

Weighing the Ethical and Practical Sides of Planning for Long-Term Care

Estate planning is complex, involving not just legal and financial decisions but also ethical considerations. Should you create an LLC to guard against potential lawsuits? Some argue that people should pay their debts. Should you set up a trust to protect a beneficiary? Critics might say that if a divorce or lawsuit arises, the other party should be made whole. Even tax planning raises questions—if it's ethical to simply “pay the tax,” then why do so many people legally plan around it?

One of the most common (and most controversial) areas of planning involves **long-term care costs**. Families often explore Medicaid planning strategies, such as Medicaid Asset Protection Trusts, to qualify for government assistance without completely depleting what they've worked a lifetime to build. The tension lies between what feels like prudent planning and what some view as shifting personal responsibility onto the system.

What Is Medicaid Planning?

Medicaid is a joint federal–state program that covers long-term care expenses that Medicare does not. To qualify, applicants must meet strict **income and asset limits**. In New York, for 2025:

- **Asset limit** (single individual, nursing home care): \$31,175
- **Income limit** (single individual, nursing home care): \$1,732 per month
- **Look-back period** for institutional care: 5 years

To qualify, many families “spend down” their assets or use planning tools such as **irrevocable Medicaid Asset Protection Trusts (MAPTs)**, which shield assets from being counted for eligibility purposes. Once assets are placed in such a trust, they are no longer under your direct control, but they are preserved for your heirs.

The Ethical Debate

Critics argue that Medicaid planning allows people with substantial assets to use public funds for care, straining resources that were meant for the truly poor. Supporters counter that Medicaid planning follows the rules set by legislators, who fully anticipate these strategies.

And the debate misses a larger point: the **extreme cost of long-term care in the New York Metro area**. According to the **Genworth Cost of Care Survey (2023)**:

- **Private room in a nursing home (NY Metro area):** about **\$186,000 per year** (\approx \$15,500/month)
- **Semi-private room:** about **\$172,000 per year** (\approx \$14,300/month)
- **Assisted living facility:** about **\$87,000 per year** (\approx \$7,250/month)
- **Home health aide:** about **\$79,000 per year** (\approx \$6,600/month)

At these rates, even a healthy retirement nest egg can be depleted in just a few years. Few families can shoulder these costs without eroding their legacy.

So while there is an ethical question about “protecting” assets, there is also an ethical question about whether it is just for seniors to be forced to spend their entire life savings on care before qualifying for assistance.

The Current State of Medicaid Planning in NY

Thousands of New York families engage in Medicaid planning every year. Baby Boomers in particular—one of the wealthiest generations due to home ownership, pensions, and investments—now face the reality of \$15,000/month nursing home bills.

No one saved their entire life thinking, *“This will go toward my nursing home.”* They saved for retirement, for their spouse, for their children, and for dignity in old age. Medicaid Asset Protection Trusts and related strategies are simply tools to align those goals with the realities of the system.


Importantly:

- MAPTs must be created **at least 5 years before applying for nursing home Medicaid.**
- Assets transferred are no longer directly available to you.
- These trusts are irrevocable, requiring careful planning and professional guidance.

Conclusion

Planning for long-term care is both an ethical and practical issue. While critics may question the fairness of Medicaid planning, the staggering costs of care in the NY Metro area make it clear why families seek protection. The law permits these strategies, and the system is built with them in mind.

At **Legacy Fiduciary Group**, we help New Yorkers navigate these difficult decisions—balancing the preservation of assets with access to quality care.

 Call us at **(845) 400-8307** or visit www.LegacyFiduciaryGroup.com to schedule a consultation. Let's create a plan that reflects your values, protects your legacy, and ensures peace of mind for your family.