

How Are We Going to Pay for These Services?

OFTENTIMES, FAMILIES AVOID ARRANGING CARE FOR THEIR LOVED ONES BECAUSE OF UNCERTAINTY – HOW WILL THEY BE ABLE TO AFFORD SERVICES THAT WILL BE NEEDED? AT TIMES, FAMILIES WILL COME TO THE CONCLUSION THAT “WE’LL HAVE MOM OR DAD MOVE IN WITH US.”

While that scenario may seem ideal and most cost effective at the time, there are many sacrifices involved with moving Mom or Dad in with you. For example, the Family Caregiver Alliance estimates that informal caregivers may each lose an average of \$25,494 in Social Security benefits, \$67,202 in pension benefits and \$566,433 in wage wealth due to their duties. Combined, the result is a loss of \$659,139 over a lifetime.

On the other hand, moving to a retirement community, hiring in-home care and providing other services that might be utilized for your loved one can be equally as expensive. For example, if your loved one is moving to assisted living, they could be paying up to \$4,500/month or \$48,000/year. If they are moving to skilled nursing, they could be paying up to \$6,250/month or \$75,000/year. And, if your loved one is receiving eight hours of in-home care per day, seven days a week, they could be paying \$37,000/month or \$450,000/year.

The question many families ask themselves is, “How are we going to pay for these services?” It is a common misconception that Medicare will pay for long-term care services. Listed below are common forms of payment for long-term care and, as you will see, Medicare is not on the list.

LONG-TERM CARE INSURANCE

A nationally known long-term care insurance (LTCI) company states that “the chances of needing to use your homeowner’s insurance are one in 88; the chances of having

an auto accident are one in 47. The chances of needing long-term care are more than two in five.” Common reasons behind purchasing a LTCI policy include preservation of assets, decreasing the likelihood of “burdening the family” to assume long-term-care expenses and managing the quality of one’s care.

Adrian Young, JD, MBA of Ambassador Advisors, LLC states, “With the costs of skilled nursing continuing to rise and the federal and state governments making it increasingly difficult to receive medical assistance, LTCI is a vehicle that everyone should investigate. Policies should include a monthly benefit adequate to cover a stay today in addition to a compound inflation provision to help the policy keep up with these increasing costs. For the average 60-year-old couple, 20 years’ worth of premiums will be devoured in only 140 days of private paying for skilled nursing.”

LTCI plans can vary depending on the individual’s needs and desires. One’s long-term-care insurance plan may cover in-home care, assisted living and/or skilled nursing.

PRIVATE PAY

The American Association of Homes and Services for the Aging (AAHSA) states that nearly 40 percent of long-term-care spending is paid for by private funds. Amassing funds, for most, is a daunting task. It is often a great relief to the family to get a trusted and experienced financial planner involved. Mr. Young touches on a key issue by stating, “It is important to have a well-balanced and thorough plan. A sound plan

will encompass virtually every facet of one’s life and, as such, will benefit from professional advisors who share similar beliefs and values. It is often helpful to view one’s plan as the fulfillment of a legacy. First, people must ensure that they are financially secure through diversification and active management. Next, it is important to craft a strategy for one’s heirs that looks to minimize fees and taxes. Lastly, people should consider the fingerprint they want to leave on their community. There are countless tools and techniques available that allow people to accomplish the first two points while making a significant impact on those charities and ministries they care about. Achieving the fulfillment of all three pieces is the mark of a true legacy.”

VETERAN’S BENEFITS

Many veterans and surviving spouses are unaware of the benefits available through Veterans Affairs. One benefit, Aid & Attendance, can provide individuals with additional income that will help them pay for assisted living, skilled nursing and even in-home-care services. Veterans can receive up to an additional \$1,900 in monthly income and surviving spouses can receive up to \$998 in additional monthly income. A veteran must have served at least 90 days during wartime and have less than \$80,000 in assets (not including a house). For more information on Aid & Attendance and additional benefits, contact Daniel Tooth at Lancaster County’s Veterans Affairs Office.

MEDICAID

According to the PA Bar Institute, six out of 10 people will need long-term care. Of these individuals, two-thirds will need to apply for Medicaid (also known as Medical Assistance in Pennsylvania), which provides skilled-nursing-care benefits in a traditional skilled-nursing-care setting. In some cases, persons who require skilled care and have otherwise reduced their resources to the required level are also eligible for these benefits. In certain cases, Medicaid can also help individuals who are eligible for Medicare to pay for some or all of their Medicare premiums.

Planning and applying for Medicaid can be a complicated process, especially when there is a spouse remaining in the community who needs to preserve resources. As of January 1, 2008, the Maximum Community Spouse Resource Allowance is \$104,400. This is the amount that a spouse living in the community may retain while his or her spouse receives Medicaid. Brian Black, a local attorney with Gibbel, Kraybill and Hess, states, “In certain cases, a spouse living in the community may retain more than the \$104,400 limit.”

The first step in applying for Medicaid for a married couple is completing the Medicaid Resource Assessment form. This form helps to determine the resources a spouse living in the community may retain

while his or her spouse receives Medicaid. After this form is completed, and once the couple has reduced their resources to the required level of eligibility, the family must complete and file the Medicaid application. The community social worker from the skilled-nursing facility often assists families in this application process. However, while social workers and other staff members may assist in this process, it is important to note that they are not trained to determine appropriate planning steps that may be helpful or important prior to the couple applying for Medicaid benefits. Therefore, it is vital for families facing the possible need for skilled nursing to consult with an attorney or geriatric consultant who has expertise in Medicaid. ♦



Jessica A. Pavelko, a lifelong Lancaster resident and senior consulting specialist, launched Pavelko Senior Consulting Services, LLC (PSCS) in 2006. The business takes a unique personal and professional interest in seniors and their families by assisting them in making certain all of the resources are being utilized that best meet an individual’s needs. PSCS acts as an advocate and navigator for seniors, and helps them and their family members make wise decisions regarding the care that they desire and deserve. For more information, contact PSCS at 717-517-8871, e-mail at info@pavelko.org or visit www.pavelko.org.