

HOME CARE FUNDING

# SOLUTIONS

A Guide to Uncover the Various Funding Options  
Available to Fit Your Home Care Needs



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# What is Home Care?

## Home care generally consists of two types of care:

1. Home health care provided by licensed medical professionals for which the client may need or have a prescription.
2. Non-medical home care such as personal care, homemaker or companionship services provided by professional caregivers.

*Home care for seniors often revolves around two types of activities.*

**Activities of Daily Living (ADLs)** are basic activities and functions performed daily:

- Eating
- Dressing
- Bathing
- Toileting
- Transferring/Continence
- Grooming

**Instrumental Activities of Daily Living (IADLs)** are activities instrumental to our daily routines:

- Driving
- Preparing Meals
- Housekeeping
- Shopping
- Managing Finances
- Administering Medication
- Using the Telephone

# Why Home Care?

## **86% of seniors want to live at home for as long as possible**

according to a study commissioned by Home Instead, Inc. for the Home Instead Senior Care® network. As seniors age, some form of care is usually necessary to remain at home. In some cases that means a family member or a friend. More than 76% of the 8,000 family caregivers who took an online caregiver stress test reported that their aging loved one's needs are overwhelming. For many family caregivers, caring for a loved one can be demanding and stressful. When families are in this situation, they often look to assisted living facilities, nursing homes and home care. Keeping a loved one at home with the help of home care is often a popular choice because it allows the senior to age at a place they feel comfortable and safe. More than half of all seniors living alone are four times more likely to use professional care compared to those living with their children. The study also revealed that 42% of seniors over the age of 80 use in-home care.

Home care services, both home health and non-medical, are often only required for a few hours a week. A Home Instead, Inc. study indicates that 22% of the Home Instead Senior Care network's clients employ CAREGivers<sup>SM</sup> for four hours or less per week, and another 20% of clients employ CAREGivers between four and eight hours each week. Depending on the level of care needed, home care has the potential to save thousands of dollars a month compared to nursing homes and assisted living facilities.

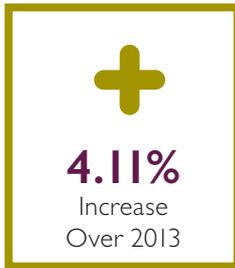
# Cost of Home Care

**Genworth's 2014 Cost of Care Survey** concludes that other senior care options are significantly more expensive than non-medical care:

Over the past 11 years, Genworth recognized and identified trends across the long-term care services landscape. While the cost of care among all care providers has steadily increased, the cost of facility-based providers has grown at a much greater rate than home care rates. As the American population ages and requires these services, it is imperative to be aware of the associated costs to build a better long-term care plan. Consumers have more choices than ever before, and long-term care can be provided in a variety of settings. A licensed health care practitioner such as a physician, registered nurse or social worker can determine a plan of care that could include the following:

## Companionship Services

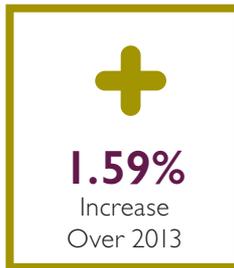
This service helps make it possible for people to live in their own homes. Companionship services help complete household tasks that the senior cannot manage alone. Homemaker services provide "hands-off" care such as cooking, cleaning or running errands.



*\*Genworth Study*

## Home Health Aide and Personal Care Services

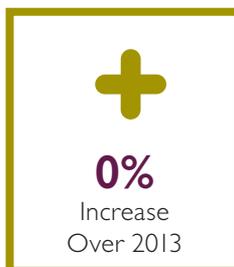
Personal and home health aides help people living at home. These aides offer services to people who need more extensive care than their family or friends are able to or have the time or resources to provide. It is typically “hands-on” personal care, but not medical care. The rates below reflect what is generally charged by a non-Medicare certified, licensed agency.



