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Should You Sell Your Family Home to Pay for Long-Term Care?

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For many families, the family home represents far more than real estate. It is a place filled with memories, love, security, and financial stability. When long-term care or nursing homes become necessary, however, families are often faced with a difficult question: Should we sell the home to pay for care? While selling may seem like the obvious solution to obtain fast cash from the proceeds of the sale, the answer is not always straightforward. Understanding how long-term care costs work and how Medicaid treats your home can help you make a more informed decision.

What Long-Term Care Costs Really Look Like

Long-term care is expensive, and costs continue to rise each year. In Pennsylvania, skilled nursing home care can easily exceed $10,000 per month for a private or semi-private room. Assisted living, while sometimes less costly, can still range from several thousand dollars per month, depending on the level of care required. Even in-home care can become costly over time, especially when round-the-clock assistance is needed.

Many families are surprised by how quickly savings are depleted once long-term care begins. Retirement accounts, pensions, and Social Security income are often insufficient to cover these ongoing expenses for extended periods.

Because of these high costs, many individuals eventually turn to Medicaid for help paying for long-term care. Medicaid is the primary public program that covers nursing home care and, in some cases, home-based services. However, eligibility rules are complex, which often fuels confusion and unnecessary fear about losing assets. Some families, based on fear or bad advice, may start looking at major assets, like the family home, to bridge the gap.

Common Misconceptions About Selling Your Home

One of the most common misconceptions is that Medicaid requires you to sell your home before you can qualify for Medicaid benefits. In reality, Medicaid does not require an applicant to sell their primary residence in order to become eligible for long-term care coverage.

Another myth is that owning a home automatically disqualifies you from Medicaid. In Pennsylvania, this is simply not true. While Medicaid has strict income and asset rules, your primary residence may be treated very differently from other countable assets. These misunderstandings often lead families to sell a home prematurely, sometimes with long-term financial consequences.

How Does Medicaid Treat Your Home?

Under Pennsylvania Medicaid rules, a primary residence is generally considered an exempt asset while the homeowner is alive, as long as certain conditions are met. If the Medicaid applicant intends to return home, or

if a spouse or dependent relative still lives there, the home typically does not count toward Medicaid's asset limits.

However, exemption during life does not always mean the home is fully protected in the long run. Pennsylvania participates in the Medicaid Estate Recovery Program, which allows the state to seek reimbursement for certain benefits paid on behalf of the Medicaid recipient after death. This recovery may be pursued against assets in the estate, including a home that is still owned at death.

Estate recovery rules are complex, and there are important exceptions and planning strategies that may apply. Understanding these rules is critical before deciding whether selling the home is necessary, or even advisable.

When Selling Your Home Might Make Financial Sense

In some situations, selling the home may be a reasonable option. For example, if no spouse or dependents are living in the home and there is no intention of returning, selling the property might provide funds to pay for immediate care needs or other expenses.

Selling may also make sense if the property requires ongoing maintenance or carries high costs, such as taxes, insurance, or repairs that create financial strain. In these cases, converting an illiquid asset into cash may offer greater flexibility, but only if done carefully, with an understanding of Medicaid eligibility rules.

Alternatives to Selling Your Home to Pay For Long-Term Care

Many families are relieved to learn that selling the home is not their only option. With proper elder law planning , it may be possible to preserve the home while still qualifying for Medicaid benefits. Depending on the situation, tools such as Medicaid-compliant trusts or caregiver agreements may be appropriate.

Another alternative may be renting out the home to generate income, which can help offset care costs without giving up ownership. In some cases, a spouse or adult child may continue living in the home, maintaining both emotional and financial stability for the family.

Each alternative comes with legal and financial considerations, and the timing of decisions matters greatly. Making the wrong move, even with good intentions, can result in Medicaid penalties or loss of benefits.

Key Factors to Consider Before Selling Your Home

Before deciding to sell, families should carefully evaluate who lives in the home, whether the individual entering care may be able to return, and how the sale could impact Medicaid eligibility. It's also important to consider future estate recovery and whether planning strategies could preserve part or all of the home's value.

Emotional considerations matter too. Selling a family home can be stressful and irreversible. Taking time to evaluate all options with experienced guidance can help avoid unnecessary loss of an asset that may otherwise be protected.

Schedule a Consultation With an Experienced Elder Law Attorney

Deciding whether to sell your home to pay for long-term care is a major financial and legal decision, and one that should never be made based on assumptions or internet myths. At Knox Law, we help Pennsylvania families understand their options, protect their assets, and navigate Medicaid eligibility with confidence.

If you or a loved one is facing long-term care planning decisions, we invite you to schedule a complimentary consultation with an experienced elder law attorney. Contact us today to discuss your situation and learn how proactive planning may help you preserve your home and your peace of mind.

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