

MEDICAID VS. LONG TERM CARE INSURANCE

The most **misunderstood aspects of the Medicaid program** are its long-term care (LTC) benefits. **Medicaid** is not **Long Term Care insurance**, but many who plan on it think it is. They may find themselves without the care they really need or desire. Before you think about letting **Medicaid** cover your long-term care needs, **it is best if you understand it's coverage and how it differs from Long Term Care insurance.**

MEDICAID

Medicaid is a program designed to provide a variety of medical and custodial services to those who cannot afford it. It evolved during the 1960s as a program for the indigent population who were surviving on less than about 125% of the official poverty level.

Medicaid for long-term care expenses is a great benefit for those people who haven't accumulated much, and now need long-term care services beyond what their families can (or will) provide.

Some individuals deliberately don't buy **Long Term Care insurance**, expecting to use **Medicaid** instead. There is a separate group of lawyers that helps older Americans bankrupt themselves in order to qualify for **Medicaid**. Unfortunately, many of these people find out too late that **Medicaid** does not offer what they desire - the same choice, benefits or coverage options provided by **LTC insurance**.

Medicaid is primarily state-run, resulting in varying degrees and types of LTC coverage.

Benefits and Requirements. For those who qualify, **Medicaid** covers custodial care in a nursing home. Custodial care is for when you can't perform some activities of daily living (ADL) without assistance:

- **Dressing – Bathing – Transferring – Feeding – Toileting - Continence**

Medicaid generally requires you to be unable to perform at least two of these six ADLs independently, similar to LTC insurance policies. If you qualify for **Medicaid** by meeting the ADL requirement and your state's income and spending down asset requirements, you can probably use **Medicaid** to pay for care in a nursing home.

MEDICAID and LONG TERM CARE INSURANCE

LTC insurance offers flexible options and benefits not found in **Medicaid**. But **Medicaid** does have a few benefits **LTC insurance** plans don't have. See the following chart for the key differences between these two ways of funding long term care. (Remember: All **Medicaid** programs and **LTC insurance** policies are different.)

Coverage/Benefit	Medicaid	LTC Insurance
Nursing-home stays	Usually	Usually
Coverage from the first day in a nursing home	Usually	Rarely: Only if you have purchased a zero day deductible (E.P.) policy.
Coverage for as long as needed in a nursing home	Usually	Rarely: Only if you have purchased an Unlimited Lifetime policy.
Coverage in any nursing home	Rarely: many places do not accept Medicaid	Usually! The choice is yours not that of others.
Coverage in a home-care situation	Not in most states	YES! Mostly! With LTC comprehensive LTCi plans.
Coverage for adult day care	Rarely	YES! Comp. Plans!
Coverage for assisted-living facilities	Not in most states	YES! Comp. Plans!
Coverage for Respite Care	Rarely	YES! Comp. Plans!
Access to all services at a nursing home	Rarely: often NO access to private or spousal rooms, shopping trips and personal-care items (family must pay for these things)	Usually! To private or spousal rooms available, trips, personal care and whatever else the policy benefit covers
Ability to stay in one place	NO guarantees: you can be moved if a facility stops accepting Medicaid patients, or becomes too full.	Yes, as long as the facility is open. Plus, you can change facilities at your will, even to back home if you desire to do so.

Nursing-Home Stays. Both **LTC insurance** and **Medicaid** provide nursing-home coverage. Most **LTC policies** cover other types of care in addition to, or in lieu of, nursing-home care.

In many states, nursing-home stays (for non-skilled custodial care) are all that **Medicaid** covers. This means, if you are covered by **Medicaid**, staying at your own home is not always an option - even though care given at home is less expensive and often what you really need and want. Compared to this inflexibility of **Medicaid**, **LTC insurance** can be a great advantage.

Not all nursing homes accept **Medicaid** patients. If the facility doesn't take certain types of state or federal funding, it might not have to take **Medicaid** patients either. So your facility of choice may not be available to you.

Medicaid doesn't cover the fun things in life: trips to museums, shopping centers or other non-medical forms of care. It may not cover a private room, or allow you to have your spouse as a roommate. There may even be a special "**Medicaid wing**" or floor in the facility.

In-Home Care. Aside from nursing-home care, in-home care is one of the two preferred ways to receive LTC. (The other is an assisted-living or continuing-care facility.) Much of the care people need is custodial in nature and can be given in a home setting.

If you and your spouse, like most others, prefer to stay in your home as long as possible, then **LTC insurance** is the way to go as it allows you to choose this type of care.

Also, if you (and/or your spouse) own a home, think twice before using **Medicaid** for receiving any form of LTC. If you receive care and your spouse remains in your home, some states may force your heirs to reimburse the costs of your care from the sale of your home when the community spouse - the one who stayed in the home - dies. This has come as a rude shock to many heirs!

Assisted-Living Facilities. Sometimes, before you quite need nursing-home care maybe you just want to live in a retirement-oriented facility. Assisted-living centers provide you with an apartment with housekeeping help, meal preparation and much more. If assisted living facilities appeal to you, **LTC insurance** pays, **Medicaid** doesn't.

Adult Day Care. Often family cannot be at home in the daytime due to work obligations and the individual cannot stay home alone because of Alzheimer's, dementia or other problem. Adult care can help! This care is often provided by churches and community centers. It's simple: drop the person off in the morning and pick him or her up in the afternoon. **LTC policies** cover this care. **Medicaid** does not pay.

DO YOU WANT TO RELY ON MEDICAID?

Deliberately adjusting your financial situation to get **Medicaid** appears simple: gift your assets and hope that the FIVE (5) year look-back rule on individual transfers over the \$1,500 limit doesn't catch you, or put your assets into a trust, hoping that the 5 year look-back period doesn't catch you..... and poof! **NOW YOU'RE POOR**, so **Medicaid** will have to pay for your needs.

If you go this route make sure you know what you are forgoing. Here are the things to keep in mind:

- Not all facilities accept **Medicaid** patients.
- The nicer nursing homes may all be booked up and not available.
- You may not be able to get care at home, where you really want to stay.
- If you come out of the nursing home for whatever reason (improvement, sick of the facility, or lack of privacy?), your assets are probably not available to you.
- Do you want a roommate that is not your spouse?
- Is getting out into the community (leaving the facility) important to you?
- Do you really want to give all your assets to a trust or your heirs while you're still living? What if they are involved in a divorce? Will that cause problems?

Think long and hard before counting on Medicaid for long-term care. You just might not get what you had expected.



ERNEST L. "Ernie" WILSON, CSA
Long Term Care Insurance Specialist
Certified Senior Advisor
Edmond, Oklahoma, USA