

# What Assets are Exempt for Medicaid Eligibility?

Posted on March 11, 2022



In order to qualify for [Medicaid](#) financing of long-term care services, an individual must be medically and financially eligible. The financial requirements limit the amount of “countable” resources and income that an individual can have and still [qualify for Medicaid](#) financing. Countable resources are the assets that are actually taken into account for Medicaid purposes. **There are also non-countable resources, which are not taken into account for Medicaid financial eligibility.**

## Non-Countable (Exempt) Resources

In order not to be counted for Medicaid purposes, an asset must either be specifically excluded by statute or otherwise unavailable. If an asset is specifically excluded, it is said to be “non-countable”.

See also: [Medicaid Spend Down: Convert Assets into Exempt Resources](#)

**Non-countable resources include the following:**

### Primary Residence

Generally speaking, an applicant’s primary residence is a non-countable (exempt) resource. The exemption of the residence applies so long as the applicant, the applicant’s spouse, or a dependent relative lives in the home. Temporary absences from the home for such things as trips and hospitalizations do not affect the exclusion of the home if the applicant intends to return to the home. An absence from the home of more than six (6) months may be an indication that the home is no longer the applicant’s primary residence.

However, the home of an institutionalized applicant/recipient that had been used as his/her principal place of residence before they were institutionalized will be excluded as a resource if the institutionalized applicant/recipient states in writing that it is their intent to return to the home or if the home remains the principal place of residence for their spouse or dependent relative. If the person is incapable of providing the information, statements of intent to return from a person with authority to act on behalf of the institutionalized

spouse (e.g., an agent under a power of attorney) are acceptable.

*Dollar Limitation on Home Equity.* If the applicant is the only person living in the residence, there is now effectively a dollar limitation on the amount of home equity that is excludable. The dollar limitation is \$500,000, indexed for inflation, beginning in 2011. However, the dollar limitation on home equity does not apply if the applicant has a spouse, child under age 21, or a child who is blind or disabled who resides in the home. **More on this subject here: [Is the Home an Exempt Asset?](#)**

## Household Goods and Personal Effects

Household goods and personal effects are resources that are not counted (are excluded) for the purpose of determining Medicaid eligibility. Personal effects include, but are not limited to, clothing, jewelry, items of personal care, recreational equipment, musical instruments and hobby items.

## Motor Vehicle

One motor vehicle for an applicant and/or their spouse is excluded. Other motor vehicles are counted at their equity value.

## Burial Spaces and Irrevocable Burial Reserves

Burial spaces and irrevocable burial reserves are generally excluded resources for determining Medicaid eligibility. Burial spaces for the applicant and their immediate family are excluded. Irrevocable burial reserves are excluded, provided that the funds for the burial reserve are deposited with a financial institution or a funeral director under a written agreement stating that the funds cannot be withdrawn before the death of the named beneficiary.

## Life Insurance Policies

Life insurance owned by the applicant, up to a maximum face value of \$1,500 for each insured person, is excluded. If the life insurance of an insured person has a total face value in excess of \$1,500, then only the cash surrender value in excess of \$1,000 shall be considered a countable resource to the owner.

## Property Essential to Self-Support

Property (whether real or personal) used in a trade or business by the recipient, as an employee, which is essential to self-support, regardless of value, is excluded.

**More on countable and non-countable assets can be found in our article: [Demystifying Medicaid Planning](#).**

**See also:** [What Transfers are Exempt from the Medicaid Transfer Penalty?](#)  
and [Medicaid Spend Down: Convert Assets into Exempt Resources](#)

---

**We can help you work through your (or your parents') Medicaid eligibility issues. We can also answer your other asset protection and estate planning questions.**

**Contact us at 814-459-2800 to set up an appointment to get your questions answered and set your mind at ease. It is never too late to implement a plan.**

---



## Jeffrey D. Scibetta

Jeffrey D. Scibetta focuses his practice on elder law planning, complex estate planning and administration, business & tax planning, and real estate. He has spoken to a variety of groups and professionals about all of these matters.

[jscibetta@kmgslaw.com](mailto:jscibetta@kmgslaw.com) • 814-459-2800

---

**Legal Advice Disclaimer:** *The content of this website is provided for general information purposes only. It should not be used as a substitute for consulting an attorney for legal advice regarding the reader's own affairs. Knox McLaughlin Gornall & Sennett, P.C. is not responsible for the content provided on any third-party website which may be accessed via links provided by this site.*

*Copyright © Knox McLaughlin Gornall & Sennett, P.C.  
Not to be reproduced without permission.*