*\*Genworth Study*

## Adult Day Care (ADC)

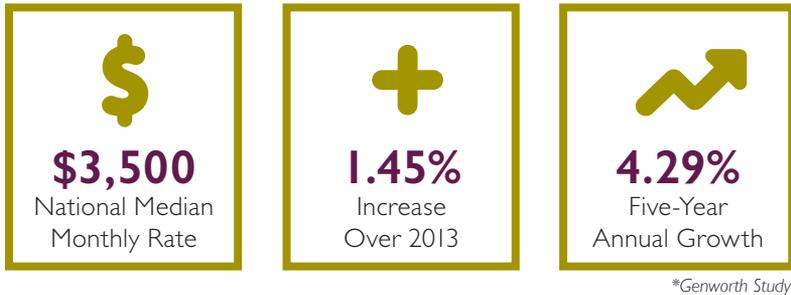
This service provides social and related support services in a community based, protective setting. This care occurs during any part of the day, but is not 24-hour. ADC centers can offer a much needed break to caregivers. A variety of programs usually offer socialization, supervision and structured activities designed for individual needs. Some programs also provide personal care, transportation, medication management, social services, meals, personal assistance and therapeutic activities.



*\*Genworth Study*

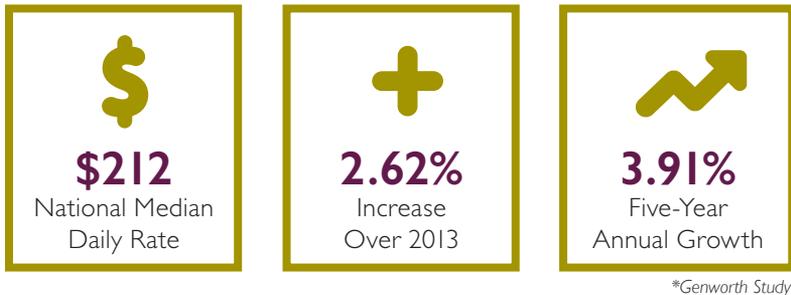
## Assisted Living Facility (ALF)

These facilities provide personal care and health services for people who may need assistance with ADLs. This level of care is typically as extensive as the care provided by a nursing home. Assisted living is not an alternative to a nursing home, but an intermediate level of long-term care.



## Skilled Nursing Facility

A skilled nursing facility can provide a higher level of supervision and care than assisted living facilities. They offer residents personal care assistance, room and board, supervision, medication, therapies and rehabilitation and skilled nursing care 24 hours a day.



Medicare covers some of these services, however it typically does not cover home care services. Even with Medicare's coverage, the senior is generally still responsible for a significant portion of these expenses. Assisted living and skilled nursing facilities, are full-time expenses that require a senior to move out of the comfortable surroundings of home.

# Questions to Ask When Planning for Home Care

## 1. How is the caregiver employed?

### ***By an organization:***

- CAREGivers<sup>SM</sup> in the Home Instead Senior Care network are carefully screened and selected by the local franchise office where they are employed. The franchise network looks for people with a passion for working with seniors. Each CAREGiver must complete a thorough reference check, drug screening, and criminal background check.
- Each CAREGiver is bonded and insured.

### ***An independent contractor with a registry:***

- Make sure you understand the implications of using a registry to refer an independent contractor. Depending on the registry's business model, the older adult may become the employer and may be responsible for employment responsibilities such as hiring, scheduling, handling performance issues, and paying/reporting applicable taxes.

### ***Working on their own/independently:***

- Conducting significant research of an independent caregiver situation is important before you make a commitment.

## 2. Is the caregiver trained?

- By whom?
- Extent of training?
- Does the training include special dementia or Alzheimer's training?
- Does the agency train all of their caregivers?

**3. Is every caregiver required to complete a criminal background check and drug screening?**

**4. Have personal references been secured on all caregivers?**

**5. Are the caregivers bonded and insured?**

*This insurance can provide coverage if an incident occurs while the caregiver is on the job.*

**6. Does the caregiver have workers' compensation coverage?**

**7. Are there service restrictions?**

- Hours of services?
- Lifting restrictions?

**8. Is there flexibility in setting a schedule for services?**

**9. How much notice is needed to begin or cancel services?**

**10. What does the cost of service include:**

- Minimum hours of service per visit/week/month?
- Special overnight rates?

