

Paying for Long-term Care

What is Long-Term Care?

Long-term care may be described as the need for different levels of medical and personal assistance in a variety of settings over an extended period of time. Long term care includes home-based care, adult day care, assisted living, and nursing home care.

Who Pays for Long-Term Care?

Long-term care is expensive. Home based, non-medical services average about \$18 to \$24 an hour. In the Denver metropolitan area the average nursing home cost in 2009 is \$6,572 a month, approximately \$210 a day. Twenty-four hour home care can cost more than nursing home care, up to \$260 a day. Assisted living costs range from \$1,800 to \$5,000 a month, depending on the type of facility and the level of care required. These figures do not include ancillary items like, medications, personal items, phone, etc. Expenses add up quickly, especially if the need for care is an extended one. How do individuals and families pay for this care, especially over a long period of time? There are 3 ways:

- Long-term Care Insurance
- Private Pay
- Medicaid

Long-Term Care Insurance

Nursing home or long-term care insurance can pay all or part of long term care costs. How much of these costs is paid depends on each individual policy's benefits. Individuals who have such policies are advised to be familiar with the policy terms and to contact the insurance company when they meet the coverage requirements (deficiencies in activities of daily living). Most policies have home care and assisted living benefits, as well as nursing home coverage.

If long-term care need is imminent, individuals with long-term care insurance coverage should contact their insurance agent or the insurance company to confirm actual costs covered, when coverage begins, and how to obtain insurance reimbursement. It is important to understand the coverage and limitations of Long-term care policies before they are needed.

Long-term care insurance is not the same as Medicare supplemental (Medigap) insurance for persons with Medicare. Medigap insurance is health insurance. One or two older Medigap policies provide extra skilled nursing home days, but this benefit is limited and should not be considered adequate long term care coverage.

NOTE: Beginning in 2008 Colorado joined other states in forming a partnership with Long-Term Care insurance providers. The **Colorado Long-Term Care Partnership** is a public/private arrangement between long-term care insurers, Colorado's Medicaid program, the Division of Insurance, the Department of Human Services and the citizens of Colorado. It enables Colorado residents who purchase Long-Term Care Partnership insurance to have more of their assets protected if they later need the state Medicaid program to help pay for their long-term care. Colorado is using this approach to give its citizens greater control over how they finance their long-term care and to help shore up the public safety net against upcoming demographic pressures. For more information check the LTC Partnership website at: www.coloradoltpartnership.org.

Private Pay

Private pay refers to payment of home health care, assisted living, or nursing home expenses from an individual's own personal funds. Home health expenses can include hourly fees for aides and/or homemakers, nursing services, medications, therapy, wheel chair and medical equipment rental, and incontinence supplies. Nursing home expenses include monthly basic room and board

charge plus laundry, supplies, medications, oxygen, and therapy. Private funds also pay assisted living and adult day care costs.

Medicaid

Medicaid is a combined federal and state-administered program that provides payment for home-based services, assisted living, or nursing home expenses if an individual meets certain physical and financial requirements. Three requirements must be met:

- Medical need for long term care
- Income below a specified amount
- Resources below a specified amount

If an individual is eligible, Medicaid pays nursing home costs, minus the amount the patient is able to pay, as long as the above requirements continue to be met. Medicaid pays minimal home care costs for several hours a day, but not for 24-hour care. Medicaid also pays for assisted living, adult day care, respite care, and prescription drugs.

Medicaid is a federal and state program. The federal government sets most of the financial eligibility figures, as well as rules and regulations. The states are allowed some leeway in their interpretation of the federal guidelines. For this reason, Medicaid rules in each state differ to some extent. The following Medicaid information covers Colorado rules and regulations only. For information about Medicaid in other states, contact the state's Area Agency on Aging.

NOTE: Medicaid is **NOT** transferable between states. If an individual has long-term care Medicaid (Home and Community Based Services or Nursing Home) in one state, and they move to another state, they will need to start the process over with an application in that state.

Medicare

Medicare does not pay for long-term nursing home care, but rather for short stays under very specific rules. Medicare pays nursing home costs for up to 100 days per benefit period in a skilled nursing facility (SNF) only if an individual qualifies for skilled care under Medicare guidelines.

Days 1 through 20 in a skilled nursing facility may be paid by Medicare with no co-pay or deductible required from the individual. Days 21 through 100 require a substantial co-payment. The amount of the daily co-payment changes in January of each year. See Appendix I for the current co-payment amount. **These days are covered only if the individual continues to meet Medicare's guidelines for daily skilled nursing care including occupational, physical, speech therapy, or a combination of these. The individual's condition must show improvement according the Medicare guidelines in order for coverage to continue.** Once the individual no longer benefits from the skilled care, having reached a "plateau," Medicare no longer pays for care. When Medicare benefits end, the individual must pay the nursing home costs whether by means of long-term care insurance, with personal funds, or Medicaid.

Medicare offers very limited coverage for home care, again paying only if skilled care is required. The individual also has to be homebound, as defined in the Medicare guidelines.