



Being a caregiver is hard work. Yes, *work*. Our friends at Nerd's Eye View posted an article explaining how you might be eligible for reimbursement through your state Medicaid's Cash & Counseling program. The original article was written by Rafael Bernard, MSFP, CFP® (of [In Good Company](#), a MassMutual collaborative learning lab) and posted on Michael Kitces' financial blog at [Kitces.com](#).

Note: This document features the executive summary only. Click [here](#) for access to the full article.

Nerd's Eye View at **KITCES**.com

Advising Clients On Becoming Reimbursed As Family Caregivers Under Medicaid's "Cash And Counseling" Program

The number of people who, in a relatively short period of time, will require daily long-term care is increasing by the day, and while some have purchased long-term care insurance, the reality is that many more have not, and will instead have to rely on other means of paying for care, including their own personal assets and Medicare, and potentially Medicaid.

For those who have no choice but to turn to Medicaid benefits, oftentimes family members attempt to intervene and provide care themselves instead, which in turn can put a strain on their own personal finances. Fortunately, under certain circumstances, family caregivers



may actually be eligible for some level of reimbursement from Medicaid for the time they spend caring for family members!

In this guest post, Rafael Bernard of In Good Company details the rules and planning issues when trying to qualify for “Cash and Counseling,” a Medicaid program that provides for a monthly budget for people on Medicaid whereby they can reimburse family caregivers for providing Activities of Daily Living (ADL) assistance services (albeit with rules that vary state by state).

The essence of the Cash and Counseling program is for an individual who already otherwise qualified for Medicaid to obtain a “waiver” that will allow them to use their Medicaid reimbursement payments to compensate a family member or friends for care. Unfortunately, securing the proper waivers is no easy feat, and even then, some states limit the total number of waiver enrollments, which could mean that the Medicaid recipient gets put on a waiting list. In addition, many states will not permit spouses to be reimbursed for ADL services, only other members (leading to the rise of a phenomenon known as “Medicaid divorce”). Additionally, to qualify, family members themselves first need to get training and then be approved by the state as a Personal Care Attendant (PCA).

To help protect themselves from Medicaid later re-labeling Cash and Counseling payments as inappropriate gifts, it’s advisable for the Medicaid recipient and family caregiver to meet with an Elder Law attorney to draw up a formal caregiver contract, and to meet with a financial management service company (FMC) to help with calculating payroll taxes and with tracking hours worked to respect the formalities of the program.

Ultimately, family members who decide to become caregivers will still face challenges of their own, especially since the Cash and Counseling reimbursements to family PCAs are not intended to be a “good” wage, but simply to help partially ameliorate (and buffer the financial opportunity cost of) what is otherwise an even more damaging family cost of taking time off to provide care during one’s peak earnings years. Nonetheless, with Medicaid recipients who receive in-home care from family members reporting a higher quality of life versus a nursing home, and many family members feeling an obligation to help provide care where at all feasible, the Cash and Counseling program may make it at least a little more economically feasible for family members to help their loved ones receive the care they wish to give themselves.