

Five Ways to Pay for Home Care for the Elderly

By Janna P. Visconti, Esq.



Five Ways to pay for Home Care for the Elderly. Home care can be paid from private savings, long term care insurance, Veteran's benefits, Medicaid and reverse mortgage.

Private Payment and Insurance: Home care is often paid with the family's income, assets and savings. If the senior has a long term care insurance policy, it may cover all or a portion of home care costs. Since the daily rate tends to be lower, many long term care policies cover home care for a longer length of time than nursing home coverage. It is important to remember that long term care insurance is not the same as health insurance. Health insurance will not pay for long term care, either in a nursing home or at home. Medicare also will not provide meaningful long term care.

Medicaid: The Medicaid programs can provide for long term home care for people aged 65 or older, blind or disabled, who meet the eligibility rules. Medicaid has rules on medical eligibility, asset lev-

els and income levels. This article discusses the financial rules only.

Asset Levels: For a single applicant, Medicaid allows \$13,800 in countable assets. Your home does not count if your equity is under \$750,000, but you should consult an elder law attorney so that your home is protected from a Medicaid lien.

If your countable assets are greater than \$13,800, an elder law attorney can guide you in spending them down to the Medicaid level or in safely transferring assets out of your name. With home care, there is no Medicaid penalty for transferring assets and there is no look-back period, but transfers may prevent eligibility for nursing home Medicaid for a five-year period.

Income: Medicaid also has rules on the amount of monthly income the applicant may retain. Income is the monthly amount the applicant receives from Social Security, pensions, interest, and IRA distributions. Income greater than the Medicaid limit (\$787 for a single person), is

considered "excess income," and must be spent down on medical expenses before the applicant will be entitled to Medicaid benefits. An experienced elder law attorney can help you eliminate the requirement to spend down excess income by utilizing a special trust, called a Pooled Trust.

Veteran's benefits: Some wartime veterans and/or spouses are entitled to a benefit called Aid and Attendance, which can provide up to \$1950 (for a couple) to help pay for long term care at home or in an assisted living facility. In general, the veteran should have assets less than \$80,000, not including the home. The veteran must have served his or her country for at least ninety days, at least one day of which was during a war time period, and cannot have a dishonorable discharge from the service.

Reverse mortgage: In cases where a homeowner has inadequate income or savings, and is not entitled to Medicaid or Veteran's Aide

and Attendance, a reverse mortgage can enable a frail senior to access home equity. A reverse mortgage can pay for home care, home repair, and home modification. The amount borrowed must be repaid, with interest, when the homeowner moves out of the home.

The first step in understanding how to pay for home care is to plan ahead. With today's many choices and complexities the smart move is to consult with an experienced elder law attorney who can help you develop a strategy to fit your specific situation.

This article presents general simplified information. It is not legal advice and should not be used to make a decision on a specific home care situation.

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