Georgia Department of Community Health

Georgia Long-Term Care Partnership

Connecting Georgians to Long-Term Care Insurance

Providing You Choices Today ...
Protecting Your Assets for the Future

Table of Contents

Georgia Department of Community Health

Georgia Department of Human Services

What is Long-Term Care?

Long-term care (LTC) covers a broad range of needs and services. It is the help required for taking care of personal needs, such as bathing, dressing, eating, continence, toileting, transferring and walking or getting around. These needs are commonly referred to as Activities of Daily Living (ADL). A person or his/her loved one(s) may need this kind of help due to a chronic medical condition, physical condition, an unexpected accident or cognitive/psychiatric problems.

Frequently, people with Alzheimer's disease or other types of dementia may need ongoing supervision because of cognitive impairments.

People who can no longer drive, manage their medications or their finances often need help with "instrumental activities" before they will qualify for formal LTC services.

LTC services allow people to remain as independent as possible and may include care at home or in a community program like an adult day care center, an assisted living facility or a nursing home.

What is the Likelihood of Needing LTC?

The longer a person lives the more likely he/she is to need LTC. In addition to age and disability, there are other factors that can affect the need for LTC:

- Women are more likely to need LTC services than men
- Married people are half as likely as unmarried people to need LTC
- Cognitive impairments caused by Alzheimer's disease, strokes or other conditions often lead to the need for LTC
- Family circumstances and support systems
  - Typically provide significant amounts of unpaid LTC
  - May not be able to provide constant care or the level of care needed because of distance, work commitments or other reasons
- One in five people who reach age 65 will spend more than two years in a nursing home
- 60 percent of people who reach age 65 will need LTC Services

Myth Buster

LTC is not limited to the frail and elderly. Anyone at any age may need LTC for the remainder of their life.

What Options are there for LTC?

Only a small number of people who need LTC services live in nursing homes – most live at home. The range of LTC services available in the home is extensive and includes:

- Home Health Care
- Personal Care
- Homemaker Services
- Hospice Care
- Respite Care
- Adult Day Programs
- Meal Assistance, such as delivered meals

For a comprehensive list of the services available, contact a local Area Agency on Aging (AAA). In Georgia, call **866-55-AGING** to be connected to your AAA. Outside of Georgia, call Eldercare Locator at **800-677-1116** or online at **www.eldercare.gov**.

LTC Options

LTC options are frequently determined by the amount of family caregiving available and/or their ability to pay for care delivered by agencies or independent individuals.

Caregivers are broadly defined as anyone who in the previous year provided paid or unpaid help, or arranged for help, to a relative or friend with an illness or disability.

- This kind of help could apply to household chores, finances or with personal or medical needs
- The person who needs help may live in his or her own home, in the caregiver's home, or in another place such as a nursing home
- Caregiving may be a formal arrangement provided by medical professionals or paid assistance or an informal arrangement, without payment, provided by family or friends

Family Caregiving Facts

- Nearly one in four adults is an informal and/or primary caregiver. Informal care giving fills in the gaps in LTC
- 40 percent of caregivers report they provide assistance because the care receiver could not afford to pay for outside assistance
- 45 percent of caregivers provide only occasional care while 20 percent provide care equal to a full-time job
- Almost a third of caregivers needed assistance in providing care but were unable to receive assistance due to financial concerns

Caregiving Stresses

While a significant percentage (71 percent) of caregivers report that their relationship with the care recipient improved, many caregivers face challenges.

Caregiving is stressful and demanding. It creates trade-offs. The hours given can take a toll on personal and family time and can also take time away from a job. When caregiving involves financial support, it can create an additional burden on the caregiver.

Who Pays for LTC Services?

The costs of LTC services are the responsibility of the adult receiving the services or their spouse.

While there is government assistance available to some individuals, eligibility for these programs requires limited income and resources.

LTC can devastate a family's assets and income. If a LTC recipient uses Medicaid to help pay for their LTC, **Georgia Long-Term Care Partnership** insurance can help and may protect the Medicaid LTC recipient's assets for future generations.

How Much does LTC Cost?

