INSIDER GUIDE · 2026

Medicaid Spend-Down

How to qualify without going broke

1 What Is Medicaid Spend-Down?

If your income is slightly above your state's Medicaid limit, some states allow you to 'spend down' the excess by applying medical expenses toward the difference. It works like a deductible: once your medical bills reach the spend-down amount, Medicaid kicks in for the rest of the month.

Not all states have spend-down. It's more common in states that use the 'medically needy' pathway. Contact your state Medicaid office to find out if your state offers it and what the rules are.

DR. ED'S TIP: Spend-down rules vary dramatically by state. What works in New York doesn't work in Texas. Always check with your state Medicaid office first. Don't rely on general advice — including this guide — for state-specific rules.

2 Asset Protection: What You Can Keep

Your primary home is generally excluded from Medicaid's asset test while you live in it (equity limits vary: $752,000 or $1,130,000 depending on state in 2026). One vehicle is usually excluded. Personal belongings and household goods are excluded. Irrevocable burial trusts up to a reasonable amount. ABLE accounts up to $100,000 are excluded from SSI/Medicaid resource counts.

WARNING: Transferring assets to qualify for Medicaid can trigger a penalty period (up to 60 months lookback in most states). Never transfer assets without consulting an elder law attorney first.

DR. ED'S TIP: Asset planning for Medicaid is complex and the stakes are high. A mistake can disqualify you for years. If you have significant assets and need Medicaid for long-term care, consult an elder law attorney. Many offer free initial consultations.

3 Long-Term Care Medicaid vs. Regular Medicaid

Regular Medicaid covers doctor visits, hospital stays, and prescriptions. Long-term care Medicaid covers nursing home care, assisted living (in some states), and home-based care. The eligibility rules are DIFFERENT — long-term care Medicaid has much stricter asset limits and includes the asset transfer lookback period.

If you need nursing home care, applying for Medicaid sooner rather than later is critical. The lookback period means you can't give away assets today and qualify tomorrow. Planning ahead matters.

DR. ED'S TIP: If a family member may need nursing home care in the next few years, start planning NOW. Run a benefits check at 24help.org/screener and consult an elder law attorney about Medicaid planning strategies.

What's Next?

1. Run a free benefits check at 24help.org/screener
2. Ask Virtual Dr. Ed (free, 24/7) at 24help.org/ask
3. Apply First — call today, documents second

Over 2 million people turn to Dr. Ed every month.