

LONG-TERM CARE

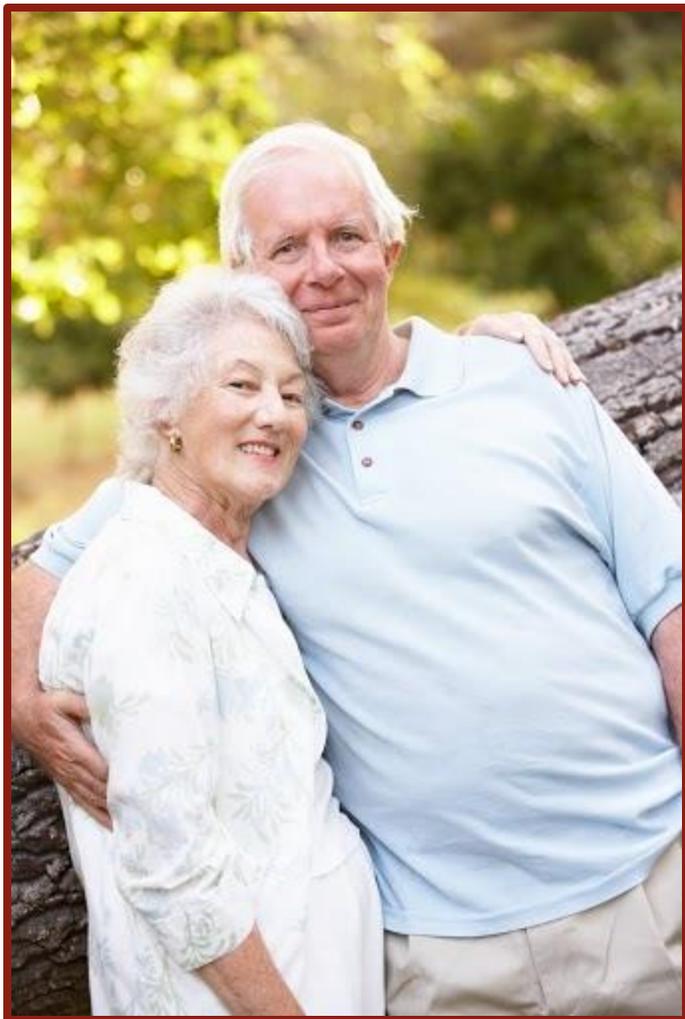
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Many people don't prepare in advance to absorb these costs because they expect to be qualified to participate in the Medicare program.

It is true that you will become eligible when you reach the age of 65 if you paid into the program sufficiently. (It should be noted that the eligibility age is subject to change.)

That's the good news, but the bad news is that Medicare won't pay for an extended stay in a nursing home or

assisted living community. It will only pay for up to 100 days of convalescent care.

STATISTICAL LIKELIHOOD

Once you digest the fact that Medicare won't pay for long-term care you may take it with a grain of salt thinking that you probably won't need living assistance. It is good to remain positive and optimistic, but a dose of pragmatism may be called for as well.

According to the United States Department of Health and Human Services approximately 70% of Americans will need some form of long-term care. This is a rather compelling statistic. The fact is that it is quite likely that you will indeed need long-term care at some point in the future.

THE COSTS

We have established that Medicare will not pick up the tab for long-term care beyond 100 days of convalescent care. It is statistically likely that you will need care eventually. Let's look at the extent of the costs that you may be facing as a senior citizen.

The MetLife Mature Market Institute conducts a survey every year that examines long-term care costs around the country. They provide national averages, and they also drill down further to provide the average costs within specific states and metropolitan areas.



In 2012 the national average charge for a single day in a private room in a nursing home in the United States was \$248. If you get out your calculator and multiply this by the number of days in a year you come up with an annual expense of \$90,520.

A semi-private room averaged \$222 a day nationally, and this equates to just over \$81,000 per year.

In the state of New York long-term care costs exceed these national averages by a significant margin. A private room in a nursing home in the Empire State in 2012 averaged \$368 a day. This factors out to \$134,320 per year.



Assisted living communities are expensive as well. Nationally the average monthly charge for residence in an assisted living community was \$3550. This is an annual expense of \$42,600.

Once again, we see bigger numbers in New York, with the average annual charge for residence in an assisted living community exceeding \$48,000 in 2012.

When you are calculating your potential long-term care expenses you must take the anticipated length of stay into account as well.

According to the government National Nursing Home Survey nursing home

residents spend 835 days in the facilities on average, which is right around two years and three months. When you take the average annual cost for a private room in a nursing home in New York and you multiply it by the average length of stay you are looking at a figure that is well in excess of a quarter of a million dollars.

It should be noted that around 10% of people who reside in nursing homes



actually wind up receiving the care for at least five years.

The last thing we would like to point out with regard to the state of these costs is that they are by no means stagnant. Nursing home and assisted

living facility costs have been rising year-by-year. Last year assisted living facility charges went up by 2.1 percent, and the cost for a private room in a nursing home rose by 3.8 percent.

If you were to need long-term care in perhaps 20 or 30 years you could probably expect to see costs that are significant higher than they are now.

PAYMENT OPTIONS

How do you pay for long-term care? If you are in a position to do so you can simply get out your checkbook and write a check. However, most people don't



have hundreds of thousands of dollars in reserve when they are in their 80s.

Another option would be to purchase long-term care insurance. This coverage can be quite expensive, with the premiums being higher

for older individuals. If you go this route you should certainly examine the policy details closely to be certain that the coverage is sufficient.

By far the most common way that people address long-term care costs is through the Medicaid program. While this program exists to help people with very limited financial resources the majority of people in nursing homes are Medicaid recipients.

It is possible to qualify for Medicaid while retaining ownership of valuable property such as your home. In addition to this, if you are married and you need long-term-care your spouse can retain his or her share of community assets up to a certain limit

CONCLUSION

Long-term care costs could be accurately described as exorbitant, and they are on the rise. The wise response would be to devise a strategy for aging with the assistance of an elder law attorney.

Medicaid is the best choice for many. With the proper legal assistance you can take steps to position your assets optimally with future Medicaid eligibility in mind.

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About the Author



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Mark S. Eghrari is an attorney in private practice in Smithtown, New York. He has been in practice since 1988. Mark S. Eghrari provides extensive estate and tax planning services to individuals and businesses. Mr. Eghrari's primary focus is helping clients avoid probate, minimize or eliminate Federal and State Estate taxes and protect their assets from the high cost of nursing care, if they become ill. Mr. Eghrari's expertise is in providing unique and innovative estate planning solutions that create a secure future for his clients and their loved ones. Mr. Eghrari is a member of the American Bar Association and New York State Bar Association as well as the National Academy of Elder Law Attorneys and the American Academy of Estate Planning Attorneys.

Mr. Eghrari completed his undergraduate work at Lafayette College in Easton, Pennsylvania and received his MBA in banking and finance from Hofstra University on Long Island. He earned his Juris Doctorate from the Hofstra University School of Law, where he was a member of the Law Review. While in law school, Mr. Eghrari gained practical experience in the corporate tax department of Citicorp in New York city.

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