



Coordinating of Long-Term Care with Government Benefits

What does “coordination with government benefits” mean?

Long-term care (LTC) involves a wide range of medical and personal services that support individuals who are unable to live independently due to physical or cognitive impairments. Understanding how government programs coordinate with private insurance options can help families plan for the high costs associated with extended care.

What is long-term care?

Long-term care refers to services designed to help individuals with chronic illnesses, disabilities, or cognitive decline manage their daily lives. It may include assistance with activities of daily living (ADLs)—such as eating, bathing, dressing, transferring, and toileting—or skilled medical care.

Long-term care may be divided into three levels:

- **Skilled care:** Continuous medical or rehabilitative care provided by licensed professionals, typically under a doctor’s supervision. This level of care is often temporary, aiming for patient recovery.
- **Intermediate care:** Periodic nursing and rehabilitative services provided under medical supervision.
- **Custodial care:** Non-medical care focused on helping with ADLs. This is the most common form of long-term care and can be provided in a facility or at home.

Medicare and Long-Term Care Coverage

Medicare is a federal health insurance program for individuals aged 65 and older, certain younger individuals with disabilities, and those with end-stage renal disease. It is divided into two main parts:

- **Part A (Hospital Insurance):** Covers inpatient hospital care, short-term skilled nursing facility (SNF) care, some home health services, and hospice care.
- **Part B (Medical Insurance):** Covers doctor visits, outpatient care, medical supplies, and certain preventive services.

However, **Medicare does not cover custodial or long-term residential care.** It only pays for skilled nursing or rehabilitation under strict conditions. As of 2025, Medicare covers skilled nursing facility care as follows: - Days 1–20: Medicare pays 100% of the cost. - Days 21–100: The patient pays a daily coinsurance of \$204 per day. - After day 100: The patient is responsible for all costs.

Example:

If a patient spends 30 days in a Medicare-approved SNF with a daily cost of \$275: - Days 1–20: Medicare pays in full (\$5,500 total). - Days 21–30: Patient pays \$204 per day (\$2,040 total), Medicare pays the remainder. - After day 30: All costs are out-of-pocket.

This example illustrates Medicare’s limitations—it only covers short-term skilled care, not long-term or custodial care.

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Medigap Insurance

Medigap, or Medicare Supplement Insurance, is private coverage designed to fill gaps in Medicare benefits. Some Medigap plans cover the daily coinsurance required for days 21–100 of skilled nursing facility care under Medicare Part A. However, **Medigap does not cover custodial or intermediate long-term care**. Once Medicare coverage ends after 100 days, patients are responsible for all remaining expenses.

Example:

A Medigap policy that covers the SNF coinsurance eliminates out-of-pocket costs for days 21–100, making the first 100 days of skilled care free to the patient. Beyond that period, full costs apply.

Medicaid and Long-Term Care

Medicaid is a joint federal and state program that provides health coverage for individuals with limited income and assets. Unlike Medicare, **Medicaid does pay for long-term custodial care**, including nursing home and in-home care services, provided the individual meets both medical and financial eligibility criteria.

To qualify, applicants generally must: - Have income and assets below their state's established limits. - Require assistance with activities of daily living or meet a medical necessity test.

Many states allow individuals to **spend down** their assets to meet Medicaid eligibility requirements. Because of its strict income and asset rules, Medicaid often serves as the **payer of last resort** for long-term care expenses. In 2025, Medicaid remains the largest single payer of nursing home costs in the United States.

Long-Term Care Insurance (LTCI)

Long-Term Care Insurance (LTCI) provides coverage for services not paid by Medicare or standard health insurance. Policies typically pay a daily or monthly benefit amount for care received in various settings, such as nursing homes, assisted living facilities, or at home.

Typical LTCI benefits range from \$100 to \$400 per day, depending on the policy. Premiums vary based on age, benefit level, and elimination period (the waiting time before benefits begin).

Example:

A policy with a \$200 daily benefit and a 90-day elimination period might cover: - Skilled or intermediate nursing care after the elimination period. - Home health care or assisted living up to the daily limit.

LTCI benefits are generally triggered when the policyholder is unable to perform at least two of six activities of daily living (e.g., bathing, eating, dressing, toileting, transferring, or continence) or suffers from severe cognitive impairment.

Coordinating Government Benefits with Private Insurance

Effective planning often involves coordinating Medicare, Medigap, Medicaid, and LTCI to minimize personal out-of-pocket costs and protect assets. For example: - Use Medicare and Medigap for short-term skilled rehabilitation after hospitalization. - Rely on LTCI to cover intermediate or custodial care before Medicaid eligibility. - Plan Medicaid spend-down strategies in advance to preserve some assets for spouses or heirs.

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Key Takeaways

- Medicare provides short-term skilled care but not long-term custodial care.
- Medigap supplements Medicare but does not extend coverage duration.
- Medicaid covers long-term care for eligible low-income individuals after assets are spent down.
- LTCI offers the most flexibility and independence in choosing care options.

Planning for long-term care involves balancing personal resources, private insurance, and government programs to ensure financial stability and quality of care.

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Prepared in 2025 for educational purposes. Data and Medicare rates reflect 2025 U.S. Centers for Medicare & Medicaid Services (CMS) updates.

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