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2015 LONG-TERM CARE FREQUENTLY ASKED QUESTIONS (FAQ)

1. **What does long-term care mean?**
   Long-term care refers to personal services and medical care provided on an ongoing basis in a person's home, an assisted living facility, or in a nursing home.

2. **Who needs long-term care?**
   Individuals who are unable to attend to their activities of daily living often need the assistance of others to accomplish basic personal care needs. These are the types of individuals that benefit from the assistance provided in long-term care setting.

3. **What are the activities of daily living?**
   Bathing, dressing, grooming, eating, toileting, ambulation and medication management are considered to be the activities of daily living.

4. **How much does long-term care cost?**
   Depending on the type of setting in which the long-term care is being provided will determine the costs. Private duty in home 24-hour care can exceed $13,000 per month. Assisted living costs, on average, range from $2,500 to $7,000 per month, depending on the type of care levels that are required. Nursing home private pay costs on average range $8,000 to $10,000 per month.

5. **What are the ways to pay for long-term care other than private pay?**

   a. **Medicare:** Those enrolled in traditional Medicare will be entitled to full coverage in a nursing home for rehabilitation for 20 days, IF they are admitted after a 3 day hospital stay. If a patient continues to meet the Medicare skilled nursing guidelines, day 21 to day 100 are covered 80% by traditional Medicare. Individuals

who have Medicare supplemental policies may have coverage for the additional 20% not covered by Medicare from day 21-100. When a patient no longer meets the skilled nursing guidelines, Medicare coverage will end.

b. **Long-term Care Insurance:** Long-term care (LTC) insurance must be purchased when an individual is healthy enough to qualify, so it requires advance planning. Most LTC insurance products today cover in home care, assisted living facility care and nursing home levels of care. The LTC Partnership Program provides an additional benefit of preserving more of your assets when and if the time comes to make an application for Medicaid benefits in the nursing home. Any LTC insurance representative can educate those interested in purchasing LTC insurance on the benefits of the Partnership Program.

c. **Medicaid:** Medicaid is a jointly funded state and federal program. It is based upon medical and financial eligibility of the applicant and their spouse if they are married. Medicaid requires spending down assets before chronic care in the nursing home or assisted living setting will be covered. There are many planning techniques used by elder law attorneys for single and married persons to reach the asset requirements for Medicaid. It is in your best interest to consult an elder law attorney regarding the planning technique that best suits your situation before you attempt to re-arrange your assets for eligibility purposes.

d. **Veteran's Benefits:** The Veteran's Administration provides financial assistance to Veterans and their widows. However, to obtain the highest level of support, an individual's unreimbursed medical expenses must exceed their income. The Veteran's program is helpful in an in-home care situation and the assisted living setting. Once a person reaches a nursing home level of care, the Veteran's benefit consists of a small monthly stipend. The application process for the Veteran's benefit is a long and arduous process and usually requires assistance from a VA representative or an elder law attorney versed in the area of Veteran's benefits.

6. **What are the criteria to qualify for Medicaid assistance in the nursing home setting?** There are three basic eligibility criteria required to obtain Medicaid coverage in the nursing home. Nursing home Medicaid is referred to as the Institutional Care Program (ICP). Eligibility criteria are determined by two entities, the Department of Children and Families (DCF), which determines financial eligibility and the Department of Elder Affairs (DOEA), which determines a medical level of care.

a. **Level of Care:** First and foremost a person must require the care provided in a nursing home and reside in a Medicaid (ICP) facility. It is very rare that any nursing home does not participate in the ICP program for their long-term

residents. There is team of assessors from the DOEA called CARES that will meet with a resident and review medical records to determine if a resident meets a medical level of care for a nursing home setting.

b. **Income:** Florida is one of a handful of states that requires an ICP Medicaid applicant to meet income criteria. Individuals whose **gross** income exceeds the income cap effectively do not qualify for ICP assistance without establishing and funding a qualified income trust (QIT).

The 2015 income cap is $2,199 gross income per month

NOTE: DCF has taken the position that a QIT cannot be executed by another individual other that a spouse unless that individual holds a power of attorney with specific authority authorizing the execution of a QIT. In the absence of a power of attorney or specific authority to create the QIT, it may be necessary to seek the appointment of an emergency temporary guardian for the purpose of creating the QIT.

c. **2015 Asset Limits:** All applicants and their spouses must meet certain asset requirements before the Medicaid applicant can qualify for application of benefits.

An applicant is allowed $2,000 in total assets, excluding exempt assets.
A spouse is allowed $119,220 in total assets, excluding exempt assets.

Exempt Assets (assets not counted in determining eligibility):

1. Homestead property with a principal value less than $543,000
    a. Outstanding mortgage can be used to reduce the value of the property.
2. One automobile of any value.
    a. Other automobile values will be counted as part of the asset base if less than 7 years old.
3. Home furnishings.
4. Life insurance with a face value of less than $2,500.
5. Prepaid burial and funeral arrangements.
    a. Irrevocable arrangements do not have a value limit.
    b. Revocable arrangements cannot exceed $2500.

*While an applicant and the spouse must meet asset eligibility requirements in the month benefits are desired and all excess assets must be spent down, the community spouse has 90 days after the approval of benefits to transfer all assets into their name alone.

7. **Do I get to keep any of my income if I am in the nursing home receiving Medicaid benefits?**

   Yes, the nursing home resident is allowed to keep $105 of their income to use for their personal needs. The remainder of the Medicaid recipient's income is payable to the nursing home as the patient responsibility.

8. **How will my spouse pay our bills if all of my income is payable to the nursing home?**

   Medicaid allows a spouse to retain some of the Medicaid recipient's income to pay household bills if their income is low and they meet required income standards.

7. **What are the common mistakes people make when trying to meet the ICP requirements?**

   a. transferring the home to a non-spouse;
   b. believing that the IRS annual gift exclusion applies to Medicaid planning transfers;
   c. giving away assets with no understanding of transfer penalties;
   d. transferring assets without legal authority to do so;
   e. penalty clock for transfers begins running at the time of application;
   f. failing to disclose known income, assets or transfers; and
   g. failing to count all gross income of applicant.

8. **When is it too late to protect assets?**

   There really is no time limit on preserving whatever assets remain. While some of the planning strategies may not make sense for the amount of assets remaining, there are always options available to preserve assets. Even most or all of the funds received from inheritances or proceeds from the sale of a homestead can be preserved while a person is already receiving Medicaid benefits. The action to do so must be swift and often can be completed timely enough to maintain Medicaid status without missing a beat.

The information provided in this handout is based upon current Medicaid laws and regulations and has been prepared for informational purposes only and is not intended as a substitute for legal advice. Because Medicaid laws and regulations are subject to change, it should be understood that any long-term care planning involves risks that cannot always be anticipated.