How to Pay for Senior Care
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What is Senior Care?
• Broad term, can mean different things
• In the community:
  • At home
  • At the home of a relative or friend
  • Independent apartment with option for services
  • Assisted Living
  • Memory Care
• Skilled Care:
  • Hospital
  • Rehabilitation
  • Nursing facility

How do we pay for Senior Long-Term Care?
• Privately (income and assets)
• Care and/or financial support provided by family members (free or reduced cost)
• Community Supports (church, organizations, friends and neighbors)
• Long-term care insurance
• Medicaid
  • Medical Assistance
  • Elderly Waiver/Alternative Care
• Veterans Benefits
  • Health Benefits
  • Financial Benefits

Private Payment for Senior Care
• Work with financial advisor to plan:
  • How to manage investments
  • Which assets to tap/liquidate for care
  • Come up with a plan based on your particular asset and income level and your anticipated cost of care
**Family & Community Supports**

- If family or friends are able, have a discussion about where they may be able to assist
  - Appointment scheduling and transportation
  - Medication management
  - Care Management
  - Transportation to social events
  - Meals on Wheels
  - Often supports available through religious organizations, clubs

**Long-term Care Insurance**

- Insurance that helps to cover the cost of senior care
- Kicks in when you need help with activities of daily living (how many? Depends on the policy)
- Can be expensive
- Target market is 50-65 years of age
- Can be difficult to qualify
- Can protect assets (partnership program)
- Can be structured many different ways (elimination period, maximum benefit, per day maximum, etc.)

**Long-Term Care Insurance Partnership Program**

- A partnership between the state government and private insurance companies; MN has one
- By having a policy that qualifies under the partnership program you can protect some of your assets if you need to receive MA benefits for long-term care
- Can retain assets equal to the amount of benefits you received under your long-term care insurance policy.

**Medicaid**

- How does this differ from Medicare?
  - Medicare does not pay for long-term care (senior care)
  - MN calls Medicaid, Medical Assistance
  - Waiver program for community care (for those at risk of nursing home placement; must meet level of care criteria)
    - Elderly Waiver (if over age 65)
    - CADI (if under age 65)
Eligibility for Medical Assistance

- Minnesota Resident
- Blind, Disabled or Over Age 65
- Meet Financial Eligibility Rules

Eligibility for Elderly Waiver

- Must be a Minnesota resident
- Must be age 65 or older
- Have a nursing facility level of care determined through a long-term care consultation by county social worker or nurse
- Must require waiver services to remain in the community
- The cost of EW services must be less than MA reimbursement for equivalent care in a nursing facility
- Must meet financial eligibility rules for MA
- Must have a 24-hour care plan to assure health and safety in the community
- Must be an available slot in the waiver program

Excluded Assets

- Homestead (possibly, depends on circumstances)
- One Vehicle (any value)
- Tangible Personal Property (if not kept for investment purposes)
- Pre-funded Funerals (must be set up to comply with MA rules)
- Some trusts (SNT, SuppNT, Pooled)
- Bank account with $3,000 or less

Unavailable Assets

- Certain Jointly Held Assets
- Assets of Unprobated Estate
- Property Involved in Pending Legal Action
- Real property listed for sale
- Life estate arrangements
Available Assets

- Homestead (possibly, depends on circumstances)
- Non-homestead real property
- Bank Accounts
- Certificates of Deposit
- Cash on Hand
- Bonds
- Stock
- Investment Accounts
- Retirement Accounts
- Cash value of life insurance
- Annuities with cash value
- Vehicles (if more than one), boats, trailers, campers
- Personal property held for investment purposes (art collection, coin collection, jewelry)

Spousal Impoverishment Rules

- Purpose is not to completely impoverish the community spouse
- Therefore:
  - Income of Community Spouse Protected
  - Asset allowance to the community spouse
  - Spousal Share of Assets Protected until Death of Community Spouse

Spousal Impoverishment Rules: Income

- Income of Institutionalized Spouse may be Allocated to Reach $2,005 Base Allowance for Community Spouse
- But will take into account standard shelter expenses such as utilities, rent/mortgage, real estate taxes, homeowners insurance, association dues
- Additional Allocation to Provide for Shelter Costs up to $3,022.50

Spousal Impoverishment Rules: Assets

- New Rule: Asset Assessment and division of marital assets is no longer required, instead:
  - Community spouse is allowed to keep available assets totaling the maximum community spouse resource allowance, currently $120,900
  - Resource allowance is updated in January
  - MA applicant is allowed $3,000
- If assets are in excess of $123,900 then they must be spent down or reduced appropriately
Look-Back Period for Gifting/Transfers

- The look-back period for transfers or gifts is 5 years (60 months) from the date of application.
- Gifts or transfers for less than fair market value are penalized unless they meet a transfer exception.
- 1 month penalty for every $6,280 transferred.
- Penalty period does not begin until applicant is otherwise eligible (i.e. spend down has been met).

