



Ways to Pay – it's not one size fits all

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Many families are not prepared for the costs of senior care – whether it is provided in-home or in a senior living community. It's very confusing to determine what care is covered by Medicare and other government benefits and what a family is responsible for out of pocket. Even if you're lucky enough to have a long-term care policy, it may not cover everything.

Many families find that the best approach is to tap as many resources as possible. These resources could include:



Medicare

Medicare is a federally funded medical insurance program for all seniors over 65. Medicare pays only for short-term rehabilitation or skilled care needs that may be required after an accident, injury, or illness. Typically, a three-night hospitalization is the initial trigger for this type of stay, although many Medicare Advantage plans are waiving that requirement. The maximum amount

of time that is covered is 100 days. However, it is becoming increasingly rare for Medicare to authorize stays approaching 100-day maximum. Currently, the average Medicare rehabilitation or skilled care stay is about 14 days.

The copays associated with Medicare vary based on the length of stay. The first 20 days are fully covered by Medicare, with no copay. Days 21 through 100 require a co-pay of 20%, which is typically about \$150 per day.

Medicaid

Medicaid is both a state and federally funded program that covers some medical and care costs for seniors who have very limited resources. Unlike Medicare, Medicaid covers long-term care either in a skilled nursing setting or, in some states, also in assisted living or personal care settings. Medicaid assistance is based on a person's need and financial ability, the program's main criterion for eligibility is limited financial resources. Because it is both a state and federal program, the financial criteria and how the funds are utilized can vary dramatically from state to state. It is recommended that you contact the Medicaid office in the state where you reside.

Veteran's Aid and Attendance

The Veterans Aid and Attendance Pension is a federally funded program that provides benefits to reduce the cost of care for veterans and surviving spouses who require assisted living. The A&A Pension can provide up to \$1,794 per month to a veteran, \$1,153 per month to a surviving spouse, or \$2,127 per month to a couple. This benefit can be used for in-home care, senior living communities, and private-pay nursing homes. Veterans must meet certain service, asset and income qualifiers. The service requirement states that the veteran must have seen active duty during a time of declared war. The asset limitation is typically around \$50,000. The income threshold is a bit of a moving target, but essentially medical and care costs must exceed income.





Long-Term Care Insurance

Long-term care insurance is a private-pay option for insuring against future long-term care costs. These policies first became available in the 1990s and have evolved dramatically since that time. Like all individual insurance policies, the costs, terms, and benefits are highly variable. Most policies recommend purchase around age 55-65. Policy premiums vary based on benefit amount, pre-existing conditions, location, and other factors. Benefits can include a range of care services or just skilled

nursing care. Before selecting care services or settings, it is wise to review your long-term care policy with a qualified insurance agent to make sure you understand the coverage benefits and terms.

Private Pay

Most assisted living, personal care, and skilled nursing communities accept private-pay residents. This means that the resident and/or family is responsible for paying for the services directly. Most communities require a signed contract that is similar to a month-to-month lease. Life Plan Communities, also known as Continuing Care Retirement Communities, offer a variety of life-time care contracts that are very different from a typical lease arrangement.

Elderlife Financial Services

Elderlife Financial Services is a private company that offers flexible and convenient loan options for seniors who may have significant assets in a home that they could use to pay for care. The Elderlife Line of Credit may be an ideal option for those who need rent support while they wait for other benefits to begin or who are in the process of selling a home.

Life Settlements

Sometimes the liquidation of a life insurance policy through a Life Settlement can act as a “funding bridge” to help cover the cost of senior living services. A life settlement is the sale of an in-force life insurance policy for an amount greater than the cash surrender value but typically less than the death benefit. Liquidated funds can then be used to pay for senior care, assisted living, and other needs.

Companion Living

This is a more affordable option for two individuals looking for cost savings. Companion suites offer lower monthly assisted living rates without sacrificing amenities or services. Companion living is great for couples, friends and those looking to build new close friendships. Many but not all senior living communities offer this option to residents and potential residents.

Medical Tax Deductions

The Internal Revenue Service (IRS) provides a deduction for medical expenses including the cost of care in a nursing home, personal care home, assisted living community or similar institution if the primary reason for being there is to get medical care. The Internal Revenue Service Publication 502 defines a typical situation as one in which an individual is unable to perform at least two activities of daily living (eating, bathing, dressing etc.) without substantial assistance from another individual.

