

A Long-Term Care Strategy That Provides More Than Hope

Growing up, my parents would frequently reiterate that hope is not a strategy. Although I did not always adhere to this guidance, their mantra has been confirmed more often than not. As my family is currently structuring long-term care plans for a loved one, I am reminded of the importance of an actual strategy in long-term care. In other words, hope is not an appropriate strategy for addressing long-term care planning either.

As my family has learned, long-term care is a necessity. According to the U.S. Department of Health and Human Services, 70% of people turning age 65 will need some type of long-term care service. In the same study, results demonstrated around 48% of people turning age 65 or older will need some type of **paid** long-term care services. These percentages suggest the need for a long-term care strategy more definite than hope.

Many families do not anticipate long-term care needs until a family member needs it immediately. While crisis long-term care planning is possible, the best time for thinking about long-term care is before you (or a loved one) need it. Planning for the potential need gives you time to learn about the wide variety of services and their costs. It also allows you the authority to make significant care decisions while you are still capable, as opposed to another person making the decisions for you.

What Is Long-Term Care?

Long-term care encompasses a broad spectrum of services and supports necessary for an individual's personal care needs. The care involves day-to-day help needed by people with illnesses that endure over time. These illnesses tend to be chronic, physical infirmity, or cognitive disability — reducing the individual's capacity to care for themselves. Long-term care is usually non-medical care that helps with a person's Activities of Daily Living (ADLs) such as:

- Personal hygiene (bathing/showering, grooming, nail care, and oral care)
- Dressing (the ability to make appropriate clothing decisions and physically dressing or undressing)
- Eating (the ability to feed oneself, not necessarily including the capability of preparing food)
- Maintaining continence (proper use of the restroom)
- Managing a home
- Managing medication

Funding Long-Term Insurance Expenses

Medicare

A common misconception about long-term care is that Medicare will ultimately pay for it. Some people expect that Medicare pays long-term care expenses for Medicare recipients. While Medicare may cover limited costs of short-term care, Medicare does not pay for non-skilled nursing home care. This means Medicare does not pay for non-skilled assistance with ADLs, which make up the overwhelming majority of long-term care services.

Medicaid

Medicaid (TennCare in Tennessee) may pay for long-term care services, but eligibility depends on the individual's financial and medical condition. Medical eligibility is contingent on the applicant's ability to perform ADLs. The scoring system varies in each state. In Tennessee, this means that TennCare may cover nursing home services for eligible applicants. TennCare may also cover home and community-based services for people who would need to be in a nursing home if they otherwise did not receive home care services. Finally, TennCare may also cover services that will help the applicant remain in his or her home if eligibility is met.

Financial eligibility includes assets **and** income. For example, an unmarried patient may have no more than \$2,000 in countable assets or monthly income at or below \$2,382 to qualify under financial eligibility. TennCare allows rules for "spending down" to become financially eligible for benefits by spending assets down to the resource limit for the program. There are several important rules governing spend down. Married couples also have some flexibility when only one spouse applies.

Department of Veterans Affairs (VA) Assistance

Similarly, the Department of Veterans Affairs (VA) may provide assistance with the long-term care expenses for certain veterans or surviving spouses already receiving a pension. There are two types of "special monthly pension": (1) housebound benefits and (2) aid and attendance. Housebound benefits are awarded when the VA determines that a claimant, who has already been determined to have a disability, is now permanently housebound. Aid and attendance is available to a claimant receiving a pension when the VA determines that the claimant needs the aid and attendance of another person.

The VA's assistance comes in the form of a reimbursement for the costs of long-term care services of veterans or surviving spouses. This means the VA will send the veteran or surviving spouse pension payments for money already spent on long-term care. The veteran or surviving spouse must already be paying for long-term care before applying. This process may take several months.

Long-Term Care Insurance

Long-term care insurance is an insurance policy that reimburses long-term care expenses. This insurance may require that the policyholder pay for long-term care services out-of-pocket for a certain amount of time. Long-term care insurance can be available through an employer or purchased through an individual policy. This insurance is available to most people, but people with certain health conditions may not qualify for long-term care insurance. For instance, a person with persistent neurological conditions may not be eligible.

It is important to note that long-term care insurance coverage and standards vary among different insurance companies. Some policies only pay for room and board in a facility while not covering other items like medications or linens. Likewise, some policies may limit the amount or length of time it pays. Finally, receiving payouts on long-term insurance policies can prove to be difficult in some scenarios. Look carefully at each policy as there is no universal long-term care insurance policy.

Understanding the Costs Associated With Long-term Care

Another common issue is miscalculating the costs of long-term care. Whether one overestimates or underestimates the cost, most people do not understand the costs associated with long-term care. It is important to understand that cost variations exist depending on care setting, geographic location, and level of care. The cost of care in Tennessee will look different than the cost of care in Alabama. Also, a semi-private room at a nursing home facility will not cost the same as a hiring a person to provide services in an individual's home.

When planning for long-term care expenses:

- Assess available resources
- Plan early
- Know the rules of government-funded care to determine if an individual may qualify

If you have questions regarding long-term care planning, please reach out to me, [Isiah Robinson](#), or another member of our [Estate Planning](#) team.