Transfer Exceptions

- To Community Spouse
- To Representative of Community Spouse (i.e. Attorney-in-Fact or Trustee)
- To Disabled Child (any age, but must be certified disabled)
- Intent to Receive Fair Market Value
- Undue Hardship
- Not for purpose of MA eligibility (hard to prove)
- Pattern of gifting (works for charitable gifts) (no harm in trying)

Homestead Transfer Exceptions

- To Spouse
- To Minor or Disabled Child
- To Son/Daughter – 2 Year Caregiver Rule
- "Equity Interest" Sibling Residing There at least one year immediately before the applicant entered a LTC facility

Asset Reductions

- Prepaid Funeral Plans
- Vehicle
- Household & Personal Items
- Homestead Maintenance/Repairs
- Care
- Personal Services Agreement
- Debt
- Some pre-payments allowed
Estate Recovery

- Claim Exists for Benefits Received by Self/Spouse
- If married, collectable only on the Death of the 2nd Spouse
- What law is applied depends upon who received benefits and when
  - Changes to our Estate Recovery laws in 2009

Federal Veterans Benefits

- Benefits and services delivered primarily through 3 main entities:
  1. Veterans Benefits Administration
  2. Veterans Health Administration
  3. National Cemetery Administration

Veterans Benefits Administration (VBA)

- Administers the financial or monetary benefits for veterans
- Eligibility may be dependent upon:
  - Whether the veteran has a service-connected disability
  - Service record
  - Length of service
  - Whether service was during a war-time period

Veterans Benefits Administration (VBA)

- Some benefits available through the VBA include:
  - Burial Benefits
  - Insurance
  - Home Loan Guaranty
  - Rehabilitation (Education & Training)
  - Compensation
  - Non-Service Connected Pension
Compensation

- Monthly income available to veterans with service-connected disabilities
- Eligibility criteria:
  - Discharge was other than dishonorable;
  - Disease or injury was incurred or aggravated while on active duty; and
  - Disability is not due to veteran's own willful misconduct or alcohol/drug abuse.

Compensation

- Not barred by employment
- Not affected by earned or unearned income
- Tax-free
- Must have disability rating to receive compensation
  - Ratings range from 0% to 100%
  - 100% = totally disabled
  - Higher rating = more compensation
- Can request an increase if condition worsens
- Veterans with certain severe disabilities may be eligible for additional special monthly compensation

Compensation

- To receive compensation, must show proof of:
  - A medical diagnosis of current disability;
  - Medical or lay evidence of in-service occurrence or aggravation of a disease or injury; and
  - Nexus between in-service occurrence or aggravation and current disability.
- Presumptive conditions (i.e. certain conditions tied to Agent Orange exposure during Vietnam conflict)
- Survivors of veterans receiving compensation may be eligible for Dependency and Indemnity Compensation (DIC), accrued benefits, and/or death pension

Compensation

- To apply:
  - Complete VA form 21-526, Veterans Application for Compensation and/or Pension
  - Discharge papers
  - Dependency records (marriage or birth certificate)
  - Medical evidence (hospital/doctor reports)
### Compensation

- 2017 rates for a single veteran:
  - 10% = $133.57/month
  - 20% = $264.02/month
  - 50% = $838.64/month
  - 100% = $2,915.55
- Compensation increases if veteran has dependents (i.e. spouse, parent and/or child(ren))

### Non-Service Connected Pension

- Monthly income available to veterans or surviving spouses of veterans to offset the cost of health care
- Surviving spouse must have been married to the veteran for at least one year or have had children by the veteran if married less than one year and never remarried
- 3 types:
  1. Low income pension
  2. Housebound benefits
  3. Aid and Attendance benefits

### Non-Service Connected Pension

- Basic Eligibility Criteria:
  - 90 days of active duty service, one day must have been during a war-time period
- War Time Periods:
  - Gulf War: Aug. 5, 1990 – date to be set by Presidential Proclamation
- Discharge other than dishonorable

### Non-Service Connected Pension

- Basic Eligibility Criteria continued:
  - Limited income and assets
  - Permanent and total disability at time of application
  - 65 and older presumed disabled
  - Signs and submits an application for pension to the VA
Non-Service Connected Pension

- Low Income Pension:
  - VA's equivalent of SSI
  - To qualify a single veteran’s income must be less than $12,907 per year
    - Can deduct medical expenses from income if they exceed 5% of the maximum annual pension rate, or $645 per year
  - To qualify a married veteran’s household income must be less than $16,902
    - Medical expenses deducted if exceed 5% MAPR, or $845 per year

