

# How Can You Protect Your Assets if You Need Skilled Nursing Care?

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When the possibility of skilled nursing care enters the picture, many families worry not only about health concerns but also about the financial impact of long-term care. With nursing home costs continuing to rise, proactive planning can help preserve hard-earned assets, protect a spouse or loved ones, and ensure access to quality care when it is needed most.

## Why Nursing Home Care Puts Your Assets at Risk

The cost of skilled nursing care can be staggering. In Pennsylvania, nursing home care often costs thousands of dollars per month, with annual expenses frequently exceeding six figures. Because [Medicare](#) only covers skilled nursing care for a limited period under specific circumstances, many individuals eventually become responsible for paying the full cost of their long-term care. As a result, a lifetime of savings can be depleted much faster than families expect.

For many people, paying privately for nursing home care is simply not sustainable over the long term. Even individuals with substantial retirement accounts, investment portfolios, or home equity can see those resources diminish rapidly after months or years of care. Without [advance planning](#), nursing home expenses can significantly reduce the assets available for a spouse, children, or future generations.

## How Medicaid Covers Skilled Nursing Care

[Medicaid](#) serves as the primary payer of long-term skilled nursing care for many Pennsylvania residents. Once an individual meets Medicaid's medical and [financial eligibility requirements](#), the program can help cover the substantial costs associated with nursing home care. Because of the financial assistance Medicaid provides, qualifying for benefits is often a key component of long-term care planning.

When determining eligibility, Medicaid distinguishes between countable and non-countable assets. Countable assets generally include bank accounts, investments, certificates of deposit, and certain other financial resources. Non-countable, or exempt, assets may include a primary residence under specific circumstances, personal belongings, household goods, and some prepaid burial arrangements. Understanding which assets are considered available resources is essential when developing a strategy to protect wealth while preserving Medicaid eligibility.

## Legal Strategies to Protect Assets Before Needing Care

The most effective [asset protection strategies](#) are typically implemented before nursing home care becomes necessary. [Early planning](#) provides families with more options and can help maximize the amount of wealth preserved for future generations while positioning individuals to qualify for Medicaid benefits when the need for long-term care arises.

## Medicaid Asset Protection Trusts (MAPTs)

A Medicaid Asset Protection Trust (MAPT) is a specialized irrevocable trust designed to remove certain assets from an individual's countable estate for Medicaid eligibility purposes. Assets transferred to a properly drafted MAPT are no longer considered owned by the individual, allowing those resources to potentially be protected from future nursing home costs.

Because Medicaid applies a [five-year look-back period](#) to asset transfers, MAPTs are generally most effective when established well in advance of needing care. While the assets placed in the trust may no longer be directly accessible to the person creating it, they can often remain available for the benefit of family members and heirs. When implemented correctly, a MAPT can provide significant protection for a family's wealth while supporting long-term care planning goals.

## Strategic Spend-Down Planning

[Strategic spend-down planning](#) involves reducing countable assets in ways that comply with Medicaid rules rather than simply spending money on nursing home bills. The goal is to convert assets that would otherwise affect eligibility into exempt resources or purchases that benefit the individual and family.

Examples may include paying off debt, making home improvements, purchasing necessary personal items, prepaying funeral expenses, or replacing an aging vehicle. By carefully structuring expenditures, individuals may be able to preserve value while moving toward Medicaid eligibility. Professional guidance is essential to ensure all transactions comply with applicable regulations and do not create unintended penalties.

## Property Transfers

Property transfers may play a role in asset protection planning, but they must be approached carefully due to Medicaid's five-year look-back period. Transfers that are not properly structured can result in periods of Medicaid ineligibility. With appropriate legal guidance, property transfers or other real estate planning tools may help families protect valuable property while preparing for future long-term care needs.

## Long-Term Care Insurance Options

[Long-term care insurance](#) is designed to help cover the costs associated with nursing homes, assisted living facilities, and in-home care services. By providing a source of funding for future care expenses, these policies can reduce reliance on personal savings and help preserve other assets.

