

## Chapter 5

# HOW TO PAY FOR A NURSING HOME

This chapter describes the various ways to pay for a nursing home: Medicare, nursing home insurance, private pay, and Medicaid. The rules governing Medicaid are very complicated; you should not wait until all of your funds are exhausted before you apply.

## MEDICARE

Medicare is the federal program that helps pay your doctor and hospital bills if you are over age 65 or disabled. Almost everyone who receives Social Security is covered by Medicare.

Unfortunately, Medicare coverage for nursing homes is limited. Medicare will pay only for skilled nursing care, and only for a limited time. But very few nursing home residents ever need or receive such care.

Nonetheless, if you are seriously ill and need to be in a nursing home, Medicare may pay part of your bill. It's important to know Medicare's requirements so that you and your doctor can discuss whether skilled nursing care and/or rehabilitation services are needed.

### Here's how Medicare works:

1. Medicare will pay only for skilled nursing care and rehabilitation services in an approved facility. Most nursing homes in Michigan are Medicare approved, but some are not. Be sure to ask the home you choose if it is Medicare approved. Otherwise, Medicare will not pay your bills.
2. Medicare will pay only for skilled nursing care or rehabilitation services provided by licensed registered nurses (RNs) or qualified physical, speech, and occupational therapists. This kind of care may involve medications that must be monitored by a doctor, IVs, tube feedings, physical and speech therapy, and changing wound dressings after major surgery.
3. Medicare will pay only if your doctor orders skilled nursing care and/or rehabilitation services.
4. Your admission to a nursing facility must occur within 30 days following a 3-day hospital stay, not including the day of discharge.
5. Your transfer to a nursing facility must be to receive care for the same condition for which you were hospitalized.
6. You are not required to meet the 3-day prior hospitalization requirement if you are readmitted to the nursing facility for the same condition within 30 days of your discharge from the facility.
7. Medicare will pay only if it approves coverage for your stay at the facility.
8. Medicare Part A can help pay for up to 100 days in each benefit period. Medicare Part A pays for all covered services for the first 20 days of your approved stay in a nursing facility. You will be required to pay a high copayment for the remaining 80 days of a covered stay.
9. Once Medicare decides you no longer need skilled nursing care or rehabilitation services, Medicare stops paying.

Only the nursing home can submit a Medicare claim for you. If the nursing home anticipates that Medicare will not pay for the service, it must give you a written notice. You have the right to demand that the nursing home submit the claim. It is best to let Medicare, not the nursing home, decide whether you are covered. Until Medicare determines the care is not covered, the nursing home cannot collect a deposit from you.

Of course, if you have Medicare coverage for doctor's services, Medicare will continue to cover your reasonable and necessary doctor bills for needed services while you are in a nursing home, even if it does not pay the nursing home bill.

To learn more about Medicare coverage of nursing home expenses, and about how to appeal a Medicare denial of payment, contact the Medicare/Medicaid Assistance Program (MMAP) [www.mymmap.org](http://www.mymmap.org) or call (800-803-7174).

## **NURSING HOME INSURANCE**

Before buying nursing home insurance, study the policies very carefully and seek the advice of an organization that analyzes long-term-care policies. You may wish to contact the State of Michigan Office of Financial and Insurance Regulation (OFIR), [www.michigan.gov/ofir](http://www.michigan.gov/ofir) or call (877-999-6442). And, the Area Agencies on Aging Association of Michigan (AAAAM), [www.mi-seniors.net](http://www.mi-seniors.net), or a local Area Office on Aging, may also be able to refer you to a health insurance counselor.

### **Nursing Home Insurance Checklist**

1. Does the policy cover alternatives such as home health, day care, and custodial care?
2. Does the policy renew automatically every year?
3. How long is the waiting period for pre-existing conditions?
4. Does the policy have a deductible, or a number of days before coverage begins?
5. Does the policy's daily benefits rate compare favorably with the costs of care in your area?
6. Do those benefits cover enough days to assure you coverage for a 3-year nursing home stay?
7. Is there a provision to allow the benefits to go up with inflation?

## **PRIVATE PAY**

People who pay for a nursing home with their own money are known as private pay residents. There are more nursing homes to choose from if you can pay your bills with your own resources. The waiting lists may be shorter and beds may be available sooner for private pay patients. Many people in nursing homes start out as private pay residents, but eventually turn to Medicaid for help. Applying for Medicaid is a time-consuming process – get started well before your money runs out.

## **MEDICAID**

If your nursing home bills exceed your monthly income and you have little or no savings, Medicaid may be the answer. Because nursing homes can cost more than \$60,000 a year, most families sooner or later need financial supplements from Medicaid.

### **How Do I Qualify for Medicaid?**

Medicaid rules are very complicated. They also change frequently. Slight differences in people's circumstances can lead to opposite results. The rules are different for married couples and single people. Each person's situation is different.

You must apply for Medicaid at the local Department of Human Services. The staff there may be able to answer your questions. You can also contact the Michigan Medicare Medicaid Assistance Program (MMAP) at [www.mymmap.org](http://www.mymmap.org) or call 1-800-803-7174. MMAP's mission is to educate, counsel, and empower beneficiaries and those who serve them so that they can make informed health benefit decisions. MMAP can help with supplemental ("Medigap") insurance evaluation and comparison, billing concerns, Medicare Health Plan Options, long-term care insurance evaluation and comparison, Medicaid assistance, including application, Medicare appeals process, and prescription drug assistance, including EPIC (Elder Prescription Insurance Coverage) Program.