

# The Truth About Paying For Long Term Care

*Tom Mulhern*

*Fall 2007 (updated October 2009)*

Before I tell you the truth about paying for long term care, I'd better try to define long term care.

Long term care is care provided over an extended period of time to meet your health or personal needs.

The name "long term care" suggests a contrast with "short term care." Short term care is the kind you get when you go to the doctor or go to the hospital. You get an exam, you get a diagnosis, you get a surgery or treatment or prescription of some kind, and you go home.

Long term care, in contrast, is more open-ended, and usually relates to a chronic illness or disability that causes you to need ongoing help.

**If you need help with any of the following, then you are a candidate for long term care (in one form or another):**

- Bathing, including getting in or out of tub
- Dressing or grooming
- Toileting, getting on/off stool
- Transfer, getting in and out of chairs, bed, etc.
- Walking, unsteady even with cane or walker
- Eating, forgetting to eat, needing help eating
- Preparing meals
- Managing medications
- Housekeeping
- Laundry
- Transportation

I could go on with this list, but you get the picture.

When you say "long term care," most people think "nursing home." And while residential facilities do indeed provide long term care, they are not the major provider of long term care in America.

Most long term care in America is provided in your own home, and most of that care is provided by family members. Nobody know exactly how much care is provided by family members, but Medicare estimates that it is around 70 percent of all long term care.

In addition to "residential care" provided in nursing homes and other facilities, and "family member care" provided in your home by a loved one, there is a third kind of long term care. This third kind of care includes professional services provided to you while you continue to live in your own home or someone else's home. These services are called "**community-based long term care**" and include things like adult day care, Meals On Wheels, housekeeping help, home health care, etc.

With both residential long term care and community-based long term care, somebody has to pay for your care. This brings me, finally, to the question raised in the title of this article.

## **Who Pays for Long Term Care?**

Who pays for long term care? The short and simple answer: you do.

Let me explain.

Here's how it works. To pay for long term care services – residential or community-based – you first spend almost all of your own money and resources. If your spouse is still alive, you can “divide” some of your assets so that your spouse is not totally impoverished by your long term care.

(For more information about the State of Kansas Division of Assets law, go to <http://www.srskansas.org/services/DivisionofAssets.htm>).

When you have become impoverished – in other words, when you “spend down” (out-live) your resources, or your share of your joint resources – then the government steps in and pays for your basic long term care services.

**Medicaid** is the federal-and-state-funded program that pays for your basic long term care services, once you become poor.

Note that **Medicaid** is government-funded health care for the poor. It is different from **Medicare**, which provides health care for persons age 65+ and persons with disabilities.

There is a widespread misconception among people of all ages that Medicare and Medicare-supplement insurance pays for a significant portion of long term care. Alas, THIS IS NOT TRUE.

If you have Medicare and a Medicare-supplement insurance policy, it pays for a very limited amount of long term care – usually just for a short period of time as you make the transition from short term hospital care to either residential or community-based long term care services.

Medicare and Medicare-supplement plans are not designed to pay for long term care; they are designed to pay for short term care (doctors, hospitals, and now prescriptions).

So what is the system for paying for long term care in the United States? The one I outlined above: you pay for your own long term care, and when you have spent most of your own resources (or your share of jointly-held resources), the government steps in with Medicaid.

This comes as a shock to many people, but that's how it works.

## **What about Long Term Care Insurance?**

You can buy private long term care insurance. Depending on the policy, it will help pay for both residential and community-based long term care.

However, not many people have private long term care insurance. As noted above, many people don't realize that they need such insurance, because they mistakenly believe that Medicare will provide more help than it does. Also, private long term care insurance is expensive, and the older you get, the more expensive it becomes.

At the end of this article you'll find a link to resources that can help you decide if long term care insurance makes sense for you.

## **Penny Wise and Pound Foolish**

Confusion about who pays for long term care and lack of familiarity with community-based alternatives causes many people to be "penny wise and pound foolish" about long term care.

