

Paying For Long Term Dementia Care

Cheatsheet by Krista Montague, CDP

Purpose of This Cheatsheet

Not everyone who cares for someone with dementia will have the desire or need to outsource care for their loved one. However, due to the progressive nature of the disease, their care will likely become more than what one person can reasonably take on. This will be one of your best tools for burnout. Even if you intend on caring for your person with dementia at home until their last days, having a Plan B alone is a BIG help to mental health of the caregiver. The sooner you can get a plan for paying for their care in place, the better. However, this cheatsheet will give you a path no matter where you and your person with dementia is in the disease process.

This cheatsheet is based on information we all learned from guest speaker Paige Fox, Esq.

Different Types of Long Term Care:

Facilities/ Long Term Care:

- a. **Independent living** cost in the US is an average of \$3000 a month (Medicaid doesn't pay for this)
- b. **Assisted living** cost in the US is an average of \$5000-\$7000 a month (Medicaid can pay for this with specific waivers)
- c. **Skilled Nursing Facilities** (aka Nursing Homes) cost in the US is an average of \$8000-\$11000 a month (Medicaid can pay for this)
- d. **Home health care** with agencies goes from \$18-\$35 an hour, an average of \$27 an hour, by far the most expensive form of care (Medicaid can sometimes pay for this)
- d1. If you're planning on paying someone "under the table" or not with an agency privately like a family member, be sure to carefully document the payments if you plan on using Medicaid in the future & ideally have a caregiver contract with them.

Long Term Care Insurance:

- a. **Traditional long term care insurance** is an insurance policy that will pay for long term care however:
 - a1. You usually need to have been paying into it for years before the care is needed
 - a2. Is expensive
- b. **Partial long term care insurance** will pay for some long term care however:
 - b1. Won't pay for it all, so your person with dementia or you will take on some of the financial cost
 - b2. Can still be expensive
 - b3. Ideally still needs to be set up at least a few years in advance before care is needed

Paying For Long Term Dementia Care Cheatsheet

Medicaid vs Medicare

- a. Medicare for seniors does NOT cover long term care costs, only short term like hospitalizations, doctor visits etc.
- b. Medicaid DOES pay for long term care for seniors and disabled individuals who are BOTH low income and who do not have assets in their name (threshold is different in each state).
Note, this isn't a type of insurance, this is a government handout.
- c. Long term care facilities that will accept Medicaid are usually very few & far between. They usually have waitlists to get in even when you are approved for Medicaid.

Legal Process of How To Get Medicaid To Pay For Care When You Have High Income/Assets

Plan A: Starting Before or in Early Stages of Dementia

Plan ahead before disease progression or at the very beginning of the disease process (ideally 5 years before applying to Medicaid).

- a. Contact an elder attorney in your state using elder attorney organization directories online
- b. Getting them to set up a irrevocable trust ideally 5 years before applying for Medicaid in most states (this is important to Medicaid as Medicaid can look into assets in revocable trusts)
 - b1. A trust is a financial legal entity that you can set up to put your assets outside of your name so medicaid will not be able to count your assets towards your income and thus disqualify you for help.
- c. As part of the estate plan, your elder attorney should also set up power of attorney or another person who will make both medical and financial decisions on your person with dementia's behalf
- d. Put assets like your house, bonds, pension etc. into your trust so they can be shielded from Medicaid audit after 5 years.
- e. Talk with your lawyer about ways you can lower/shield your income from Medicaid audit if it is high
- f. Wait 5 years before you apply for Medicaid (this is called a 5 year look back)

Plan B: Starting in Early-Middle Stages of Dementia

- 2. If you didn't plan ahead before middle stages of the disease, still take them in to see an elder attorney in order to determine capacity ie if they can make legal decisions.
 - a. Depending on what you had in place before (ie a revocable trust, will or POA, depending on the language of those documents, you may need a doctor to sign off on capacity)
 - b. If your person with dementia is deemed competent enough to sign documents, proceed to Plan A and/or if they need care now, private pay for care until they qualify for Medicaid.

Paying For Long Term Dementia Care Cheatsheet

Plan C: Starting in Middle-Late Stages of Dementia

3. If they are too far gone and no longer have capacity to make decisions on their own, you will need to go to court in order to get conservatorship (California) or guardianship and thus be granted the ability to make financial and medical decisions on their behalf.

Once you are over the age of 18, no one can do that for you without your written permission. (even spouses or parents). Once you have gone through the court system, then you can proceed to Plan A or if they need care now, private pay for care until they qualify for Medicaid.

Applying For Medicaid & Getting Services

Plan A:

1. Assuming you can and did wait the 5 years it takes for assets/income to be protected under estate plans, apply for Medicaid. You can do it yourself or go to the Area on Aging for recommendations of professionals to do it for you. WARNING: DO NOT sign a skilled nursing contract or have them apply for medicaid on your behalf without contacting your elder attorney first.
2. While waiting for the application process to go through, ideally use your person with dementia's estate funds to privately pay for home health, or privately pay for them to go to memory care while you wait for your application to be approved. (Check with your elder attorney before paying privately to be sure it won't interfere with your application process.)
3. Once you're approved, get on a waitlist for a facility that accepts Medicaid
4. Once you get a Medicaid bed, move them in.

Plan B:

1. If your person with dementia has an income that is too high to qualify for Medicaid and/or has assets but needs care now, consult an elder attorney on if you would qualify for partial Medicaid approval before you spend down their assets. Be sure to consult an elder attorney or Medicaid expert
2. Once their assets and income qualify for Medicaid, apply for Medicaid
3. In the meantime, use their assets to private pay for home health or facility care until a Medicaid bed opens up.

Paying For Long Term Dementia Care

Cheatsheet



Plan C:

1. If your person with dementia is already low income or has no assets, apply for Medicaid right away.
2. While you're waiting for their application to go through, you have a few options for their care in the meantime.
 - a. Care for them in your home or their home yourself
 - b. Use your own funds to private pay home health or a facility until the Medicaid application goes through

Specialized questions:

Spouse Exemption:

Several states will allow the spouse of someone with dementia to retain their home and up to \$120,000 in liquid money (considered an exemption, each state has different exemptions, check into your state or talk with an elder attorney in your area.)

Disputes in Families:

If there is fighting in families about POAs, wills, trusts etc, it will need to be settled in court if it cannot be resolved among yourselves.

Disqualifications:

1. Don't put your name on your person with dementia's bank account. It would make you part owner of said money. It is better to get POA or to be a trustee.
2. Don't transfer money/houses into your name as it will disqualify your person from Medicaid unless you put the money back.