# Long-Term Care Insurance

Long-term care insurance is becoming an increasingly popular way to pay for elder care. It may help pay for your care and protect your assets by paying for covered expenses up to the amounts set forth in your policy. Depending on your policy and plan of care, this insurance may pay for a wide variety of home, community based and facility care services. It can also offer care options that may not be covered through government programs. Many states participate in the Long-Term Care Insurance Partnership Program. Designed to encourage planning for long-term care, the Partnership Program allows individuals to retain more assets than would otherwise be allowed under state Medicaid eligibility requirements. As a result, policyholders are able to retain assets they would otherwise have to spend down prior to qualifying for Medicaid benefits. Generally, individuals can participate in their state's Partnership Program by owning a long-term care insurance policy that meets the requirements for the Partnership Program. Policies qualifying under the Partnership Program generally do not cost more than non-qualified policies with similar benefits.

Long-term care policies can be written in a variety of ways to provide a wide range of benefits. Depending on your preference, these policies can be deluxe or frugal, covering all caregiver expenses for an unlimited amount of time or any partial expenses for a limited period. Consult a trusted insurance broker prior to investing in a long-term care policy. It is imperative to understand all aspects of a policy to best ensure it will be beneficial for you.

# Veteran's Assistance for Home Care

**One in three seniors in this country is a veteran or a surviving spouse of a veteran.**

Veterans and their surviving spouses may be eligible for a VA benefit called "Pension with Aid and Attendance." This benefit may provide reimbursement funding of up to \$25,020 a year to help cover medical expenses, including home care services.

Millions of qualifying veterans and families go without this benefit simply because they are not aware of it.

## Who is eligible?

- Veterans, or a surviving spouse of a veteran, who served 90 consecutive days of active duty with at least one day during a wartime period.

### World War II

- December 7, 1941 - December 31, 1946, inclusive.
- If the veteran was in service on December 31, 1946, continuous service before July 26, 1947, is considered World War II service.

### Korean Conflict

- June 27, 1950 - January 31, 1955.

### Vietnam Era

- February 28, 1961 - May 7, 1975, inclusive, in the case of a veteran who served in the Republic of Vietnam during that period.
- The period beginning on August 5, 1964 - May 7, 1975, inclusive, in all other cases.

### Persian Gulf War

- August 2, 1990, through date to be prescribed by Presidential proclamation or law.

- Veteran/surviving spouse must have a non-service related medical condition. The condition must require assistance with daily activities, such as bathing, dressing, eating, medication management, housekeeping, and laundry or meal preparation.
- Veteran/surviving spouse must meet asset requirements (excludes home and care).
- Veteran/surviving spouse must meet medical expense-to-income ratio.

### Veterans Assistance Average Pay Example

Couple	\$2,085
Veteran	\$1,758
Surviving Spouse	\$1,130
Healthy Veteran with Sick Spouse	\$1,380
Veteran Married to a Veteran	\$2,716

The services of a home helper or home health aide can help veterans remain at home. A home helper or home health aide can be used as part of an alternative to nursing home care, and as a way to get in-home respite care for veterans and their family caregiver. VA's Family Caregivers Program provides support and assistance to caregivers of post 9/11 veterans and medically discharged service members. Eligible primary family caregivers can receive a stipend, training, mental health services, travel and lodging reimbursement and access to health insurance if they are not already covered under a health care plan.

For more information, contact your local VA medical facility and speak with a caregiver support coordinator; visit [caregiver.va.gov](https://www.caregiver.va.gov) or dial toll-free **1.877.222.VETS** (8387).

## Reverse Mortgages

Another source of income that seniors over 62 years of age increasingly rely on is the reverse mortgage. If you or your loved one has equity in their home, you can potentially qualify for a reverse mortgage. A reverse mortgage is essentially a loan against your home that you typically do not have to pay back for as long as you live in your home. With a reverse mortgage, you can turn the value of your home into cash without having to move or to repay a loan each month. These funds can then be used to pay for home care. For more information about a reverse mortgage, please visit the Federal Trade Commission website at [ftc.gov](https://www.ftc.gov).