According to information from the Centers for Medicare and Medicaid Services (CMS), LTC costs vary greatly from state to state and service to service. In 2008, the average costs for care in the United States were:

- $5,610 a month for a semi-private room in a nursing home; that is more than $67,000 per year
- $6,270 a month for a private room in a nursing home; that is more than $75,000 per year
- $3,008 a month for care in an assisted living unit; that is $36,000 per year
- $29 per hour for an agency-based home health aide

These costs can add up quickly. For example, if a LTC recipient has a home health aide assist with bathing three times a week, he/she will pay, on average, $29 per hour (possibly with a three hour minimum) or $87 x 3 days = $261 a week. This would amount to over $13,000 a year.

Can you afford to spend $13,000 or more in additional health care costs per year?

What about Medicare? What LTC Costs Does It Cover?

First we need to define a Medicare benefit period. It is the way that original Medicare measures our use of hospital and skilled nursing facility (SNF) services. It begins the day the Medicare patient goes into a hospital or SNF. The period ends when he/she has not received any care for 60 continuous days or he/she stops making satisfactory progress towards rehabilitation. After one benefit period ends, a new benefit period may begin.

Nursing Home Care - Medicare will pay for the first 20 days of care in a semi-private room in a Medicare approved skilled nursing facility, including meals, skilled nursing, rehabilitative and other services and supplies. This care is only provided after a three day minimum inpatient hospital stay for a related illness or injury and only when making progress towards rehabilitation.

CMS says in 2010, after the first 20 days and on average the care recipient is responsible for $137.50 per day for days 21 through 100 of each benefit period. That is a total of $11,000 based upon 2010 Medicare rates.

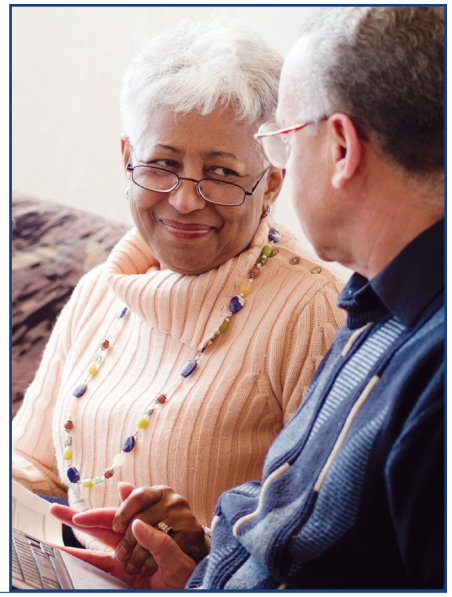
After the initial 100 days in a benefit period, the care recipient is responsible for all costs. Medicare adjusts the per day rate annually. To determine the current per day rate, refer to **www.medicare.gov**, *Medicare and You* for skilled nursing facility benefits.

Home Health Services are limited to medically-necessary part-time or intermittent skilled nursing care, physical therapy, speech-language pathology or a continuing need for occupational therapy.

Services may also include medical/social services, part-time or intermittent home health aide services, durable medical equipment and medical supplies for use at home. Care must be ordered by a doctor and provided by a Medicare-certified home health agency. The recipient must be home-bound, which means that leaving home takes a substantial effort. The recipient pays $0.00 of Medicare approved amounts for home health care services and 20 percent of the Medicare approved amount for durable medical equipment.

Hospice Care is for people expected to live six months or less as certified by a doctor. Coverage may include medications, medical care, nursing, social services, grief counseling, inpatient respite care and others. A person can continue to get hospice care as long as the hospice medical director or doctor recertifies that the recipient is terminally ill. The recipient pays $0.00 for the hospice care; a co-payment of up to $5.00 per prescription for outpatient prescriptions for pain and symptom management and five percent of the Medicare approved amount for in patient respite care.

Medicare does not cover room and board for hospice care in the recipient's home or another facility where he/she lives, such as a nursing home.



What about Medicaid? How does it work?

Medicaid is a federal and state funded program administered at the state level by the Georgia Department of Community Health (DCH). Medicaid has several different categories that offer coverage to people for different reasons. Each Medicaid program has its own set of rules and requirements.

To be eligible for Medicaid-funded LTC assistance, applicants must meet both income and resource limits, which may be higher than the limits for other Medicaid programs. Other criteria considered are functional status, age, citizenship and Georgia residency. The individual must also qualify for the level of care provided in a nursing facility or other qualified institution.

