

PAYING FOR NURSING HOME CARE

By J. Terrence Moynihan, Attorney at Law

One of the things that concerns people most about nursing home care is how to pay for that care. There are basically four ways that you can pay the cost of a nursing home:

1. **Long Term Care Insurance** - If you are fortunate enough to have this type of coverage, it may go a long way toward paying the cost of the nursing home. Unfortunately, long term care insurance has only started to become popular in the last few years and most people facing a nursing home stay do not have this coverage;
2. **Pay With Your Own Funds** - This is the method many people are required to use at first. Quite simply, it means paying for the cost of a nursing home out of your own pocket. Unfortunately, with nursing home bills averaging \$4,500 to \$5,000 per month, or more, in our area, there are few people who can afford a long term stay in a nursing home;
3. **Medicare** - This is the national health insurance program primarily for people 65 years of age and older, certain younger disabled people and people with kidney failure. Medicare provides short term assistance with nursing home costs, but only if you meet the strict qualification rules; and
4. **Medi-Cal** - This is a federal and state funded and state administered medical benefit program which can pay for the cost of the nursing home if certain asset and income tests are met. Medi-Cal is called "Medicaid" in most other States.

The first two methods of payment (long term care insurance and paying with your own funds) are self-explanatory.

What About Medicare? There is a great deal of confusion about Medicare and Medi-Cal. Medicare is the federally funded and state administered health insurance program primarily designed for individuals over age 65. There are some limited long term care benefits that can be available under Medicare. In general, if you are enrolled in the traditional Medicare plan, and you've had a hospital stay of at least 3 days, and then you are admitted into a skilled nursing facility (often for rehabilitation or skilled nursing care), Medicare may pay for a while. (If you are a Medicare Managed Care Plan beneficiary, a 3 day hospital stay may not be required to qualify.)

If you qualify, traditional Medicare may pay the full cost of the nursing home stay for the first 20 days and can continue to pay for the next 80 days, but with a deductible that's about \$100 per day. Some Medicare supplement insurance policies will pay the cost of that deductible. For Medicare Managed Care Plan enrollees, there is no deductible for days 21 thru 100, as long as the strict qualifying rules continue to be met. So, in the best case scenario, the traditional Medicare/Medicare



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Managed Care Plan may pay up to 100 days for each “spell of illness.” In order to qualify for this 100 days of coverage, however, the nursing home resident must be receiving daily “skilled care” and generally must continue to “improve.” (Note: Once the Medicare and Managed Care beneficiary has not received a Medicare covered level of care for 60 consecutive days, the beneficiary may again be eligible for the 100 days of skilled nursing coverage for the next spell of illness).

While it’s never possible to predict at the outset how long Medicare will cover the rehabilitation, from our experience, it usually falls far short of the 100 day maximum. Even if Medicare does cover the 100 day period, what then? What happens after the 100 days of coverage have been used? At that point, in either case, you’re back to one of the other alternatives... long term care insurance, paying the bills with your own assets, or qualifying for Medi-Cal.

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