

WHAT ARE THE DIFFERENCES BETWEEN MEDICARE AND MEDICAID IN PENNSYLVANIA?

A Closer Look at the Differences between Medicare and Medicaid in Pennsylvania, with an Emphasis on the Elder Law Implications





In this paper we will look at the differences between Medicare and Medicaid, with an emphasis on the elder law implications.

THE MEDICARE PROGRAM

Medicare is a government run health insurance program. It is in place to provide health insurance for senior citizens.

You earn retirement credits when you are working and paying taxes. When you have accumulated 40 retirement credits, you will qualify for Medicare coverage when you reach the age of 65.

It is possible to earn as many as four retirement credits each year. In 2014, you earn one retirement credit for each \$1200 that you earn. Because of the modest requirements, most people qualify for Medicare when they reach the age of eligibility.

Medicare will be of great assistance when you obtain coverage, but it does not pay for everything in full. There are out-of-pocket expenses to contend with, including co-payments, deductibles, and premiums. You should be aware of these out-of-pocket costs and budget accordingly when you are preparing for retirement.

In addition to the supplemental costs that you must absorb, there is a very big gap in Medicare coverage. The program will not pay for long-term custodial care. This is the type of care that you would receive in a nursing home or assisted living community.

According to research that is being cited by the United States Department of Health and Human Services, some 70 percent of people who are reaching 65 will someday need long-term care.



Long-term care is extremely expensive, with the median annual cost for a private room in a nursing home exceeding \$107,000 per year in Pennsylvania. Assisted living communities are costly as well, and licensed in-home caregivers can be surprisingly expensive.

The average length of stay is over two years, and about 10 percent of people in nursing homes ultimately reside in the facilities for at least five years.

MEDICAID

Medicaid is also a government run health insurance program that is jointly administered by the federal government along with each respective state government.

You must be able to demonstrate significant financial need to qualify for Medicaid. This is one of the major differences between Medicare and Medicaid.

The age factor is another difference. Though there are some very limited exceptions, Medicare is used by senior citizens, but people of all ages can qualify for Medicaid.

There is an enormous difference between the two programs from an elder law perspective. Medicare won't help with assisted living expenses, but Medicaid will pay for long-term care.

Most of the long-term care that is being received by seniors citizens in the United States is being paid for by the Medicaid program. How can people who were never poor qualify for Medicaid? This is typically done through a process called a Medicaid spend down.

To a large extent, a spend down is self-explanatory: you spend or give away your

assets before you apply for Medicaid. Many people decide to give their children their inheritances in advance.

If you want to engage in a Medicaid spend down, you have to be aware of the five-year look-back period. Your eligibility will be delayed if you give away assets within five years of applying for Medicaid coverage.

Because of the look-back, you have to plan ahead in advance to qualify for Medicaid at the right time.

CONCLUSION

Medicare and Medicaid are both health insurance programs. Medicare is largely intended for seniors, and you earn coverage by accumulating retirement credits.

Medicaid is available to people of all ages, and it is available to people who can demonstrate financial need, regardless of their work history.

Most seniors will need assistance with their activities of daily living at some point in time. A significant percentage of seniors who were originally qualified for Medicare seek Medicaid eligibility eventually, because Medicare will not pay for long-term care.

Medicaid planning can be complex because of the five-year look-back period and other complicated rules and regulations. Attorneys who specialize in this field understand the Medicaid program thoroughly, and they typically assist clients who are seeking eligibility.

If you are interested in learning more about Medicaid planning, contact a licensed elder law attorney to schedule a consultation. Your attorney will answer all of your questions and help you put a plan in place if you decide to go forward.

REFERENCES

Medicare

<http://www.medicare.gov/>

Medicaid

<http://www.medicaid.gov/>

Social Security Administration

<http://www.ssa.gov/retire2/credits1.htm>

Genworth Financial

<https://www.genworth.com/corporate/about-genworth/industry-expertise/cost-of-care.html>

About Flood & Masiuk, LLC



Marianne Flood

As the founder and managing partner of the Southampton, Pennsylvania law firm of Flood & Masiuk, LLC, Marianne Flood oversees a practice devoted to providing clients with personalized service and counsel in all aspects of estate planning.

Because of Ms. Flood's deep commitment to the specialty of estate planning, she became a member of the American Academy of Estate Planning Attorneys in April, 2000. Her entire private practice has been devoted to helping families of

all ages and backgrounds.

Joe Masiuk

As a partner in the law firm of Flood & Masiuk, LLC, Joseph Masiuk is committed to, a practice which provides people of all ages and walks of life with thoughtful and comprehensive solutions in Estate Planning, which includes Elder Care, Medicaid and Special Needs Planning.

Today, Mr. Masiuk is a widely noted speaker, author and seminar leader on topics ranging from estate and Medicaid planning to asset protection for traditional and GLBT couples and families.

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