Income and Resources: Supplemental Security Income (SSI) limits in 2010 are $674 per month as the maximum for an individual; for a couple, the maximum income is $1,011 per month. The monthly income amounts are adjusted effective January 1st of each year. The maximum resource limit for 2010 for an individual is $2,000 and for a couple is $3,000. The resource limit tends to remain the same across multiple years.

Medicaid, a federal and state funded program run by states, helps low-income individuals and families pay for some or all of their medical bills. People must meet eligibility criteria set by the federal and state law.

A person may still be eligible for Nursing Home/LTC Medicaid if their income is above the limit of $2,022 for 2010 by creating a Qualified Income Trust (QIT), commonly known as a Miller Trust. The Georgia Senior Legal Hotline, **888-257-9519**, can assist and provide additional information regarding how resources are considered towards the eligibility requirements.

If a recipient is married, the spouse remaining in the community may keep up to a total of $2,739 per month in income and up to $109,560 in resources as of January 1, 2010.

Level of Care

An individual must also qualify under the Level of Care (LOC) requirements. That means the care recipient must have a physical and/or mental impairment, which requires continued nursing care, monitoring and supervision, under the direction of a licensed doctor. The person must be unable to provide the needed nursing care to him/herself.

The care recipient must meet at least one requirement from the **Medical** column below and one from either the **Mental** or **Functional** column in order to meet the minimum requirement for LOC.

Medical	Mental	Functional
Nutritional Status	Memory Deficiencies	Walking or Moving from place to place
Skin Care	Trouble Making Decisions	Needs help with feeding and setting up meals
Catheter Care	Behavior problems	Needs direct assistance to maintain continence
Physical, speech or other therapy needs	Undetermined cognitive problems	Communications deficiencies
Specialized nursing rehabilitative services		Personal hygiene or dressing assistance required
Monitor of vital signs		
Manage Medication		

Medicaid: How to Protect Your Family's Future with a Georgia Long-Term Care Partnership Policy

The **Georgia Long-Term Care Partnership** is designed to reward Georgians who plan ahead for their future LTC needs.

The Long-Term Care Partnership is an innovative partnership between Georgia and private insurers of LTC insurance policies. A qualified Long-Term Care Partnership policy goes above and beyond traditional LTC insurance.

Partnership and non-partnership LTC insurance policies are similar. However, the Long-Term Care Partnership policies have the added benefit of allowing policy holders to protect a portion of their assets, such as income and resources, if they choose to apply for Medicaid.

The added benefits of a Long-Term Care Partnership policy are asset protection, exemption from Estate Recovery and reciprocity among other Partnership states.

Dollar-for-Dollar Asset Protection

This feature provides dollar-for-dollar asset protection for every dollar that a Long-Term Care Partnership policy pays out in benefits, a dollar of assets can be protected from the LTC Medicaid asset limit.

When determining long-term Medicaid eligibility, any assets up to the amount the Long-Term Care Partnership policy paid in benefit will be disregarded.

The Long-Term Care Partnership insurance policy does not have to be exhausted before asset protection is allowed.

Estate Recovery

Estate Recovery is a federally mandated program that requires the estate of a deceased Medicaid LTC service participant to reimburse the state for Medicaid-provided services, such as nursing home care or home and community based services. By accepting LTC Medicaid benefits an individual creates a debt that must be paid from the estate.

Estate Recovery Exemption

This feature allows protected assets discussed above to be exempt from Estate Recovery in an amount equal to benefits paid by the Long-Term Care Partnership insurance policy. An individual is not required to designate a specific asset to be disregarded. The protected or disregarded amount of assets will be equal to the amount of benefits paid out.

Reciprocity among Partnership States

Some states that have Long-Term Care Partnership programs have entered into reciprocity agreements with other states. A reciprocity agreement assures that a Long-Term Care Partnership policy holder can use those Long-Term Care Partnership policy benefits in one state and still receive Medicaid dollar-for-dollar asset protection and estate recovery exemption if he/she moves to another Long-Term Care Partnership state that participates in the reciprocity agreement.

As of the end of the state fiscal year 2009, the only Long-Term Care Partnership states not accepting reciprocity were California, New York and Wisconsin. This may change in the future. The policy holder should contact the prospective state to find out their reciprocity status, if he/she is thinking of moving.

