



Elder Life Matters

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Dear Friends:

One of the most frequently identified concerns of older adults and their families is the cost of long term care. Today, the primary payer of nursing home care is MEDICAID, a program designed to pay for health care services primarily in a nursing home setting for those proven eligible and therefore entitled.

This issue of Elder Life Matters will be discussing the 2005 eligibility guidelines for both Medicaid and Medicare, what is required for a Medicaid application and how Elder Life Management can assist you in the process. The changing landscape of long-term care and the rise of Assisted Living Facilities makes a compelling reason to address this topic and it is important that you become knowledgeable about the program and know that assistance is available.

Elder Life Management advocates long term care planning for every adult, regardless of age. Without appropriate planning made in advance of incapacity, individuals are faced with the financial realities of paying for long term care services with their valuable assets, until such time that Medicaid eligibility can be established. Only by being an educated consumer can we prepare for our future care needs.

Judith S. Parnes, LCSW, CMC
Executive Director

WHAT IS MEDICAID?

Medicaid was designed in 1965 to pay for health care services for low income individuals, which includes those who never had financial resources or those who no longer have sufficient assets available. Although federally regulated, both the federal and state governments share the cost of the Medicaid program resulting in states differing in eligibility guidelines.

Illness or incapacity requiring long term care can result in the depletion of entire estates to pay for this elder health care cost. When Medicare was established, it was developed as a health insurance for the elderly and disabled, to pay primarily for hospital care.

Prior to Medicare, the cost of hospitalization was financially devastating for older adults and their families. Although this is no longer a problem, the cost of long term care remains very significant.

In addition to Medicaid covering nursing home care, it also serves those living in Assisted Living Facilities. The Assisted Living Waiver was originally approved in 1996 by the Health Care Financing Administration (HCFA), now known as the Center for Medicare and Medicaid Services. This waiver was intended to help eligible individuals "age in place" rather than be cared for in a nursing facility.

Presently, there are no actual state or national efforts to cover the long term cost of nursing home care, although long-term care has been an important topic for many years. Until there is a long-range, permanent plan and solution to the financial realities of long-term care, the Medicaid program will continue to be of importance.



Box 1

WHAT YOU NEED TO APPLY FOR MEDICAID

- verification of age and citizenship
- copy of monthly social security check and/or pension
- photocopies of social security and Medicare cards
- copy of premium paid for health insurance policies
- copy of property deed
- 3 years of bank statements for checking and savings accounts, CDs, stock certificates and/or money market accounts
- copy of burial plot deed
- copy of pre-paid funeral arrangements
- copy of life insurance policy
- death certificate of spouse or divorce papers if applicable
- title to car
- military discharge papers

REQUIREMENTS FOR COUPLES:

- copy of marriage certificate
- gross monthly income and assets of non applicant spouse
- rent or mortgage payment
- property tax bill
- homeowner's insurance
- utility and telephone bills

HOW TO APPLY

In New Jersey, eligibility for Medicaid is based on medical need as authorized by a physician, screened by a Medicaid nurse, and on financial approval. Two different agencies are involved: the county social services agency which determines financial eligibility, and the county Medicaid District Office which determines medical eligibility, based on the physician's completion of the required "PA4" form.

These two different agencies sequentially establish financial and medical eligibility for Medicaid. Only after both agencies follow their respective procedures and review the available information can Medicaid approval be given.

To apply, all the information in Box 1 needs to be made available to the County Social Service Agency. If you are applying as a married couple, additional financial and historical information on the spouse remaining at home is needed.

Each year the state sets income eligibility and asset limits for Medicaid (see Box 2 next page.) The 2005 asset limit for an eligible individual is \$2,000 with monthly income of less than \$1,737. For married couples, the financial situation is reviewed differently, attempting not to "impoverish" the spouse who remains at home. However, the spouse remaining in the community is allowed to keep a minimum of \$19,020 from the couple's total assets or one half the assets up to \$95,100. The person requiring Medicaid assistance still needs to meet the individual Medicaid financial asset criteria (that is, less than \$2,000 in total assets.) The home, a car, household and personal possessions are exempt.

WHEN TO APPLY

Medicaid can be applied for only after incapacity has occurred. To establish financial eligibility, Medicaid can only be approved after resources are below the \$2,000 amount. This phenomenon of using the available financial resources is called "spending down," but in truth, the individual spends on care as needed, realizing Medicaid will be available in the future.

Once approved, the individual's income, such as social security and/or pension, will be due the nursing home. This will be the individual's contribution to the monthly cost of nursing home care, with the state

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Material presented here is educational. Additional professional consultation is advisable. Please call if you wish to be mailed this free newsletter or if you wish to list your services. (732) 493-8080

Elder Life Management, Inc.

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Kathleen M. Dolphin, LSW, Editor



ELM identifies this information as frequently misunderstood by older adults and their families.

Box 2



2005 ELIGIBILITY GUIDELINES

MEDICARE

PART A

Hospital per year

DEDUCTIBLE

\$912.00 per year

Skilled Nursing Facility \$114.00 per day
(day 21 to 100)

PART B

Premium

\$78.20 per month

MEDICAID

FOR INDIVIDUAL:

Monthly Income: less than \$1737.00

Assets: less than \$2,000.00

MARRIED COUPLES:

The spouse remaining in the community may keep a minimum of \$19,020 of the total assets, or one half, up to a maximum of \$95,100

JERSEY CARE

Monthly Income: less than \$776.00*

Assets: less than \$4,000.00

*2004 figure. 2005 figure was not available at time of printing.

MEDICALLY NEEDY

Monthly Income: greater than \$1737.00

Assets: less than \$4,000.00

ASSISTED LIVING

Monthly Income: less than \$1737.00

Assets: less than \$2,000.00

Room & Board: \$643.55

PNA: \$85.50

paying the balance of the nursing home's cost directly to the facility. (\$35 monthly is allowed to be kept for personal needs.)

For Assisted Living Facilities, a monthly room and board charge is determined by the state. The 2005 figure is \$643.55. In addition to the room and board charge, a cost share based on the applicant's income is established. The monthly personal needs allowance (PNA) in this setting is \$85.50.

Applying for Medicaid can be a frustrating and complicated experience. Many families have turned to Elder Life Management to help navigate the application process. In addition to providing information and guidance about Medicaid, our services include collecting the required documentation for making the application and following through to the final approval.

HELP IN APPLYING



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INSIDE: WHAT IS MEDICAID?

Thanks to those of you who, over the years have referred your clients and relatives to ELM. There is no greater trust than a personal recommendation.

ELDER LIFE MANAGEMENT CAN HELP YOU WITH:

- Consultation and planning
- Management of personal affairs, financing, Power of Attorney, Guardianship and Conservatorship
- Financing the cost of Long Term Care, including applying for government programs
- Counseling services, accepting Medicare assignment
- Alternative living arrangements
- Post-hospital discharge planning
- Coordination of community programs