

MEDICAID AND LONG-TERM CARE COSTS

Every one of us at one time or another will more than likely be faced with long term health care costs whether it is for yourself or for a loved one. We have several estate planning guides in our office that can give you a start on the tools needed for preparing for estate planning and one of those is long-term care costs.

One major worry for older adults is that costs for long-term care will exhaust their life savings. Some fear that if their assets are depleted by a long-term illness the dignity, security and independence they worked a lifetime to attain will also dissipate. According to one study among persons age 65 and over, 43 percent are expected to spend some time in a nursing home. Among this population, 55 percent are expected to have total lifetime nursing home care of at least one year and 21 percent will have a total lifetime nursing home care for five or more years. Nursing home care is the single largest out-of-pocket health care expense for the elderly. The standard cost in Montana for the year 2018 is \$7,019 per month (\$230.77/ day, a little over \$84,231 per year). Nursing home residents and their families pay about 32 percent of the total costs, Medicaid pays about 61 percent, and Medicare pays about 7 percent.

Generally, there are four ways that individuals can provide for their long-term care expenses.

First, some are able to pay the annual cost of about \$84,231 per person from present income, savings and investments. Others with real property or other assets can sell them and use the proceeds to pay for their long-term care.

Second, some may purchase a regular long-term care insurance policy. A new alternative for Montanans to pay the cost of a long-term care is the purchase of a long-term care partnership insurance policy. For more information, see the MSU Extension MontGuide, Long-term Care Partnership Insurance in Montana. The partnership program benefits purchasers of these policies because they can keep some or all of what they have worked a lifetime to accumulate and still qualify for Medicaid.

Third, some may depend on adult children or other relatives to pay for long-term care costs. However, this can create financial hardships for family members who are also paying their own bills, paying for their children's college education, saving for retirement or making payments on a home, family farm, ranch or other business. Some family members may not feel responsible for the costs of their relatives' long-term care. Unless there is a contractual agreement between the parents and children, Montana law does not require adult children to pay for their parents' support.

Fourth, some may apply for Medicaid assistance. Medicaid is a federal-state government program that provides comprehensive medical care, including nursing home care, to low-income individuals. About 60 percent of all nursing home residents in Montana receive assistance from Medicaid.

While I don't have enough space here to talk about all the rules of applying for Medicaid and if you qualify or not we have a very good 8-page Mont Guide that can be downloaded on our MSU Extension website or requested for free at our office. It goes into the details of looking at your assets, income, marital status, etc. Also, what kind of consequences can happen if you decide to give away all your property, what kind of tax advantages or disadvantages may that create, and what is called look back rules in Medicaid. Looking at long term health care can be very emotional, frightening, and stressful and there is no right answer on the best way to protect our assets from long term care costs. There are, however, several choices, each with consequences.

Medicaid and Long-term Care Costs MontGuide is a good place to start and gives you contact numbers for the senior and long-term care division of Public Health and Human Services, the Medicaid Hotline and other resources.

For more information contact the MSU Powell County Extension Office at 846-9791

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