

## Medicare, MassHealth, And Planning For Long-Term Care



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Many people are confused about the difference between Medicare and MassHealth as it pertains to the challenge of paying for expensive long-term care. This is not surprising. The two programs sound similar and both provide for medical care. Let's start with a brief definition of each program.

Medicare is an entitlement program. Everyone who reaches the age of 65 and is eligible to receive benefits from Social Security can also receive Medicare. MassHealth, on the other hand, is a public assistance program. It is designed to help people with limited income and assets pay for medical care. Recipients of MassHealth assistance must meet certain income and asset guidelines.

Another fundamental difference between the two programs is that Medicare is run entirely by the federal government, whereas MassHealth is a joint federal-state program. Every state has its own MassHealth system, which helps explain why eligibility rules differ from one state to the next and why a few states use different names for MassHealth, such as Medi-Cal in California and MassHealth in Massachusetts. Whatever a state's program is called, to receive money from the federal government it must adhere to federal guidelines. Typically, the federal government pays for approximately one half of a state's program, with the state itself paying for the rest.

Now let's look at how the two programs differ with regard to planning for long-term care.

Medicare, by and large, does not cover long-term nursing home care. For example, Medicare Part A will only cover up to 100 days in a skilled nursing facility for a particular illness, and only after the patient has spent at least three days in a hospital. Worse, from day 21 to day 100, the individual in the skilled nursing facility must make a copayment of \$167.50 per day. Few people actually receive Medicare coverage for the full 100 days, in part because of the copay, and in part because restrictions and conditions for coverage are quite stringent.

MassHealth, on the other, does cover long-term nursing home care for people who meet its income and asset limits. One hundred days, one year, five years--MassHealth will pay for the care as long as the recipient is eligible. Given the high cost of nursing home care, the dearth of affordable alternatives, and the restrictions inherent in Medicare coverage, MassHealth is now the single largest payer of nursing home stays in the United States.

So, can you get assistance from MassHealth to pay for nursing home care? If your income and assets are less than your state's guidelines, you are already eligible. If your income and assets exceed state limits, you have to take the appropriate steps to become eligible. The sooner you take these steps, the better, and you have to be careful.

For example, you can't simply give your "stuff" away a few weeks before entering a nursing home and expect MassHealth to pay for your stay. When you apply for MassHealth, any gifts or transfers of assets made within five years of the date of application are subject to penalties. This is known as the look-back period. And what is the "penalty?" It is the amount of time during which the person transferring the assets will be ineligible for MassHealth. The penalty period is determined by dividing the amount transferred by what MassHealth determines to be the average private pay cost of a nursing home in your state.

The bottom line is this: While Medicare can help pay for a short-term stay in a nursing home, MassHealth can pay for long-term care. Through proper planning, you can obtain assistance from MassHealth to pay for nursing home care, and protect your hard-earned assets in the process. The sooner you start planning, the better your chances of getting the care you need while protecting most, if not all, of your assets.