## Life Settlements

If you or your loved one has a life insurance policy, there are companies that offer insurance owners the option to sell their policies in exchange for a lump sum payment that is greater than the cash surrender value. In the event your loved one looking for care has a life insurance policy, life settlements may be an alternate option to fund their care. The policy is treated as an asset in the same way that a home, mutual fund or personal assets are treated. The life insurance policy is sold to an investor while the policy holder is still alive. The selling price is typically considerably more than the cash surrender value of the policy, but far less than the policy's face value. Depending on age, health and other factors at the time of sale, your loved one may receive a lump sum payment for the policy at half or less of the face value.

Life settlements provide quick access to assets for a senior; however be mindful that the investors buying the insurance policy stand to profit considerably on the policy's proceeds. Due to the many complexities of life insurance settlements, consulting with a financial planner is imperative before making any decisions.

For more information on Life Settlements as a funding solution visit [lifecarefunding.com](https://lifecarefunding.com).

# Medicaid's Benefits for Home Care

States generally provide some kind of long-term care for certain people, including seniors living at home, requiring home care. While these programs aren't technically part of Medicaid, they are funded by Medicaid through waivers of normal Medicaid rules. This is how they get their designation as Home and Community-Based Services (HCBS) "waiver" programs.

Unlike Medicare coverage of home care or regular Medicaid home care coverage, these waiver programs generally aren't limited to medical care and their coverage doesn't run out when a person's medical condition stabilizes.

## ***Home and Community-Based Services programs may provide:***

- In-home healthcare, including nursing care and physical therapy.
- Personal care services to help with the normal activities of daily living (ADLs), such as eating, bathing and dressing.
- Homemaker services such as simple cooking, cleaning and laundry.
- Meal delivery.
- Adult day services participation (care, companionship and activities at an adult day services center).
- Transportation assistance to and from medical care or other services.
- Assistive devices, medical equipment and supplies.
- Minor home modifications like widening a doorway to accommodate a wheelchair or installing a safety railing in a bathtub.

Eligibility for an HCBS waiver program typically has two parts. The first involves the need for care. The program generally evaluates the applicant's need for medical care and/or assistance with activities of daily living. Usually, the applicant's need for care must be extensive enough that without in-home services, he or she would have to move into a nursing home. The second part of eligibility is financial. An applicant generally must have a low income and few assets. However, the asset and income eligibility levels are usually significantly higher than for regular Medicaid coverage. In most states, an individual can have countable income (for a discussion of countable income, see *How Medicaid Works* at **medicaid.gov**) two or three times higher than for regular Medicaid eligibility. Similarly, an individual usually can have considerably more in assets -- the value of the person's home doesn't count at all -- than for regular Medicaid coverage. In some states income and assets resting solely in a spouse's name aren't counted. It is important to know that the exact income and asset eligibility rules and amounts vary from state to state.

If someone qualifies for HCBS coverage of in-home care, in some states there are programs that can pay a family member to provide some of this home care.

To find out exactly what Home and Community-Based Services are available in your state, and the eligibility guidelines, contact your local Medicaid office. To find a local Medicaid office, go to the federal government's benefit's website **Benefits.gov** and choose your state.

# Assistance from a Financial Advisor

If you're looking to make an investment, buy a financial product or plan for the long-term, whether or not you need financial advice will depend on a number of factors. It is important to determine what product you are looking for; how complicated your finances and personal circumstances are and your short-term and long-term goals. When making decisions on funding for a loved one's care it is imperative to do your due diligence and make a sound investment. Contacting a financial advisor before deciding on your source of funding will help ensure you and your loved one are making the best decision possible.

## What Services Do Financial Advisors Offer?

Professional financial advisers generally carry out a 'fact find' where they ask you detailed questions about your circumstances, your goals and how you feel about taking risks with your money. Then they can recommend financial products that are suitable and affordable for you.

## How to Choose the Right Financial Advisor for Yourself or Your Aging Loved One

Choosing a financial advisor for your family member can be every bit as important as choosing a doctor or lawyer for them. Financial advice, like medical or legal advice, can be critical -- and potentially damaging -- if given poorly. It is important to take the time and effort to choose a financial advisor that is right for your family member.

