

# Medicaid and Homes: Protecting Assets While Caring for a Parent with Dementia

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*Facing tough choices about a parent's home and Medicaid? Discover the pros and cons of selling vs. keeping the property.*

**By Harry S. Margolis**

## Question:

My son's mother has dementia and has been moved into a nursing home. Her only asset is the mobile home that she has been living in. She has no savings, no long-term care plan, receives meager SSI payments, very little Social Security and food stamps. I assume that Medicaid will put a lien against her mobile home, but who will pay the rent for the mobile home park?

## Response:

That's a common problem for nursing home residents. Under the Medicaid rules, beneficiaries may keep their homes, whether a mobile home as in your son's mother's case, or a permanent structure. But they must pay the bulk of their income to the facility. They're allowed to keep just a small personal needs allowance, often just \$72.80 a month, hardly enough to pay for the cost of maintaining a home, whether or not that cost includes rent to a mobile home park, real estate taxes, or other maintenance costs.

Perhaps the family could come up with the money, but that may not be a good investment depending on the value of the property. The state's lien will accumulate each month that your son's mother receives care and ultimately could easily exceed the value of the home.

Everyone may be better off simply selling the mobile home. Your son's mother would have to go off of Medicaid and pay the nursing home privately until she ran through the

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proceeds but then she could go back onto Medicaid and no one would have to be concerned about maintaining the property.

Some states permit nursing home residents to shelter excess assets in a “(d)(4)(A)” or “pooled disability” trust. If that’s possible in your state, the proceeds received from selling the mobile home could be transferred to the trust and used to pay for anything your son’s mother may need. In cases where nursing home residents have funds to spend down in addition to a home to protect, they can use money in these trusts to pay the maintenance costs of the home. However, due to the rules around these trusts it’s rare that they can be used to save money for the family.

I’m assuming your son is an adult and does not live in the mobile home. If he is under age 18, disabled or lived in the home for the two years prior to his mother’s move to the nursing home, he may qualify for exceptions to the usual Medicaid transfer penalties.

A local elder law attorney could advise you whether a pooled disability trust or other planning strategy might be available for your son and his mother. You can find one at [www.elderlawanswers.com](http://www.elderlawanswers.com).

### **About the author: Harry S. Margolis, JD**

Harry S. Margolis practices elder law, estate and special needs planning at [Margolis Bloom & D’Agostino](#) in Wellesley, Massachusetts, and is the founder of [ElderLawAnswers.com](http://ElderLawAnswers.com) and co-founder of the Academy of Special Needs Planners. He is author of “[The Baby Boomers Guide to Trusts: Your All-Purpose Estate Planning Tool](#)” and answers consumer questions about estate planning issues at [www.AskHarry.info](http://www.AskHarry.info). Please post your estate planning questions there.

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