



What Happens If I Run Out of Money ?

Navigating the Financial Challenges
and Support Systems In Continuing
Care Communities

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Introduction

- Understanding your personal resources and income
- Understanding the costs for different levels of care
- Understanding the support systems and options

Types of Income

- Planning Involves Understanding Between Fixed and Variable Income Streams
- Be aware of Changes if a Spouse Needs Care or Passes Away
- Preservation of principal tends to follow staying within your income stream

	Fixed	Variable
Pension	X	
Social Security	X	
Investment(s)	X	X
Employment		X



If My Income Is Insufficient, How do I Access Principal?

- Qualified Investments ?
- Joint Accounts ?
- Stocks v. Annuities v. Insurance ?

Qualified Investments

- Upside – there is a tax benefit to using
- Downside – if a spouse needs care, your qualified contract is an exempt resource

Joint Accounts

- Good to access because balance automatically flows to surviving spouse
- Generally better to use individual accounts of person who is sick/needing care.

Stocks v. Annuities v. Insurance

- If you have a need that is covered by insurance, generally use insurance.
- If you have a deferred annuity, there is likely deferred gain that is beneficial to be use for care



Cost of Different Types of Care Within the Continuing Care Community

Knowing the care you may need and its costs

Progressing through the Types of Care

Central Pennsylvania Assisted Living Level Care Costs - 2205

- Statewide Average for Assisted Living is about \$4,000 a month, depending on needs.
- Locally, the average seems to be in the range of \$5,000 to \$9,000 a month, depending on needs.
- Currently no meaningful public benefit program for many individuals

Central Pennsylvania Skilled Level Care Costs - 2025

- Private Pay Rates
 - Each skilled care facility has its own rates based on options and benefits. Generally we see ranges from \$380 a day to over \$500 a day.
- Medicaid Pay Rates
 - Medicaid pays each skilled care facility a different rate, based on a formula unique to each facility. The rate tends to run from about \$200 a day to \$280 a day,

Consequences of Running out of Funds

- Typically, first a transition within the community to less expensive accommodations
- Possible discharge from community if you have mislead the facility concerning funds or gifted assets.
 - Be aware of Pennsylvania's Filial Responsibility Law –if you are ineligible for benefits, your children are subject to potential obligation to pay for care. 23 Pa.C.S. § 4603/
[Health Care & Retirement Corporation of America v. Pittas](#) (Pa. Super. Ct., No. 536 EDA 2011, May 7, 2012)
- Possible application for benevolent care or institutional assistance.
- If skilled nursing level care, possible application for Medical Assistance benefits
 - Challenging for family members
 - Five (5) year asset and income review period
 - Gifts in excess of \$500 **total** in any month can create ineligibility for benefits



Medicaid's Role

Medicaid is a primary payer for long-term care services, covering nursing home care and certain home and community-based services for those who meet eligibility requirements, which vary by state.

You must establish a medical necessity and financial eligibility.

The process to eligibility is complicated.

- If married, you need to prove what you own on the date of admission to the skilled care facility.
- After you gather that information, you have to go back and gather assets for the date you think you are eligible.
- The rules really do not make much sense.

The process is intrusive.

- The Commonwealth can request five (5) years of financial records.
- The Commonwealth can require you to explain all of your transactions that are over \$500.
- Your family or a third party will be reviewing your investments, check book and discussing your choices.

Opportunities for Questions

Estate Planning?

Probate?

Taxes?

Long Term Care?

