Can my family afford home care?

Understanding Home Care Costs & Payment for Your Loved Ones

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It’s no secret that cost plays a significant role in determining the best care solution for you or your loved one. The good news is that home care can often be the most affordable option, but that strongly depends on the level of care needed and various other factors.

To determine if home care is a suitable choice for you, it’s important to understand its role in the continuum of care and assess your family’s needs and budget.

Let’s review some of the factors that should be considered when deciding on home care. Taking these into account can help you make an informed decision and plan for covering the associated costs.¹
Assessing Your Needs

While home care costs can significantly differ depending on the location and provider, the level of care required for your loved one is likely the most significant determining factor. As you explore the viability of home care for your family, it’s helpful to understand the types of clients and situations that are often a good match for this form of care.

Home care Is ideal for those who:

- **Face ongoing debilitating health challenges**, such as chronic conditions they can’t manage on their own
- **Feel isolated** and could benefit from increased social engagement
- **Are at high risk** of experiencing a fall at home or have suffered repeated falls in the past
- **Value their independence** and life at home but require consistent support and assistance with daily tasks and activities like grooming, household chores, meal prep and light housekeeping
- **Require ongoing care** but whose loved ones are unable to provide consistent support or feel overwhelmed managing the day-to-day responsibilities as a family caregiver
- **Need help managing their medications** and following their doctor’s or discharge orders
- **Feel unsafe at home** and could use someone to monitor their well-being during specified hours or around the clock
- **Are recovering at home** from a surgical procedure or after an extended hospital stay and need temporary care as they regain their health and strength
- **Require transportation** to and from appointments and help with errands like grocery shopping
How Do Families Pay for Home Care?

Now let’s delve into some common and practical payment methods families use to afford home care for their loved ones. Please note that the options below, excluding private pay, are contingent upon your individual or familial circumstances. Because everyone’s situation is different, you may need to research these methods further to see which makes the most sense for you.

Many families opt to pay for home care out of pocket, but there are other avenues to explore. Be prepared to further research the payor sources outlined on the following pages to see what makes the most sense for you.

Private Pay

For most home care providers, private pay is the primary method of payment. While paying out of pocket may seem daunting at first, it often affords families the greatest amount of flexibility and control. You can work together to customize home care services to meet your specific needs and budget. For many families, the benefits of this type of funding outweigh any potential drawbacks. Families use different methods to pay privately for home care services. In addition to using savings directly to cover the costs of home care services, some draw funds from sources such as individual retirement accounts (IRAs), health savings accounts (HSAs), Social Security benefits, pension plans, annuities and other personal investments, including real estate.
Long-term Care Insurance

Long-term care insurance (LTCI) is a type of insurance policy that individuals can purchase from private insurance companies or sometimes receive as part of certain pension and retirement packages. The purpose of LTCI is to help cover the costs associated with long-term care, which can include assistance with activities of daily living. While some Medicare Advantage plans offer supplemental coverage for certain home care services, this coverage is usually limited, making LTCI the primary means of insuring non-medical home care.

Like other insurance policies, the coverage and benefits of LTCI can vary greatly among policyholders, particularly between traditional LTCI policies and hybrid policies that combine long-term care coverage with other types of insurance, such as life insurance or annuities. Typically, the premiums for these plans are most cost-effective when purchased in your 50s or 60s, so it’s wise to plan ahead if you hope to use this method to cover long-term care costs.

Aid and Attendance Benefit for Veterans

This federal benefit assists in offsetting the costs of long-term care for wartime veterans aged 65 and over or their surviving spouses. If you or a loved one is a veteran, you may qualify to have some or all of your home care costs covered through federal programs like this one.

To qualify for this benefit, the veteran must require the assistance of another to complete activities of daily living, be bed-bound, in skilled nursing care, or have qualifying visual deficits. Some veterans may qualify for housebound benefits from the Department of Veterans Affairs (VA) if they receive a VA pension and are home-limited due to a permanent disability.

The VA and other organizations such as the Veterans Care Coordination can help veterans explore this benefit and other options, such as veterans’ pensions. Veterans can apply for these benefits in person at their local VA or send a completed application form to their pension management center (PMC). Application forms and additional information are available on the U.S Department of Veterans Affairs website.
Life Insurance

Some seniors choose to use their life insurance to help cover the expenses of home care services by taking a loan from the policy’s value or trading in the policy in exchange for its cash value.

Your options for life insurance coverage of long-term care depend on your personal insurance policy. It’s best to contact your insurance provider for specific information. You should also consult with your financial advisor to help you determine if this is a viable solution for you. Some families research and choose a health insurance plan for themselves or a loved one based on its coverage options for home health services.

Some use their life insurance benefits to obtain a settlement. A life insurance settlement involves the sale of an existing life insurance policy to a third party. The third party assumes the payments and pays the policyholder a lump sum, which can be used to fund home care services. Once the original policyholder passes away, the third party then collects the policy’s death benefits once they mature. Candidates for this option usually have a life insurance policy worth at least $100,000 and are aged 65 or older.

The VA’s Community Care Network

The Community Care Network is the preferred national network used by the VA to purchase care for veterans. When a local VA facility cannot provide the services a veteran needs, community providers may be approved to deliver these services. Since the VA doesn’t directly provide homemaker or home health aide (H/HHA) services, veterans can qualify to receive coverage for these services from a credential provider through the CCN. To qualify for community care services such as home care, the veteran must be enrolled in a VA health care benefits package and have a doctor’s order to receive home care services. Typically, their VA primary care provider will assess their health and dependence on assistance with activities of daily living (ADL) before ordering the appropriate H/HHA services to supplement the medical care or treatment they receive from their VA facility.
Medicaid is a healthcare coverage assistance program jointly run by the federal and state governments. In some cases, Medicaid can be used to fund home care services for those in need. Some states have expanded their eligibility for this program through the use of Medicaid waivers. In participating states, these waivers can be used to help fund non-medical home care services.