Personal finance is a broad, complex and ever-changing field, yet just about anyone can call themselves a financial advisor. The advisor you choose must be competent, well-informed and experienced in the areas of investment management and financial counseling. A financial advisor does not have to be an expert in every area, but should know when they are in an area where more expertise is needed, and have the ability to work with experts to get you the most accurate information.

The advisor you and your senior choose should have integrity, a commitment to ethical behavior and high professional standards. You want an advisor who puts your needs and interests first.

## **It's Personal**

Working with a financial advisor is a very personal relationship. Communication, rapport and trust are keys to success for your family member, and for you if you will also be interacting with the advisor. Choose someone with whom you and your relative feel comfortable. Your advisor can serve you better if you and your loved one are honest about your financial situation and goals. If the relationship is uncomfortable, you may not give your advisor enough information to properly advise the both of you.

Your comfort level with an advisor and the communication between your relative and the advisor, may be two different things. Communication is always a two-way street, but it's the advisor's job to facilitate the communication. A good financial advisor should:

- Ask the right questions. For every important answer, there is a correct question to be asked. A good advisor knows how and when to ask the important questions to get the comprehensive information needed.
- Pay attention and act on what your family member says. A financial advisor should always listen, respect the level of comfort with risks and tailor their recommendations to suit you and your family.
- Treat you and your loved one with courtesy and respect. If you feel as though you and your family are not being treated with courtesy and respect, find someone else.
- Explain things until you and your family understands them. A good financial advisor will provide you with all of the information needed to make an informed decision.

***When interviewing potential financial advisors, here is some information to ask for:***

*Disclosure* - The heart of any working relationship with a financial advisor is trust. Trust is built on two factors: the advisor acting in your relative's best interests and full disclosure of his or her background, business practices and other issues. Full disclosure means the advisor is forthright in providing answers about their work experience, compensation, methods of planning and also any disciplinary actions that may have been taken against him. Request a written disclosure document from the advisor. This will either be a Form ADV or an equivalent brochure. This should answer many of your questions. You may want to follow up with a personal interview, which many advisors offer for free.

**Basic Questions to Ask When Choosing a Financial Advisor**

- Financial designations and/or licenses the advisor holds. The Certified Financial Planner (CFP) designation is a widely accepted mark of education and ethical standards.
- Educational background and work experience.
- Services the advisor provides, areas of specialization, types of clients the advisor serves and any minimum net worth or income requirements.
- The advisor's approach to financial planning, and how your relative's particular needs will be addressed.
- Whether the advisor or others will implement recommendations from the plan.
- Business relationships the advisor has that might present a conflict of interest.
- How the advisor is paid for services and the typical charges.

A face-to-face interview also should give you a personal sense about the advisor. Does the person seem forthright in their answers? Do you have a sense of trust and rapport? Is the person focused on your needs, or does he/she seem to be mostly concerned with selling products?

## Questions to Ask Before You Choose a Funding Source

1. Does this funding source fit my needs, within my means?
2. Was this provider able to answer my questions fully and competently?
3. Have I addressed any and all of my concerns with an outside third party?
4. Do I have an advocate within this organization to contact as questions arise?
5. Have I done my due diligence with this organization?

## Resources

### ***Other Resources for Aging Adults and Their Loved Ones:***

CaregiverStress.com

HelpForAlzheimersFamilies.com

HomeInstead.com

**AARP** [aarp.org](http://aarp.org)

**Access America for Senior** [seniors.gov](http://seniors.gov)

**Caregiverlist** [caregiverlist.com](http://caregiverlist.com)

**Federal Trade Commission** [ftc.gov](http://ftc.gov)

**Help Guide** [helpguide.org](http://helpguide.org)

**U.S Department of Housing and Urban Development** [hud.gov](http://hud.gov)

**Medicare Website** [medicare.gov](http://medicare.gov)

**National Academy of Elder Law Attorneys** [naela.org](http://naela.org)

**National Senior Citizens Law Center** [nslc.org](http://nslc.org)



*To us, it's personal.®*

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