The effectiveness of long-term care insurance is highly dependent on factors such as age, health, policy terms, and coverage limits. Individuals who purchase coverage earlier in life may benefit from lower premiums and more options. For some families, long-term care insurance can serve as an important component of a broader asset protection and elder law strategy.

## Asset Protection Strategies When Care is Needed Immediately

Although advance planning provides the greatest flexibility, families are often surprised to learn that important asset protection opportunities may still exist after a nursing home admission. Even in [crisis situations](#), experienced [elder law attorneys](#) can frequently identify legal strategies that preserve assets while helping individuals qualify for Medicaid benefits as quickly as possible.

## Options Available During a Nursing Home Admission

Many families assume that once a loved one enters a nursing home, all assets must be spent on care before Medicaid assistance becomes available. In reality, there may be legal planning opportunities available even after admission, depending on the individual's assets, family circumstances, and marital status.

Crisis Medicaid planning techniques can involve restructuring resources, converting countable assets into exempt assets, or implementing specialized financial tools designed to preserve property while meeting

Medicaid requirements. Acting quickly is important, as delayed planning can result in unnecessary depletion of assets.

## Medicaid-Compliant Annuities

A Medicaid-compliant annuity is a financial product that can, under certain circumstances, convert a lump-sum asset into a stream of income that complies with Medicaid rules. These annuities are commonly used in crisis planning situations, particularly when one spouse requires nursing home care and the other remains in the community.

When structured correctly, a Medicaid-compliant annuity can help reduce countable assets while providing income for a spouse or other permissible purposes. Because Medicaid regulations governing annuities are highly technical, legal guidance is critical to ensure compliance and avoid unintended consequences.

## Spousal Protections and Resource Allowances

Federal and state Medicaid rules contain important protections for spouses when one spouse enters a nursing home. These safeguards are intended to prevent the healthy spouse, often referred to as the community spouse, from becoming impoverished due to a partner's long-term care costs.

Depending on the circumstances, a community spouse may be permitted to retain certain assets and a portion of the couple's income while the nursing home spouse qualifies for Medicaid benefits. These resource allowances can play a critical role in preserving financial stability and quality of life for the spouse who continues living independently.

## Emergency Spend-Down Strategies

When immediate nursing home care is required, families may need to reduce countable assets quickly to help establish Medicaid eligibility. Fortunately, Medicaid rules permit certain expenditures that can benefit the individual or family while accomplishing spend-down objectives.

[Allowable strategies](#) may include paying off mortgages and other debts, purchasing exempt assets, funding home repairs, replacing necessary vehicles, or establishing qualified burial arrangements. Careful planning is essential because improper transfers or gifts can trigger significant Medicaid penalties and delay eligibility.

## Protecting Assets for Married Couples vs. Single Individuals

[Asset protection planning](#) often differs significantly depending on whether the individual needing care is married or single. Married couples may have access to spousal protection rules, resource allowances, income protections, and planning tools specifically designed to preserve assets for the community spouse.

Single individuals generally do not have access to the same spousal protections and may need to rely more heavily on advance planning strategies such as Medicaid Asset Protection Trusts or carefully structured spend-down plans. Because the available options vary considerably based on family circumstances, individualized legal guidance is essential to developing the most effective strategy.

## How a Pennsylvania Elder Law Attorney Can Help Protect Your Assets

Navigating nursing home costs, Medicaid eligibility requirements, and asset protection strategies can be overwhelming. Each family's financial circumstances are unique, and even a small mistake in planning can have significant consequences. An experienced Pennsylvania elder law attorney can evaluate your situation, explain available options, and develop a customized plan designed to protect as much of your wealth as possible.

Whether you are planning years in advance or facing an immediate nursing home admission, the right legal guidance can help you preserve assets while securing the care you or your loved one needs. The [elder law attorneys](#) at Knox Law assist clients throughout Pennsylvania with [Medicaid planning](#), [long-term care planning](#), [asset protection trusts](#), crisis planning, and other [estate planning](#) solutions. **[Contact Knox Law](#) today to schedule a complimentary consultation and learn how proactive planning can help protect your assets and your family's financial future.**

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