

Long Term Care Myths

Anticipating the need for long term nursing home care is crucial to protecting a lifetime's accumulation of assets from the high costs of nursing home stays. However, many people remain financially unprepared when a nursing home stay becomes a reality.

- MYTH 1

It will not happen to me! The need for long term care may result from sudden medical problems, such as a stroke or heart attack, or from gradual deterioration of health and the ability to function independently, usually due to chronic illness. Nearly 50% of those age 65 or older will find it necessary to spend time in a nursing home at some point in their lives, according to the Health Care Financing Administration.

- MYTH 2

I am covered by Medicare! Medicare pays less than 3% of total nursing home costs in the United States. It simply does not cover the costs of long term care. While in a nursing home, an individual receives one of three levels of care, depending on the nature of the condition.

SKILLED CARE: Skilled care is medically necessary care provided continuously, day in and out, by licensed medical professionals (doctors, nurses, therapists) working under the direct order of physicians.

INTERMEDIATE CARE: Intermediate care is similar to skilled care, but can be performed on an occasional rather than daily basis.

CUSTODIAL CARE: Custodial care is for people who require room and board, plus assistance meeting daily living requirements, including getting in and out of bed, dressing, eating, care of personal hygiene, etc. Licensed medical personnel are not required, but care must still be supervised and given according to a doctor's orders.

Medicare coverage relates only to skilled nursing care in a Medicare certified skilled nursing facility. It covers up to 150 days of skilled care per year, only if required by a physician, and with a co-payment. The fact that Medicare covers only skilled care is important. About 95% of patients in nursing homes receive custodial, not skilled, care according to a Harvard University study.

- MYTH 3

My supplemental health insurance will provide protection from the high cost of nursing home stays! Like Medicare, Medicare supplement (Medigap) policies are designed to cover acute short term illnesses. Most plans follow Medicare guidelines, paying only for services Medicare considers eligible. Since many Medigap policies contain the same restrictions regarding nursing home care as Medicare, they were never intended to cover long term care.

- MYTH 4

It cannot cost that much to stay in a nursing home! About 70% of single people admitted to nursing homes are impoverished within one year, and about 50% of all couples are impoverished within one year of one spouse being admitted, according to a study by the U. S. House of Representatives. The current cost of nursing home care averages \$48,000 per year, according to “The Consumer’s Guide to Long Term Health Care Insurance” (Health Insurance Association of America).

- MYTH 5

If I cannot afford it, I will go on Medicaid! Medicaid coverage currently pays about 44% of all nursing home costs nationally, according to a study by the Health Care Financing Administration. To become eligible for Medicaid assistance, an individual has to virtually deplete his or her income and assets. Assets it took an entire lifetime to build. Eligibility requirements for receiving Medicaid assistance are complex and vary from state to state. In general, a person cannot have more than a certain level of income and assets in order to qualify for assistance. If an individual’s income and assets exceed this level, they must be “spent-down” before a person can qualify for public assistance.

- MYTH 6

Even if I do not qualify for Medicaid now, if I have to enter a nursing home in the future, I will just transfer all my assets to my family so I will qualify! To prevent people from deliberately transferring assets to others to qualify for Medicaid covered nursing home care, most states have rules governing the transfer of assets. Many such rules state that a person cannot have transferred assets to others within a certain period of time before applying for Medicaid assistance.

- MYTH 7

My family will take care of me! No doubt, some families would prefer taking care of parents themselves rather than having them enter a nursing home. Unfortunately, many families, despite the best intentions, do not have the medical knowledge and are not able to handle the financial and emotional demands of an ailing parent. This need makes it almost impossible for an adult, child or spouse to remain home to provide care. Changes in our society have made this a much less feasible alternative:

- Families are dispersed farther than ever before
- Families have fewer children to contribute to care
- The need for dual incomes makes home care difficult
- The cost of a parent’s nursing home stay is enormous

It can be especially difficult to bear if a family is also trying to save for its own retirement and children’s education.

- MYTH 8

Nursing home policies never pay! The most common reasons some long term care policies do not pay benefits are many:

REQUIRE AN INSURED BE HOSPITALIZED FIRST

If the insured is not hospitalized before entering a nursing home, but enters a nursing home directly from home, the policy may not pay. Individuals should look for a policy that allows them to go directly to a nursing home without prior hospitalization.

THE POLICY COVERS ONLY A SPECIFIC TYPE OF CARE

Look for a plan that covers all three levels of nursing home care - skilled, intermediate and custodial.

- MYTH 9

I will buy nursing home insurance in five years and save the premiums! Premiums are higher when individuals apply at a later age. Applicants also face a greater risk of being ineligible for coverage due to health problems.

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