

What is ALTCS and When Should We Start to Plan

Alzheimer's Disease is the most common cause of dementia in persons age 65 and older. One in 10 Americans over the age of 65 and nearly half of Americans over the age of 85 have this disease. Dementia is a painful disease for the entire family. Often Alzheimer's disease causes a gradual decline in thinking abilities including a loss of memory, language, movement, judgment, behavior and abstract thinking.

Aside from the emotional issues, long term treatment can be expensive. Medicare does not cover long term care expenses. Medicare covers rehabilitation services for a limited period of time—it will not cover the costs of an assisted living home, non-medical home care, group home, memory care facility or even long term care in a nursing home.

The average costs for long term care in Arizona, are as follows: \$20-25 an hour for home care; \$2500-3000 a month for a group home; \$4000-5000 a month for assisted living or memory care facility; \$5000-7000 a month for nursing home care. Most people will find it very difficult to cover these expenses for any significant period of time—even a month or two may be more than you can afford.

Medicaid, known as ALTCS (the Arizona Long Term Care System) in Arizona, covers some or all of the expenses of long term care. ALTCS is a "needs" based program. In order to receive benefits, you must meet certain financial and medical qualifications. Some people think that they must spend all of their money before they can obtain benefits. This is not true. There are ways to protect your assets now or in the future, should benefits be needed. However, particularly for individuals (rather than those with a living spouse) planning early may give you the most options.

For example, although a revocable trust will NOT protect your assets for ALTCS purposes, certain irrevocable trusts may provide that protection.

Here are some myths and facts:

1. I can gift \$13,000 this year without the need of filing a gift tax return or paying any gift taxes.

FACT: This is true for IRS purposes, but any gifts over \$500 may cause a period of time when you will not be eligible for ALTCS benefits.

2. I would never apply for ALTCS benefits because the state will get my house.

FACT: If you have a living spouse, who lives at home, the state does not have the right to file a lien against the property. If both you and your spouse reside in a facility, rather than at home, the state will not collect on any lien until and unless you are both deceased. If you are single, the State may have a right to recover the costs it paid for your care, from your house or other assets, upon your death.

3. You have to spend all of your money on care costs before it is worth applying for ALTCS benefits.

FACT: It is possible to protect much, if not all, of your assets from the costs of long term care.

We have developed a short booklet entitled the "Consumer Guide to Paying for Long Term Care." If you would like a free copy, please call or send us an email and we will put it in the mail to you. We hope this publication will provide you with useful information.

The Estate Planning and Elder Law Newsletter is published as a service of the Law Office of Emily B. Kile, P.C., 5010 E. Shea Blvd. Suite A212, Scottsdale, Arizona 85254. This information is for general informational purposes only and does not constitute legal advice. For specific questions you should consult a qualified attorney.

The Law Office of Emily B. Kile, P.C. provides services related to: Wills, Trusts, Powers of Attorney, Estate/Trust Settlement, Medicaid (ALTCS) and VA benefits information, conservatorships and guardianships.

Please call us at: 480-348-1590 with questions.