

HOW TO PAY FOR SKILLED CARE

One of the things that concerns people most about nursing home care is how to pay for that care. There are basically three ways that you can pay the cost of a nursing home:

- 1. Long Term Care Insurance** - If you are fortunate enough to have this type of coverage, it may go a long way toward paying the cost of the nursing home. Unfortunately, long term care insurance has only started to become popular in the last couple of years and most people facing a nursing home stay do not have this type of coverage.
- 2. Pay with Your Own Funds** - This is the method many people choose at first. Quite simply, it means paying for the cost of a nursing home out of your own pocket. Unfortunately, with nursing home bills averaging around \$7,000 or more per month, few people can afford a long term stay.
- 3. Medicaid and Medicare** - These are primarily federally-funded and state-administered programs that pay for the cost of the nursing home if certain eligibility requirements are met.

There is a lot more to be said about long term care insurance and paying with your own funds, but we will concentrate on Medicaid and Medicare for purposes of this handout.

What about Medicare?

There is a great deal of confusion about Medicare and Medicaid. Medicare is the federally-funded health insurance program primarily designed for older individuals (i.e., those over age 65). There is a limited long-term care component to Medicare. In general, if you have had a hospital stay (not observation status) of at least 3 consecutive days, not counting the day of discharge, and then you need to go into a skilled nursing facility within the next 30 days (for rehabilitation or skilled nursing care), then Medicare may pay for a short period of time.

Typically, in that circumstance, Medicare will pay the full cost of the nursing home stay for the first 20 days and may continue to pay the cost of the nursing home stay for the next 80 days, but with a deductible that is over \$100 per day. Often times your Medicare supplement insurance policy will pay the cost of that deductible. So in the best case scenario, Medicare may pay up to 100 days.

Even if Medicare does cover the 100 day period, what then? What happens after the 100 days of coverage have been used? At that point, you are back to one of the other alternatives...long term care insurance, paying the bills with your own assets, or Medicaid.

What is Medicaid?

Medicaid is a benefits program that is jointly funded by the federal and state government. The program is administered by each state at the county level. So some aspects of the Medicaid rules are based on federal law and others are based on state law.

One of the primary benefits of Medicaid is that, unlike Medicare which only pays for skilled nursing, the Medicaid program is more flexible and will pay for long term custodial care. This means that Medicaid will pay for an individual's long term stay in a nursing home. However, unlike Medicare, Medicaid imposes financial requirements where the individual must have limited resources in order to qualify for benefits.

Do All Illinois Nursing Homes Accept Medicaid?

No, nursing homes in Illinois are not required to accept Medicaid, and so some nursing homes are private pay only. You will need to question this up front. Also, some nursing homes that do accept Medicaid will still require that there be sufficient funds to privately pay a certain number of months before they will allow a person admission to their facility.

Some nursing homes that accept Medicaid have a “distinct part” system. This means that certain beds are private pay beds and certain beds are Medicaid beds. A resident may start in a private pay bed and then move to a Medicaid bed once the private funds are depleted. If this is the case, the family advocate will need to watch and make sure the move is done in a timely manner because Medicaid will not pay the nursing home for a private pay bed, and if the private funds are depleted, there will continue to be a private debt to the nursing home.

Why Plan for Medicaid?

As life expectancies and long term care costs continue to rise, the challenge quickly becomes how to pay for these services. Many people cannot afford to pay \$7,000 per month or more for the cost of a nursing home, and those who can pay for a while may find their life savings wiped out in a matter of months, rather than years. Fortunately, the Medicaid Program may be there to help. But the eligibility to receive Medicaid benefits requires that a person pass certain income and asset tests. The reason for Medicaid planning is simple...a person plans so that if he or she needs it, he or she will be eligible to receive Medicaid benefits.

Do You Need An Attorney?

The Medicaid rules are complicated and often misunderstood. Many times people receive incorrect information from their neighbors, friends, financial advisors, or even from the nursing home staff. In addition, with the State budget constraints, Medicaid applications are increasingly being scrutinized by government caseworkers. For these reasons, it is important to consult with an attorney who is familiar with the Medicaid rules and who can properly advise you of the rules, as well as any exceptions or Medicaid provisions that may apply in your situation to help you qualify.

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When you have questions related to elder law, estate planning, probate, and guardianship, think of the attorneys at Dutton Casey & Mesoloras. With over 100 years of combined experience, Janna Dutton, Kathryn Casey, Helen Mesoloras, Michaela Franco, and Melissa LaPointe are here to assist you, and those you care about. In addition, Janna Dutton and Kathryn Casey are two of only a few certified elder law attorneys in Illinois.

Resources:

National Elder Law Foundation – www.nelf.org

National Academy of Elder Law Attorneys – www.naela.org

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Skokie, and Westchester, Illinois, or via video conferencing
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