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Home care is affordable with pooled trusts

BY MICHAEL J. AMORUSO

When faced with a long-term care decision, the choices for many New Yorkers are whether to receive services in a nursing home or in their own home.

While some people may prefer to receive care at home, the cost is often the driving factor in the decision. For example, the cost of 24/7 care in a nursing home can exceed $140,000 a year while the comparable level of care in a person's home can exceed $200,000.

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For those with adequate long-term care insurance that covers both home care and nursing home care, this decision can be made based upon the preferred environment. However, for those who do not medically qualify for such insurance or who cannot afford the annual premiums, the decision is driven by cost.

Individuals who do not have the assets to privately pay for the cost of home-care services often rely upon receiving the services through Medicaid. However, the realities of Medicaid budgeting of the individual's monthly income may make it impossible.

Specifically, if an individual was otherwise eligible for Medicaid home-care services, he would be required to spend down all of his monthly income in excess of $787 a month on his care. While at first glance this may appear reasonable, that spend-down has a dramatic impact upon whether or not he can remain in his home.

Most importantly, he must be able to fully fund his cost of living – rent, mortgage, food, property taxes, telephone, utilities and insurance – on $787 a month. In Westchester, this is a nearly impossible task and it forces many individuals to seek placement in a nursing home.

In 1993, Congress, under the Omnibus Budget Reconciliation Act of 1993, created an option that empowers individuals to remain at home and to afford the care they need while on Medicaid. This vehicle is known as a supplemental needs income "pooled trust."

Under this vehicle, a disabled individual is permitted to place his excess income into a pooled fund managed and invested by a not-for-profit organization for the benefit of the disabled individuals participating in the trust.

Each beneficiary of the pooled trust has a segregated account within the fund to which his excess monthly income is credited. This allows him to use his excess income to pay his cost of living in his home, while receiving Medicaid home-care services. In practice, he will submit his monthly bills to the not-for-profit managing the trust which, in turn, will pay his bills utilizing the income in his trust account.

For example, assume an individual receives $1,500 a month of income and has monthly living expenses of $1,500. If he requires Medicaid home-care services and does not utilize a pooled trust, he cannot retain more than $787 a month of the income because the excess $713 must be spent on his care.

However, if he established a pooled trust, then the excess $713 would be transferred into that trust and the organization would use the money to fully pay his monthly cost of living in his home while his care would be paid for under the Medicaid home-care program.

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