

JOHNSON, GASINK & BAXTER, LLP

TWO THINGS CERTAIN®

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WILL THE NURSING HOME TAKE MY HOUSE?

PLANNING FOR LONG TERM CARE

By Dan C. Gasink

Will the Nursing Home take my house? No. But many sell their home to pay for nursing home costs or face the prospect of the state 'recovering' their home to repay medical expenses after death. Long term care is a constant worry. Clients routinely ask us if they will outlive their money. With monthly costs that can exceed \$5,000, baby boomers and retirees fret about how they would pay for nursing home care in the event it is needed. Every seminar, it seems, an attendee asks me if the nursing home will take his or her house. These worries center on fears of losing money, losing control, and the general feeling of confusion about the options for paying for a nursing home. Every person has four options for long term care, which I have listed in the order I think is preferable:

- 1) Purchase Long-Term Care Insurance,
- 2) Self-insure
- 3) Do legal Medicaid planning, or
- 4) Do nothing and hope for the best.

Insurance: Sharing The Risk

About half of all seniors will need long term care at some point. The costs can be staggering. When dealing with a problem as likely and as expensive as nursing home care, it makes sense to share the risk. **We recommend all our clients investigate Long Term Care Insurance.** We do not sell any insurance products and we advise you to see your insurance advisor about your personal situation. Long Term Care Insurance comes in a wide variety of benefits and options and can be tailored to meet your specific needs. Like all insurance products, Long Term Care Insurance is essentially a wager between the insured and the insurance company. The company uses its best research and experience to predict how much a

given person is likely to cost them, and then attempts to price the product as low as possible without losing money. This leads to two disparate reasons why clients do not buy Long Term Care Insurance: either the buyer feels he can't afford it or the company refuses to provide the insurance given the buyer's health situation. The earlier you investigate Long Term Care Insurance, the less impact either factor has: younger buyers' premiums are lower and the younger applicants tend to be in better health which makes the company's underwriting easier.

Self-Insurance: Assuming The Risk

Some have sufficient assets to pay for their nursing home care - either from regular income or from amassing a nest egg large enough to absorb the potential cost. Others self-insure after being denied Long Term Care Insurance coverage. **Many intend to self-insure under the false idea that Medicare will pay for the nursing home when, in fact, Medicare will only pay for 100 days rehabilitation** in the nursing home (and only pays 100% of the cost for the first 20 days). Many people who think they are self-insuring are, in fact, doing nothing and hoping for the best.

Medicaid Planning

A third long term care option is Medicaid Planning, also known as Elder Law. In Medicaid Planning, your lawyer helps you navigate the labyrinth of state and Federal regulations so that you can best protect your home and assets for your family, while meeting the stringent income and resource requirements laid out by the state and Federal Governments. Medicaid Planning works much like tax planning. The rules provide many exemptions and you either reap the benefits with the proper guidance or fall blindly into pitfalls alone. **If you can't get long term care insurance, or you cannot afford to self-insure, then we recommend that you investigate Medicaid planning.**

For most, planning can be done years before the nursing home may be needed. Others need immediate assistance. As attorneys who practice Elder Law, we can do both preventative and crisis work. In both circumstances, we have developed a process to evaluate your needs, propose solutions, and then implement our suggestions quickly. The price of good Medicaid planning is higher than the fees for basic Estate Planning; the cost of not planning can be exorbitant.

Conclusion

Long term care costs are the biggest financial liability our clients face. There are methods you can use to mitigate the potential costs of an extended stay in a nursing home. If you have not investigated Long Term Care Insurance, we advise you to do so now. If you can't get Long Term Care Insurance and are worried about nursing home expenses, please call our office for a Medicaid planning consultation.



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About the author:

Dan Gasink is an experienced problem solver who helps people worried about losing their house to the nursing home, people who are concerned about how their family will manage their estate, and those who don't want death taxes to eat away their estate. Dan has helped over a thousand clients over his ten plus years of practice. Dan takes pride in making sure that his work for clients is reliably prepared on time. Dan works with his partners and staff at Johnson, Gasink & Baxter, LLP, to protect his clients, their family, and their wealth.

Dan lives in Williamsburg with his wife, Ginny, their young children, and their yellow lab, Lucy. Moving around much in early years, his family settled in Northern Virginia where he attended high school. At William and Mary, he majored in history, minored in religion, and received a teaching certificate. Upon graduating, he taught high school social studies in Hampton before returning to William and Mary for a law degree. He practiced Estate Planning law in the Washington D.C. metropolitan area until he married Ginny (another William and Mary alumna) in 2005 and they soon returned to Williamsburg. Dan has been in private practice in Williamsburg since that move and enjoys speaking as an Estate Planning expert and as a continuing education (CE) teacher. His hobbies include playing music and relaxing in Sandbridge, Virginia.