Long-Term Care Partnership Policy Requirements

A Long-Term Care Partnership policy meets all the requirements outlined in O.C.G.A. Section 33-42-4 and 49-4-162, such as:

- The policy covers an insured who was a resident of the State of Georgia (a Long-Term Care Partnership State) when coverage first became effective under the policy
- The policy is a qualified LTC insurance policy as defined by Section 7702B(b) of the Internal Revenue Code of 1986 and was issued on or after January 1, 2007
- The policy meets all the applicable requirements of this rule and the requirements of the National Association of Insurance Commissioners LTC Insurance Act model regulations as those requirements are set forth in Section 1917(b)(5)(A) of the Social Security Act (42 USC Section 1396p(b)(5)(A)
- Provides the following inflation protections:
  - If sold to a person who has not attained age 61 as of the date of the purchase, the policy shall provide

compound annual inflation protection

- If sold to a person who has attained age 61 as of the date of purchase, the policy shall provide an inflation protection feature
- If sold to a person who has attained the age of 76 as of the date of purchase, the policy may provide inflation protection

- The policy purchaser must receive a Partnership Disclosure Notice Form 200-B
- Only licensed, appointed insurance agents who completed an initial training component and ongoing training every 24 months may sell Partnership policies
- Individuals purchasing Long-Term Care Partnership insurance should meet "Suitability Requirements." Suitability is determined, in part, by the applicant's ability to pay the annual premiums on his/her insurance policy. When approved by the Insurance Commissioner, Long-Term Care Partnership premiums may increase no more frequently than one time annually
- In addition to providing Medicaid asset protection, a Long-Term Care Partnership policy will generally be subject to beneficial income tax treatment. Individuals who purchase a Long-Term Care Partnership policy should make that choice carefully as any changes after the original purchase can be risky

Frequently Asked Questions

Q: Can I transfer my assets to become eligible for Medicaid?

A: To give away or transfer assets without receiving the fair market value of the worth of those assets is strictly prohibited and is likely to incur penalties. A penalty can be avoided if the assets that were transferred are returned to the Medicaid recipient.

Q: If I transfer assets, how long will it affect my eligibility for Medicaid?

A. It varies based on the value of assets transferred.

Q: What if it does not appear that I meet the financial requirements?

A: Contact the local county Department of Family and Children Services (DFCS) for specific information regarding the recipients' situation and protection exemptions for which they may qualify.

For additional information on the Georgia Long-Term Care Partnership program, use these resources:

- Georgia Department of Community Health Long-Term Care Partnership Web site at **dch.georgia.gov/galtcp**
- GeorgiaCares at **800-669-8387** or visit the Web site **www.mygeorgiacares.org**
- Office of Insurance and Safety Fire Commissioner Web site at **www.gainsurance.org**

Final Comments

If a Medicaid LTC recipient has resources in excess of $25,000 and a legacy he/she wants to leave to his/her heirs, the best way to ensure the recipient is properly cared for, with dignity and without being a burden to loved ones, may be to insure the recipient's long-term care health needs with a Long-Term Care Partnership policy.

By purchasing a Long-Term Care Partnership policy the recipient is ensuring that the recipient or loved ones will have the care needed in the setting they prefer. In addition, the recipient is ensuring that his/her most treasured assets are available for their heirs to enjoy for generations to come. A Long-Term Care Partnership policy allows the Medicaid LTC recipient to retain dollar-for-dollar the cost of the LTC services against Medicaid Estate Recovery. In essence, a Long-Term Care Partnership policy provides peace of mind for the future.

For free, non-biased information and assistance with deciding if a Long-Term Care Partnership policy is right for you, call GeorgiaCares, a program of the Division of Aging Services, **800-669-8387** or **866-55-AGING** and choose option 2.

Notes

Georgia Long-Term Care Partnership

Georgia
LongTermCare
PARTNERSHIP
Connecting Georgians To Long-Term Care Insurance

Connecting Georgians to Long-Term Care Insurance

Providing You Choices Today ...
Protecting Your Assets for the Future

Disclaimer: This booklet is for information purposes only. The information contained herein shall not constitute legal or financial planning advice.