

Medicaid and Long-Term Care Insurance

Today we want to touch on the differences between Medicaid and long-term care insurance. In my experience, some of the most confusing parts of Medicaid are the details about what long-term care benefits are included. One of our resources for this discussion is an Investopedia article from July 2018 by Janet Arrowood, "[Medicaid vs. Long-Term Care Insurance: What to Know.](#)"

Let's start by spending a little time defining just what Medicaid and long-term care insurance are, then we can delve into what makes them different. That way we have a basic understanding to build the rest of the episode on.

First, we'll cover Medicaid. What exactly is Medicaid? According to the official [Medicaid.gov](#) website, Medicaid provides health coverage to millions of Americans. This includes eligible low-income adults, children, pregnant women, the elderly and people with disabilities.

It's important to note that Medicaid is administered by states, according to federal requirements. The program is jointly funded by the federal government and the states. According to the "[November 2018 Medicaid & CHIP Enrollment Data Highlights](#)" available on Medicaid.gov, there were more than 66 million individuals enrolled in Medicaid as of November 2018.

It's important to remember that Medicaid is structured differently than Medicare. Medicare is mostly federally-run, while Medicaid is primarily state-run. Accordingly, the rules, regulations and details of Medicaid may vary from state to state.

For example, Medicaid covers custodial care at nursing homes in all 50 states. To qualify for Medicaid, you must be unable to perform two of the six activities of daily living, commonly called ADLs. The six ADLs are:

- Dressing
- Bathing
- Transferring
- Walking
- Feeding
- Toileting/continence

Long-Term Care insurance defines this differently. According to [LongTermCare.gov](#), this type of private insurance is designed to cover long-term services and support like personal and custodial care, bathing, eating, dressing and mobility. However, with a long-term care insurance policy, these types of services could be in many different locations, including your home, a community organization or another facility. Like Medicaid, with long-term care insurance you often must be unable to perform two of the six activities of daily living.

Long-term care insurance policies often reimburse policyholders a predetermined amount up to a noted limit for each day these personal or custodial services are performed. So, the funds are received from the insurance carrier after the service has been performed.

Each policy has different coverage and benefits options. Again, according to LongTermCare.gov, some of the factors that may affect your costs could be:

- How old you are when you buy the policy
- The maximum amount that a policy will pay per day
- The maximum number of days (or years) that a policy will pay
- The maximum amount per day, multiplied by the number of days, determines the lifetime maximum the policy will pay
- The optional benefits you choose, such as benefits that increase with inflation

There are many things that affect the cost of long-term care insurance. That's why it may be beneficial to work with a financial services professional who can help you wade through the sea of policies, options and benefits. Also, as often happens with any type of insurance, you may not qualify for a long-term care policy. If you're already receiving long-term care services, or have health issues, you may have difficulty finding a long-term care insurance policy.

Medicaid is a long-term care option for some Americans. However, it may not be the best strategy for everyone. Again, I recommend working with a financial service professional and an attorney to find an option that meets your unique needs. Then you can determine if a Long-Term Care Insurance policy is something you should pursue.

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