

How to Pay for Senior Care

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Your rock in a hard place

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 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 to run 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:
 - WWII: Dec. 7, 1941 – Dec. 31, 1946
 - Korean War: June 27, 1950 – Jan. 31, 1955
 - Vietnam Conflict: Aug. 5, 1964 – May 7, 1975
 - 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

Non-Service Connected Pension

- 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

Non-Service Connected Pension

- 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

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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

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Veterans Health Administration (VHA)

- 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

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Veterans Health Administration (VHA)

- 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
 - Veterans 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.

Thank you

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