

· UPDATE ·

Medicare vs Medicaid: What is the Real Story?

By Timothy J. Rice, Esq.

With reports of Obama's health care reform in the news daily, misinformation runs rampant especially among the senior communities. What follows is a comparison and contrast of the federal Medicare and Medicaid programs and why it is crucial that you understand the distinctions of both when considering end-of-life planning questions.

Many people use the terms Medicare and Medicaid interchangeably and are sometimes confused about what each program covers. In general, Medicare is the government benefit program that pays medical expenses such as hospital bills and doctors' fees for individuals who are at least 65 years old - or sooner, if the individual is disabled - regardless of how much money that individual owns or earns. Medicaid is the government benefit program that can pay for nursing home care, assisted living care, and some home care costs, but only if the individual meets the asset and Medicaid program income requirements.

For those individuals who require long-term nursing home stays, Medicare will provide only some temporary financial assistance. If an individual receives skilled care such as rehabilitation in a nursing home, Medicare will cover such care in full for only 20 days, and some partial coverage may exist for another 80 days. Therefore, nursing home stays which exceed 3 months will require payment from the nursing home resident's assets. For many individuals, this presents a financial burden since the average cost of nursing home care in New Jersey is over \$8,000 per month or nearly \$100,000 per year.

The other payment option for long-term nursing home stays is through the Medicaid program. Planning for this alternative can become complex as Medicaid eligibility is available only to individuals who have "spent down" their assets to either \$2,000 or \$4,000 non-exempt income, depending on their monthly income. It is most accurate, therefore, to think of Medicaid as a "welfare" program that only covers long-term care to impoverished individuals. Of course, when nursing home care costs almost \$100,000 per year, impoverishment can occur rather quickly.

The Medicare and Medicaid laws and regulations are very complex and change quite frequently. Because the costs of medical care and long-term care are rising astronomically, it is imperative that proper planning is done to obtain coverage for such care under the Medicare and Medicaid programs.

The Law Office of Timothy J. Rice, Esq. works closely with clients to assess their present health care situation and needs in the course of estate planning to determine which plan of action is most appropriate to ensure that you and your loved ones make the most informed decision possible. Contact us today to learn how we may be of service to you.

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Timothy J. Rice, Esq. provides clients with timely Updates which help them make informed decisions about their asset preservation and end-of-life issues. Lending his compassionate and caring nature to each client, Mr. Rice has been helping clients for nearly 20 years in the areas of estate and trust planning and administration; Medicaid planning and guardianships; will contests and litigation, powers of attorney and advance directives, among other areas.

To learn more how we can help you, visit us on the web at www.TimRiceElderLaw.com

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