



## Planning and Funding Care

The cost of long-term care for seniors varies as much as the types of care available and the degree of assistance you or a loved one need. In-home care is generally far less expensive, but costs vary greatly, depending on where you live, the level of care and hours of service required each week.

“Excellent in  
Service”

### **The Financial Impact of In-Home Care**

At first glance, the cost of professional in-home care and assistance may look greater than it truly is. That is, until family caregivers honestly consider the value of the time and financial sacrifices made to care for a loved one.

If you are a family caregiver, you understand that the responsibility requires a considerable amount of your time, time and attention your loved one deserves. As a caregiver, you get phone calls at all times, day and night. You coordinate transportation to and from medical appointments, grocery shopping and other errands. You have another home to clean. You are the one who helps pay bills, provides companionship and takes care of other tasks as needed. And you do this in addition to the other responsibilities you have, such as your job and other family duties. Considering all of this, is the cost of having a qualified, trusted and insured home care and assistance provider assume the caregiving tasks seem that high.

When you work with us, you will still will be in charge of the care your loved one receives. You just will not be responsible for the time-consuming, day-to-day caregiving responsibilities.

### **Paying Out of Pocket for Long-Term Care**

Seniors and their families often must tap into savings and assets to pay for long-term care, as many cannot afford long-term care insurance, many do not qualify for Medicaid and Medicare coverage is very limited.

The cost of care will depend greatly on the amount of care the senior requires. To get an idea of what the expense could be, research nursing home costs in your area, then calculate the total for a four-year stay. But actual costs cannot be predicted, as persons with Alzheimer's disease or other forms of dementia often need care for many more years.

In comparison, in-home care expenses are often much less. You can find out by researching costs in your area. In doing so, you may also need to get estimates of the cost of home adaptations to help you stay in your home.

In this article, we review some of the more common funding options for senior housing and long-term care services. Senior care can range from a few hours a week of personal care or companionship from an in-home care provider, to full-time in-home care, to skilled nursing care in a nursing home.

Many who have not done their research mistakenly believe that Medicare is the answer for long-term care. In reality, it covers only a very narrow range of costs. It is important that you understand ahead of time the benefits and limits of Medicare, so you adequately prepare for senior care needs.

Although rates vary, LongTermCare.gov estimates nursing home care costs at over \$6,000 per month.

How will you pay for long-term care? Options include Medicare, Medicaid (if you qualify), long-term care insurance, Veterans Administration benefits and out of pocket (from your savings and assets).

#### **Medicare**

As previously mentioned, Medicare applies to long-term care in limited circumstances, such as immediately following a hospital stay. Medicare covers short-term, physician-prescribed home health care for skilled nursing; physical, occupational and speech therapy; medical social services; and assistance with bathing, feeding and other personal care. Medicare does not pay for extended care.

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Medicare also covers up to 100 days of nursing home care in limited instances, and it helps cover the cost of some durable medical equipment for home use. It also covers hospice care for people diagnosed with a terminal illness and a life expectancy of six months or less.

### Medicaid and State Programs

Medicaid, the largest public payer for long-term care, will (if you qualify) pay for nursing home care and other costs that Medicare does not cover. It may also cover some in-home care services. Those who receive Supplemental Security Income (SSI) are likely to qualify for Medicaid automatically. You can also qualify if you have limited income and assets. Eligibility guidelines vary by state. Assets considered for eligibility generally do not include homes, cars, household furnishings or burial plots. In some cases, you may still qualify if your income exceeds your state's eligibility level. And in several states, seniors may qualify for Medicaid after they have spent their income and assets on nursing home or other health care expenses. This is commonly referred to as the Medicaid "spend down."

Older adults who do not qualify for larger government programs like Medicaid may find they qualify for state programs. Information on these can be found through local Area Agencies on Aging.

### Long-Term Care Insurance

Long-term care insurance helps seniors pay the costs of long-term care, preventing the depletion of life savings for extended care. However, coverage is expensive. Premiums increase with the age of the purchaser. According to The Wall Street Journal, a 55-year-old single adult can expect to pay \$2,065 a year for \$162,000 in benefits with 3-percent compound inflation protection (this increases your benefits to compensate for inflation).

If you earn ample income, premiums can be affordable, but you need to make sure you will still be able to pay the premium after you retire. And even if you can, you may not be able to justify the expense if you have the resources to pay for care out of pocket. Your financial planner can help guide you in this decision.

Not all long-term insurance policies are created equal, so be sure you know what you are buying.

Some policies cover only specific types of long-term care, while others will cover a variety, such as nursing home, assisted living or in-home care.

Know up front to what degree premiums may increase over time. Also, be aware that premiums vary by the number of years covered under the policy. Lifetime coverage can be very expensive.

Many long-term care policies have an elimination period -- that is, a waiting time during which the covered individual must pay for his own care. The longer the elimination period, the lower the premium.

Know what percentage of daily care costs your policy will cover and realize that inflation will increase the costs. Inflation protection is commonly sold as a rider for long-term care insurance.

Policies vary in how they define eligibility for benefits. Some plans, for instance, state that a senior qualifies when she can no longer perform certain defined activities of daily living.

### **Veterans Administration Aid and Attendance Pension Benefit**

Veterans and their surviving spouses may qualify for Veterans Administration (VA) benefits to cover some of the cost of in-home care. A veteran or a surviving spouse of a veteran who served at least 90 days on active duty with one day during a period of war may be eligible for the VA's non-service connected disability pension.

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