



Paying For Services

When it comes to paying for long-term care and services, many people incorrectly think that Medicare or standard health insurance will pay. Planning ahead is essential as costs for a nursing home can be \$50,000 per year, and assisted living and home services can be \$30,000 or more depending on the setting, scope and duration.

The United States very much needs a new way to finance long-term care and supportive services so that people can live as independently as possible and can afford solutions to help them live fully.

Following are current ways people pay for senior housing and services. For more extensive third-party information, we recommend this site from the U.S. Department of Health and Human Services <http://www.longtermcare.gov>.

1. Private Pay

This is essentially self-insuring where you use your accumulated savings and other income such as investment income and Social Security to pay for housing and service options. It's your money, and you self-direct it.

2. Long-Term Care Insurance

Long-term care insurance may provide a high level of coverage depending upon the policy benefits but it can get expensive particularly for older adults. As a general rule, the sooner you enroll, the lower your premiums will be. Some states, such as Minnesota, have a Long-Term Care Partnership Plan, where you can preserve some of your assets while still qualifying for Medicaid by purchasing a state-endorsed long-term care insurance policy.

3. Medicare

Medicare may cover short-term rehabilitation provided in a nursing home or in the home after a major medical condition or event requiring a hospital stay, but it doesn't provide longer term housing or supportive services.

4. Medicaid

Medicaid covers long-term care only for those who meet strict state-specific financial eligibility requirements. Personal investments and assets must be almost completely exhausted before Medicaid can be accessed. Medicaid also limits the provider options.

What Government Pays for in Senior Services

Long-Term Care Service	Medicare	Private Medigap Insurance	Medicaid	You Pay on Your Own
Nursing Home Care	Pays in full for days 0-20 if you are in a nursing home following a recent hospital stay. If your need for skilled care continues, may pay for the difference between your co-payment of \$133.50/day for days 21-100. After day 100 does not pay.	May cover the \$133.50/day co-payment if your nursing home stay meets all other Medicare requirements.	May pay for care in a Medicaid-certified nursing home if you meet functional and financial eligibility criteria.	If you need only personal or supervisory care in a nursing home and/or have not had a prior hospital stay, or if you choose a nursing home that does not participate in Medicaid or is not Medicare-certified.
Assisted Living Community	Does not pay.	Does not pay.	In some states, may pay care-related costs, but not room and board	You pay on your own except as noted under Medicaid if eligible.
Continuing Care Retirement Community	Does not pay.	Does not pay.	Does not pay.	You pay on your own.
Adult Day Services	Not covered.	Not covered	Varies by state, financial and functional eligibility required.	You pay on your own [except as noted under Medicaid if eligible.]
Home Health Care	Limited to reasonable, necessary part-time or intermittent skilled nursing care and home health aide services, and some therapies that are ordered by your doctor and provided by Medicare-certified home health agency. Does not pay for on-going personal care or custodial care needs only (help with activities of daily living).	Not covered.	Pay for, but states have option to limit some services, such as therapy.	You pay on your own for personal or custodial care, except as noted under Medicaid, if you are eligible.

Source: U.S. Department of Health and Human Services

5. Reverse Mortgages

A reverse mortgage is a type of loan that gradually converts the built-up equity in a person's home into money. The payments are tax-free, there are no health requirements, and the loan doesn't have to be repaid until the owner moves or dies. Heirs can then sell or refinance the property. Your state commerce department can help you determine the pros and cons of this for your particular situation.