

# **Alzheimer's Disease Especially for Caregivers Financial Matters\***

## **Introduction**

The cost of providing long-term care for a person with dementia can be very expensive. Many people assume that government programs, such as Medicare and others, will pay for it. However, it is individuals and families that typically pay for services out of their own pocket.

To reduce the financial stress that can come from paying for care requires advance planning.

## **Gather financial and legal documents**

Carefully go over financial and legal documents. Getting a handle on existing expenses, assets and income can help you identify any necessary documents that are not in place.

Gather documents such as:

- Wills
- Medical and durable powers of attorney
- Bank and brokerage accounts
- Deeds, mortgage papers or ownership statements
- Pension and other retirements benefit summaries
- Social Security payment information
- Stock and bond certificates
- Monthly or outstanding bills
- Insurance policies

## **Costs you may face**

Alzheimer's is a progressive disease, and the type and level of care a person needs will change over time. Consider all the costs you might face now and in the future.

- Ongoing medical treatment, including diagnosis and follow-up visits
- Treatment for other medical conditions

- Prescription drugs
- Personal care supplies
- Adult day services
- In-home care services
- Residential care services, including assisted living and nursing homes

## Ways to cover the costs of care

A number of financial resources may be available to help cover the costs care:

**Insurance** – includes government insurance programs such as Medicare and Medigap; disability insurance from an employer-paid plan or personal policy; group employee plan or retiree medical coverage; life insurance and long-term care insurance. After symptoms of Alzheimer's appear, it is usually no longer possible to purchase many types of insurance.

- **Medicare** is a federal health insurance program for people age 65 or older. Medicare covers inpatient hospital care, some doctor's fees, some medical items and outpatient prescription drugs. The program also provides some home health care, including skilled nursing care and rehabilitation therapy, under certain conditions. It does not pay for long-term nursing home care.
- **Medigap** insurance fills gaps in Medicare coverage, such as paying for coinsurance. The more expensive Medigap policies may cover additional items.
- **Disability insurance** provides income for a worker who can no longer work due to illness or injury. An employer-paid disability policy provides 60 to 70 percent of a person's gross income.
- **Long-term care insurance** typically pays for the costs of most care settings, include nursing homes. If the person with dementia has a long-term care policy, carefully review it to see if Alzheimer's disease is covered, when can benefits start being collected and what kind of care the policy covers.
- **Life insurance** can be a valuable source of cash. The person with dementia may be able to receive a part of the policy's face value as a loan, called a viatical loan, that is paid off upon the person's death.

**Retirement benefits** – includes individual retirement accounts (IRAs), employee-funded retirement plans, such as a 401(k), 403(b) and Keough.

**Personal savings and assets** – includes stocks, bonds, savings accounts, real estate and personal property, such as jewelry or artwork.

**Government assistance** – includes Social Security Disability Income (SSDI) for workers under age 65; Supplemental Security Income (SSI); Medicaid; veterans benefits; and tax deductions and credits, such as the Household and Dependent Care Credit.

- **Social Security Disability Income** is for workers younger than 65 who qualify for benefits. To qualify, the person must meet the Social Security Administration's definition of disability. Generally that means proving that the person with dementia is unable to work in any occupation and the condition will last at least a year or is expected to result in death.
- **Supplemental Security Income** guarantees a minimum monthly income for people who are age 65 or older, are disabled or blind, and have very limited income and assets. To qualify for benefits, the person must meet the Social Security Administration's definition of disability.
- **Medicaid** pays for medical care for people with very low income and assets levels. It also pays for long-term care for people who have used up most of their own money, under most circumstances. The person with dementia should be very careful about giving away assets to family members to qualify for Medicaid. Strict laws govern this area.

**Community support** – includes local support services at low or no cost, such as respite care, support groups, transportation and meal delivery.

### **Review caregiver finances**

The person with dementia may not have all the money he or she will need to pay for care. Caregivers need to review their own resources and decide if they can provide financial assistance and how much.

- Review savings, investments and insurance plans.
- Assess the need to increase life insurance or disability insurance.

- Consider what plans need to be in place in case something happens. Caregivers may want to consider if long-term care insurance is right for them. This type of insurance could cover the costs for most care settings, including nursing home, private home, assisted living or adult day center.
- If the person with dementia is dependent under the tax rules, caregivers may be able to use their own workplace flexible spending account to cover the person's medical costs or dependent care expenses.
- Talk with other family members about pooling resources together to pay for care.

### **Get professional assistance**

Professional financial advisers can be valuable sources of information and assistance. They can help:

- Identify potential financial resources
- Identify tax deductions
- Avoid bad investment decisions that could deplete your finances

When choosing a financial adviser, check qualifications such as:

- Professional credentials
- Work experience
- Educational background
- Membership in professional associations
- Areas of specialty. Ask the adviser if she or he is familiar with elder care or terminal-illness issues.

**\*Source: Alzheimer's Association**

**1-800-272-3900**

**[www.alz.org](http://www.alz.org)**