- Housebound benefits:
  - May be eligible if veteran or widowed spouse is determined to be disabled and is essentially confined to the home
  - Single veteran: annual income cannot exceed $15,773
  - Married veteran: annual household income cannot exceed $19,770
  - Can deduct the cost of unreimbursed recurring monthly medical expenses to reduce countable income

Non-Service Connected Pension

- Aid & Attendance Benefits
  - Provides greatest amount of pension
  - Must meet one of the following conditions:
    - Claimant is blind;
    - Claimant is living in a nursing home; or
    - Claimant is unable to:
      - Dress/undress or keep self clean;
      - Attend to the wants of nature; or
      - Has a physical or mental incapacity that requires assistance on a regular basis to protect claimant from daily environmental hazards
    - Claimant's physician must declare claimant in need of assistance of another individual, or in need of a protective environment

- Aid & Attendance Benefits:
  - Single veteran: income cannot exceed $21,531 per year
  - Married veteran: income cannot exceed $25,525 per year
  - Surviving spouse: income cannot exceed $13,836 per year
  - Unreimbursed recurring monthly medical expenses can be deducted from countable income
Non-Service Connected Pension

- Monthly pension rates for Aid & Attendance - Up to:
  - Single Veteran - $1,794 per month
  - Married Veteran - $2,127 per month
  - Surviving Spouse - $1,153 per month
  - Veteran married to Veteran (both A & A) - $2,846 per month

Non-Service Connected Pension

- Unreimbursed medical expenses paid by the claimant may be used to reduce the claimant’s countable income.
  - Examples:
    - Prescriptions
    - Medicare premiums
    - Supplemental insurance premiums
    - Co-pays
    - Medical Supplies
    - Cost of home care, assisted living, or nursing facility

Non-Service Connected Pension

- Asset Limitations:
  - Excluded assets: homestead, one vehicle, personal property and prefunded funerals
  - Old Rule: assets must be less than $80,000 if a married couple and less than $50,000 if a single person
  - New Rule: “sufficient means” standard takes into account life expectancy
  - If assets are owned jointly with someone other than a spouse, only the claimant’s share is generally countable

Non-Service Connected Pension

- Asset Transfers:
  - No lookback period on transfers
  - House and Senate are considering bills that include a proposal to amend Title 38 of the U.S. Code to consider transferred assets resources for applicants. A 36 month lookback period is proposed.
  - Must always be cognizant of how MA fits into the picture when considering making transfers of assets
Veterans Health Administration (VHA)

- To receive health care benefits, veteran must enter the system
- Must complete and file VA Form 10-10EZ (see Appendix)
- Enrollment is set up by priority groups (8 groups)
- For example:
  8: income above threshold and no SCD
  5: veterans receiving VA pension or eligible for Medicaid
  4: veterans receiving Aid & Attendance or housebound benefits
  1: SCD of 50% or higher

Veterans Health Administration (VHA)

- Nursing Homes:
  - Federal VA Nursing Homes
    - SCD of 70% or higher
    - No charge
    - Income and resources not a factor
  - Private Nursing Home with a VA contract:
    - SCD of 70% or higher
    - Generally no charge
    - No income or resource limitations
    - Contract renewed every 6 months

Veterans Health Administration (VHA)

- VA Health Centers (MN)
  - Minneapolis
  - St. Cloud
- VA Clinics (MN)
  - Alexandria
  - Bemidji
  - Brainerd
  - Fergus Falls
  - Hibbing
  - Maplewood
  - Montevideo
  - Rochester
  - St. James

Veterans Health Administration (VHA)

- Non-institutional long-term care services
  - Directly or by contract w/ community-based agency
  - Includes services such as:
    - Adult day care, respite care, hospice, home based skilled nursing care and home based primary care
    - May be subject to a co-pay
Veterans Health Administration (VHA)

- Home and Community Support – Caregiver Programs and Services
  - Skilled home health care, homemaker services, community adult day care
  - Respite care
  - Caregiver education and training programs
  - Family support groups and family counseling
  - Financial assistance with home modifications to improve access and mobility
  - Transportation assistance to medical appointments

- Prescription Drugs
  - Veteran enrolled in the VA health system can obtain prescriptions from a VA clinic
  - Copayments range from $0 to $9 per 30-day supply
  - Certain classes of veterans do not pay for prescriptions

- Hearing and Vision Support
  - Hearing aides and eyeglasses for veterans who receive A&A or housebound pension, compensation for an SCD, former POWs or purple heart recipients
  - Blind veterans may be eligible for services at a VA medical center or VA rehabilitation program

- Prosthetics
  - Vetera ns receiving VA care for any condition may receive VA prosthetic appliances, equipment and services such as home respiratory therapy, artificial limbs, wheelchairs, canes walkers, etc.