Consider the following example.

John and Mary are in their early 80s. They live in the same home they have lived in for the past 40 years, and they have no desire to live anywhere else. Their two children live in different parts of the country.

John and Mary own their home outright, their retirement income enables them to live a modest middle-class lifestyle, and they have a \$72,000 nest egg.

But Mary now has Alzheimer's disease, and John has become her primary caregiver. He is taking on more and more cooking and cleaning responsibilities, and he's struggling to deal with some of Mary's behavior changes resulting from the disease.

John needs help, but he's not sure where to turn. He starts having Meals On Wheels delivered 5 days a week, with frozen meals for the weekend, and he and Mary both benefit from getting regular well-balanced meals. However, he worries about paying the \$3.25 per meal bill every month for 40-50 meals.

John looks into having a housekeeper come in to clean and do laundry for a couple of hours each week, but decides the \$12-15 per hour fee is just too expensive. A family friend suggests that Mary attend an adult day care program once or twice a week to give John a much-needed break. But Mary is reluctant to try this, and John balks at the \$55-70 daily fee.

So they muddle along for a few months, with Mary's condition gradually worsening and John getting more and more stressed in his role as unrelieved caregiver.

What happens? John reaches the end of his rope, and either has his own health crisis, or realizes that he has to make a drastic change or he WILL have a health crisis. Mary goes into a nursing home, John feels like he's failed her, and they start paying the nursing home \$4,000-5,000 per month for Mary's care.

OK, now rewind the tape.

What if John had gone ahead and hired the housekeeper for a couple of hours each week? And what if he had also started using the adult day services center once or twice a week, gradually

increasing the amount of time Mary spent at the day services center as her condition worsened? Maybe he also hires someone to do some chores around the house and yard, things that John no longer has the time or energy to do himself.

In this scenario, John is paying out \$500-1,000 per month for various community-based services. Seems like a lot, since he's paying for things that he and Mary used to do for themselves.

**But what if these services enable John to keep Mary at home for an additional 6 months, 12 months, 18 months?** Each of these months represents \$4,000-5,000 per month that they are NOT spending on nursing home care.

Let's see: spend \$4,000+ for one month in a nursing home, or spend the same amount for 4-6 months of in-home services. Which makes the most financial sense? Which living arrangement is the most appealing?

This is a simplified example, and there are certainly situations where a nursing home is an appropriate choice. When the person receiving care requires expensive round the clock professional care, or the caregiver is stretched beyond capacity, then a nursing home is both financially and emotionally the right choice.

My point is that it is not the ONLY choice. Many people can significantly delay or prevent altogether the need to use a nursing home IF they will take full advantage of community-based services AND START DOING SO BEFORE THEY REACH THE END OF THEIR EMOTIONAL ROPE.

This isn't just my biased opinion, either. In one recently-published study, caregivers for persons with Alzheimer's were able to delay nursing home admission of their loved one by 18 months through the use of care management-style counseling and community support.

*Mary S. Mittelman, DrPH; William E. Haley, PhD; Olivio J. Clay, MA; and David L. Roth, PhD: Improving Caregiver Well-Being Delays Nursing Home Placement of Patients with Alzheimer Disease. Neurology, November (1 of 2) 2006, Volume 67, pages 1592-1599.*

## **Conclusion**

Being a caregiver is a tough job with a lot of tough choices. The more you know about long term care financing and long term care services, the better you will be prepared to make those choices.

For more detailed information about long term care financing, long term care insurance, and all things related to long term care, visit the National Clearinghouse for Long Term Care Information website operated by the U.S. Department of Health and Human Services ([http://www.longtermcare.gov/LTC/Main\\_Site/index.aspx](http://www.longtermcare.gov/LTC/Main_Site/index.aspx)). This site has great resources, including a free "Own Your Future" planning kit that you can order or download.

*Tom Mulhern is the former Executive Director of the Saline County Commission on Aging in Salina, KS.*