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# What Is the 5-Year Look-Back Period for Medicaid?

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A look-back period is meant to prevent Medicaid applicants from giving away assets or receiving less than fair market value in order to meet Medicaid's asset limit.

All asset transfers within the look-back period are reviewed by the Department of Human Services. Any transfer over $500 in a month is deemed completed in anticipation of qualifying for Medicaid. This presumption applies regardless of amount or recipient. This presumption can be overcome by providing reason and documentation for each potential violation.

There is no allowance for the "annual exclusion" gift - even if you gift $15,000 per person, if the transfer falls within the 5 year look-back, then it will be considered a violation.

If violations are present, a penalty period of Medicaid ineligibility will result. The rationale is that but for the transfer, the assets were available to pay for the individual's long-term care. The violations must be within 60 months (5 years) of the Medicaid application date.

The period of ineligibility is determined by using the asset amount in violation and dividing it by the average daily cost of a nursing home. The average daily cost of a nursing home in Pennsylvania in 2020 was $352.86, or $10,732 per month.

**Example**

A woman entering a nursing home has gifted $200,000 to her daughters in the past 3 years. The woman meets all income and assets limits other than the $200,000 gift. A period of ineligibility is created for 557 days, or roughly 19 months. Medicaid will not pay for the woman's care until she has privately paid for the 19 month ineligibility period.

If the daughter(s) return the gift to their mother, the penalty period will be reduced accordingly. If $100,000 of the gift is given back, the penalty period is now 284 days, or just over 9 months.

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***See also:*** ***Look-Back Period vs. Period of Ineligibility*****,** ***How Do I Qualify for Medicaid?*****,** ***Is Medicaid Going to Take My Home?*** ***and*** ***Protecting Home From Medicaid - Add Children to the Deed?***

***A more detailed discussion on Medicaid can be found here: Demystifying Medicaid Planning***

**If you have questions about Medicaid eligibility or have other Elder Law or Estate Planning concerns, please contact one of our Elder Law Attorneys or call 814-459-2800.**

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