Paying for Senior Care

Figuring out how to pay for health care late in life can be intimidating at best. With health care, insurance and legislation constantly in flux, sorting it all out can be confusing and emotionally taxing. One important step to reduce your stress is to do your homework before finding yourself caught in an emergency situation. Developing a plan of action for multiple situations empowers and equips you in critical moments. An important consideration while planning is how you will pay for your health care services. Below is some general information about the four main payment sources: Medicare, private insurance, private pay, and Medicaid.

Medicare

Medicare is a federal program providing benefits to individuals at least 65 years old who worked, or whose spouse worked, a minimum number of hours determined by the government. Those with End-Stage Renal Disease also qualify for Medicare coverage.

The Medicare program has four parts: A, B, C and D. Medicare Part A typically covers inpatient care in hospitals, skilled services, hospice and home health care. Medicare B coverage contributes toward doctor’s services, outpatient services, some physical and occupational therapy, and medically necessary supplies. Part C refers to Medicare Advantage plans, meaning Medicare beneficiaries receive Part A and B coverage through a private insurance company contracted with Medicare. Part D also works through private insurance companies to help beneficiaries pay for prescription drug coverage.

The Medicare program has very defined criteria to qualify for coverage – especially for services in a skilled nursing facility. For example, a full admission three day (midnight-to-midnight) hospital stay as inpatient status is a requirement for Medicare A benefits in a skilled nursing facility. Though you may stay overnight—or several nights—in a hospital bed, the hospital may classify it as an observation stay (outpatient) rather than a full admission (inpatient). If you qualify for Medicare A coverage, and you have had an inpatient hospital stay of three days or more, you may not need to pay for the first 20 days of coverage in a skilled nursing facility. If you are considered outpatient, you are responsible to pay $140 for each hospitable service, plus 20% of each service under Medicare B. How hospitals, doctors and Medicare define “skilled services” can also confuse families at a vulnerable time. Always ask whether you are a full admission and ask to speak with a social worker or case manager should you find yourself staying in a hospital.

Private Insurance

Another major payment option is private insurance. Examples of private insurance companies include Humana, Blue Cross Blue Shield, Health Alliance and many others. Some health insurance companies offer Medicare Advantage plans. Medicare Advantage plans provide Medicare A and B benefits to Original Medicare beneficiaries, and sometimes additional services the Original Medicare program does not cover. As your health circumstances change, reevaluate your private insurance plan with your insurance agent to ensure the best balance of premiums, deductible amounts and services covered. If you believe you will need specialized care, such as
supportive living or skilled nursing care, your current insurance plan may not be the best fit for your senior needs.

**Private Pay**

This option is the most straightforward of the four payment options. Private Pay means you pay for your care completely out of pocket. In order to do this, you need to make sure your amount of assets is robust enough to supply the cost of care you will likely receive. Discuss investment strategies with a financial planner to determine whether paying privately is a viable option for you. Since Medicare and private insurance do not cover 100% of all conditions and treatments, it is a good idea to study your assets to plan for which treatments you will pay for out of pocket, whether you choose to be Private Pay or not. For example, if you qualify for coverage under Medicare, but your family history indicates a likelihood of Alzheimer’s disease, you should plan to offset your Alzheimer’s care privately as Medicare does not cover Alzheimer’s care services.

**Medicaid**

The fourth major source of payment for senior care comes from Medicaid, formerly known as Public Aid. Medicaid is a state-funded program that serves very low-income populations or individuals who have depleted their assets and cannot afford to pay for their health care. More often than not, Medicaid recipients work through MMAs (Medicare Medicaid Alignment Plans) to receive benefits. Like Medicare Advantage, MMAs are insurance companies contracted with the Medicaid program to deliver health services to Medicaid beneficiaries who are eligible for Medicare as well. Molina Healthcare is an example of an MMA. This managed care typically reduces costs to the state and ensures better delivery of services.

Due to advances in surgery and medicine, the average length of stay in a skilled nursing facility is 14-18 days; however, you may need ongoing care. It is common to transition to Medicaid while staying in a long-term care facility for extended periods of time. When approaching a depletion of assets, you are advised to apply for Medicaid benefits. Either the Illinois Department of Aging or the Department of Human Services will then evaluate your finances and your medical needs to determine eligibility for Medicaid benefits.

Turn to those you trust when determining your health care plans. Talk to your family, financial planner, or physician. Speak with your hospital’s Patient Care Coordinators, social workers, and community liaisons. Take advantage of public services like P.A.T.H.’s senior division, Ombudsman program, online Medicare-Medicaid resources and brochures. Ask your insurance company for a list of facilities and physicians in your network to ensure a reduction of fees. Taking control of your senior care now provides peace of mind to you and your loved ones. Why not start now?