In some states, Medicaid offers payments to family caregivers through their Cash and Counseling program, also referred to as consumer-directed or self-directed services. These services are part of the elder’s authorized Medicaid care plan—paid for by the state, if applicable—allowing close friends and relatives, except for spouses, to be paid for the care they provide. Funds received through the respective state’s Cash and Counseling program can also be used to purchase items related to activities of daily living (ADLs), including cleaning, meal preparation and delivery, laundry services and transportation for medical appointments.

To qualify for Medicaid, you must meet specific criteria determined by your state of residence. It’s helpful to search for eligibility information by your state and to obtain information from the government about this program.

Medicare is a federal program that can provide coverage for the expenses of doctor-prescribed, medically necessary skilled home health care services. However, it typically does not cover the cost of non-medical home care services. Medicare primarily focuses on offering coverage for skilled therapy and skilled nursing services delivered in a home setting. To qualify for Medicare coverage, strict criteria must be met, and the services provided must be deemed necessary and reasonable to address a diagnosed medical condition for the individual receiving them.
Medigap Coverage

Medigap coverage involves using a supplemental private policy to cover any gaps in coverage from Medicare parts A and B. This additional coverage can be used to cover costs associated with copays and deductibles. Medigap is linked with Medicare; however, its coverage is designed for those who meet the eligibility requirements to qualify for Medicare. In general, Medicare and Medigap do not cover costs associated with home care services, except in cases where home care is medically necessary and for the short term.

Medicare Advantage Plans

Medicare Advantage plans (also known as Medicare Part C) are health insurance plans from private insurance companies that have been approved by Medicare. Instead of dealing with Medicare for coverage of healthcare and medical needs, the policyholder deals directly with the insurance company, which works with Medicare on their behalf. Medicare Advantage plans can offer some additional coverage for services Medicare doesn’t fully cover (such as dental, hearing, and vision services). These plans are often restrictive, however, in which healthcare providers and services they will cover. They can also dictate the amount of skilled rehabilitation therapy services a person can receive. The costs for these plans vary greatly, depending on the provider. Most Medicare Advantage plans do not cover in-home care services. Still, it can be helpful to be aware of and research this option to see if it’s a possibility for your family’s needs.

The Older Americans Act

This federal act was established by President Johnson in 1965 for the purpose of upholding seniors’ independence and dignity through the provisions of community-based services and support for seniors in need. While not a direct source of funding for home care services, the Older Americans Act (or OAA) helped to establish a national infrastructure of support for aging Americans through creating a network of Area Agencies on Aging (AAAs). While the OAA can’t directly fund home care services, they can offer assistance and support with coordinating a range of senior health and wellness services, as well as assisting families with exploring and obtaining funding options and care providers.
Additional Possible Home Care Funding Options to Explore:

**Auto Insurance**
Those involved in a car accident may qualify to have home health services covered by their auto insurance policy to prevent loss of function and promote a full recovery.

**Reverse Mortgage**
Some turn to a reverse mortgage to borrow from the accrued equity in their home to fund home care. The home equity cash outs received in a reverse mortgage can be used to directly fund home care services, as well as to cover the costs of home modifications, and even to fund the purchase of long-term care insurance. Typically, the funds received through a reverse mortgage are tax-free and do not affect the Social Security or Medicare benefits due to the borrower. Reverse mortgages are available to those 62 and over. The funds borrowed must be repaid if the home is sold, when the borrower moves or if they pass away.

**Back-up Care**
If emergency care coverage is needed because of an unexpected situation and lapse of caregiver support and availability, some employers’ health insurance policies offer back-up care benefits. If available, these benefits can be used for dependent family members, no matter their age. Check with your employer’s HR representative or your insurance provider to see if you qualify.

**Worker’s Compensation**
When you’re injured on the job, worker’s compensation benefits can be used to help fund home care services, to support your recovery and assist you in the performance of daily activities around your home.

**Behavioral Health**
In some cases, state-funded programs can support individuals facing challenges with their behavioral health and wellness, such as cognitive issues and other conditions. These programs can assist qualifying individuals with self-care and activities of daily living around the home to promote safety, independence and quality of life. These programs can also be used to address and manage depression and substance abuse issues in older adults.

**Intellectual and Developmental Disabilities**
Other state-funded programs offer support and assistance for individuals with intellectual or developmental disabilities. These can include care provisions for adults who have experienced a traumatic brain injury.
Is Home Care Cost-Effective for Your Family?

Many families choose home care services to ensure a better quality of life for their loved ones who prefer to age or recover from the comfort of home. Fortunately, home care can make this a safe and viable option.

Thankfully, it’s often the most affordable option too, but that depends on various factors, such as your area, local service providers, the care model you choose and your level of health and personal care needs. As you assess your and your family’s circumstances and account for all these factors, choosing the right type of care can still be a difficult decision. Fortunately, it’s not one you must make alone. If you’re feeling overwhelmed or could benefit from an expert opinion, HomeWell is here to help.

HomeWell Care Services is a leading, national non-medical home care provider committed to delivering trusted care with true compassion. As you weigh your care options, our team of industry experts are well-versed in the available payment options and will be happy to offer our guidance to help you navigate the best choices for you. We’ll walk you through your options based on your unique needs and even provide a custom care plan with personalized support, resources and insights and help you determine the type of care that suits your budget.

Request your consultation with our team today to discover what HomeWell can do for you.