services to prevent and / or delay nursing home placement of seniors. Program participants have the option of directing their own care and hiring the care attendant of their choosing, including their own adult children. Other benefits include adult day care, home modifications, and personal emergency response systems.

2) [Program of All-Inclusive Care for the Elderly](#) (PACE) – Combines the benefits of Medicaid, including long-term care, and Medicare into a single program.

How to Apply for Iowa Medicaid

Elderly Iowa residents can apply for Medicaid online at the Iowa Department of Human Services (DHS) [Services Portal](#) or in person at their [local DHS office](#). Additional information about applying for Iowa long-term care is available on the state’s [DHS website](#). Persons may also contact their [local Area Agency on Aging office](#) for additional program information or for assistance with the application process.

Prior to applying for Medicaid, it is imperative that seniors are confident that they meet all of the eligibility requirements discussed above. For those who do not meet the criteria, or are unsure if they do, [Medicaid planning](#) can play an instrumental role. Applying for long-term care Medicaid is frequently a complicated and lengthy process. To learn more about the application process, [click here](#).