

# Paying for Long Term Care



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## Agenda

- ★ Cost of long term care
- ★ Government sources for payment
  - ★ Medicare
  - ★ Medicaid
  - ★ VA Improved Pension
- ★ Reverse mortgages

## Care Alternatives

- ★ Home care
  - ★ \$15 - \$25/hr
- ★ Day care
  - ★ \$70 - \$90/day
- ★ Assisted living
  - ★ \$3,000 - \$6,000/month
- ★ Nursing home
  - ★ \$8,000 - \$12,000/month

## Medicare

- ★ Part A
  - ★ Hospital – inpatient
  - ★ Skilled Nursing Facility
  - ★ Home health
  - ★ Hospice
- ★ Part B
  - ★ Physicians
  - ★ Hospital – outpatient
  - ★ X-rays and laboratory tests
  - ★ Durable medical equipment
- ★ Part C: Medicare Advantage
- ★ Part D: Prescription Drugs

## Medicare

- ★ Skilled Nursing Facility
  - ★ Up to 100 days for recuperation
  - ★ Requires 3 days of hospitalization
  - ★ Physician certified, skilled services
  - ★ **Must continue to recover**
- ★ 1<sup>st</sup> 20 days: no deductible, no copay
- ★ Days 21 – 100: \$128/day copay

## Medicaid

- ★ Custodial care in approved nursing home
- ★ Must demonstrate financial need
  - ★ Spend down assets to \$2,000 (NJ)
  - ★ Income goes to nursing home
  - ★ 5 year look back period for transfers
- ★ Waiver programs for home care and community based services
  - ★ Income limit \$1,869/month (NJ)

## **VA Improved Pension Benefit**

- ★ Military qualifications
  - ★ Other than dishonorable discharge
  - ★ 90 days active duty; 1 day during wartime
  - ★ Over age 65
- ★ Income qualifications
- ★ Asset qualifications

## **2008 Benefit**

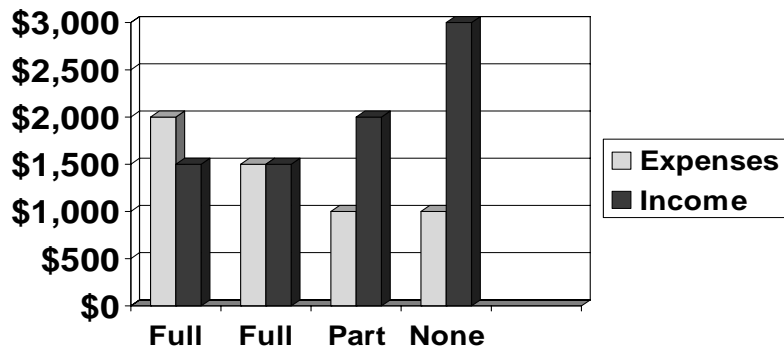
- ★ Veteran
  - ★ \$1,555/month
  - ★ \$18,654/year
- ★ Widow
  - ★ \$999/month
  - ★ \$11,985/year
- ★ Veteran & Spouse
  - ★ \$1,843/month
  - ★ \$22,116/year

# Income

Social Security + Pension  
vs.  
Unreimbursed Medical Expenses

# Income

## Income Qualification



## **Assets**

- ★ Maximum
  - ★ Under \$50,000
- ★ Financial and estate planning
  - ★ Financial advice
  - ★ Irrevocable trust
- ★ No look back period

## **Approval Process**

- ★ Average of 6 months for approval
- ★ Retroactive to 1<sup>st</sup> of month after submission
- ★ Need to be incurring medical expenses at time of application

## **Reverse Mortgages**

- ★ Age 62 or older
- ★ Cash poor and equity rich
- ★ Pay outstanding debts, mortgage, medical expenses
- ★ Never have to make payments

## **Seniors' Concerns**

- ★ Losing title
  - ★ Government or bank does not take title to their house
  - ★ Remain in home until sale or death
- ★ Closing costs
  - ★ Plan to live in home for a long time
  - ★ Not out-of-pocket
- ★ Leaving house to heirs
  - ★ Vs. quality of life today

## Reverse Mortgage Options

- ★ Lifetime payments
- ★ Lump sum
- ★ Line of credit
- ★ Combination
  - ★ Lump sum
  - ★ Line of credit

## Notes

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