

## **Long-Term Care: What Every Woman Needs to Know**

First the good news: women live longer. Now, the bad news: They don't necessarily live better. Moreover, the fact that women are much more likely than men to outlive a parent, spouse or other elderly relatives means that it often falls upon a woman's shoulders to help loved ones deal with such weighty issues as long-term care. Here are some important survival tips to help you navigate through this difficult area.

### **The High Cost of Dying**

Long-term illness can do more than ravage the body; it can destroy a family's finances. The odds are high that you or a loved one will spend time in a long-term care facility at some point. Each year, one in five Americans over 50 needs long-term care, while a study in the *New England Journal of Medicine* suggests that our lifetime chance of needing long-term care is roughly 50-50.

The more than 1.5 million Americans confined to nursing homes are spending a fortune for the privilege. Nationally, a one-year stay in a nursing home runs just over \$45,000, but can be more than double that in parts of the country.

What happens when an average family has to place a loved one in a long-term care facility? Many times, the result is financial ruin. A California study reported that after a 13-week stay in a nursing home, 34 percent of married couples and 70 percent of single patients were financially bankrupt as a result of long-term care expenses. That occurs to more than 500,000 families each year.

### **Paying for Long-Term Care**

Clearly, for all but the affluent, a stay in a long-term care facility can be a financially devastating. So, what are the alternatives?

#### **Medicare and Medicaid**

Every American taxpayer eligible for social security benefits is also eligible for Medicare, the government's medical insurance program. But Medicare only covers 9 percent of the individuals now in long-term care facilities. Instead, 70 percent of long-term care patients rely on Medicaid, the government's insurance program covering the financially destitute. Ironically, many of the patients it covers weren't destitute before they required long-term care. These patients had to first exhaust nearly every last dollar of their own financial resources on long-term care expenses before Medicaid kicked in to pick up the tab.

## *Long Term Care: What Every Woman Should Know*

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*Page 2 of 3*

*1052 words*

But what if you don't want to spend your last dollar on long-term care for yourself or a loved one? Most of us would rather see our legacies passed on to our loved ones, not the health care industry, after we're gone. The solution is easy, if you plan ahead.

### **Buying Long-Term Care Insurance**

With a long-term care policy, you or a loved one may be able to avoid any out-of-pocket long-term care expenses. But you have to acquire it early, before it's actually needed. Those in reasonably good health and in their fifties or sixties, can pick up a good policy for as little as \$100 dollars a month. Although that can be a significant expense for those on a fixed income, the government now provides a tax break to help ease the burden. You can itemize your long-term care premiums on your tax return, subject to limits based on age. If your medical expenses exceed 7.5 percent of your adjusted gross, you can deduct your medical expenses over this amount. To be eligible for the tax break, however, your policy must be "federally qualified," meaning that it meets these requirements:

- It begins paying benefits when you have been unable to perform at least two of five "activities of daily living" for the past 90 days. These activities include bathing, dressing, eating, control over continence, and physical mobility.
- Another "triggering" event is cognitive impairment, such as Alzheimer's disease.

Note that while that policies meeting these requirements may earn you a tax break, you might get it at the expense of other benefits worth more to you. For example, policies that don't but with more liberal coverage can give you protection sooner and cover more conditions.

For greatest peace of mind, consider a policy that offers you:

- Coverage for both nursing home care and home health care.
- A minimum of three years coverage for long-term care.
- A daily stipend of \$110
- Inflation protection
- Level premiums that won't increase as you get older.
- Guaranteed renewable coverage even if you become seriously ill or injured later on.

### **Survival Tips for Those Times When It's Too Late to Plan**

If one of your loved ones now requires long-term care, there are some survival tips you need to know to protect your own financial security while assuring quality care for a loved one.

- Remember that Medicare doesn't cover the majority of long-term care expenses.
- Although Medicaid covers long-term care, only the financially destitute are eligible. Many families must spend all their resources on long-term care before they can become eligible for Medicaid coverage.

***Long Term Care: What Every Woman Should Know***

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***Page 3 of 3***

***1052 words***

- Some families try to “cheat” the system by giving away their assets to loved ones. Unfortunately, the government is on to this tactic, and looks back over three to five years of an applicant’s financial records. If it finds that an applicant has given away assets to qualify for Medicaid, it may impose penalties or *even jail time* if it determines that Medicaid fraud motivated these gifts.
- Medicaid rules offer some financial protection for a well-spouse, allowing her to keep some income and assets while the ill spouse receives Medicaid coverage.
- If a loved one other than your spouse is in a long-term care facility, you are not liable for his or her expenses, even if you are that person’s heir, beneficiary, executor, or power of attorney. So no matter how much health care providers might pressure you to do so, don’t sign anything that might make you personally responsible for a loved one’s bills.

If this subject sounds complicated and intimidating, that’s because it is, especially for those already contending with a loved one’s illness. If you should find yourself in that predicament, our best advice is to seek out the help of a qualified attorney with expertise in Medicaid planning. He or she can help you navigate these difficult waters to protect your family’s well being – both financial and physical – to the greatest extent possible.