



Pathfinders in Elder Law



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The VA Aid and Attendance Program Provides Assistance with Long Term Care Costs

By: Lindsay Knowles

The The Department of Veterans Affairs (VA) offers an under-utilized benefit to wartime veterans and their surviving spouses that can provide much needed assistance with costs of long term care. This benefit, called the Aid and Attendance (A&A) pension, provides monetary assistance to war-time veterans (or their surviving spouses) in need of aid or assistance with activities of daily living. This aid or assistance can be provided at home, in an assisted living facility, or a nursing home and can be provided by friends, family, or healthcare professionals.

While the A&A pension can provide assistance with nursing home costs, the pension is typically most useful to assist with the costs of home health care or an assisted living facility. These are services for which it is usually difficult to receive Medicaid help. In addition, the pension can be used to hire family and friends to provide care (except for a caregiving spouse).

Yet, despite the benefits this program offers, many veterans and surviving spouses who may be eligible to receive the

pension do not make use of it. This could be due to lack of knowledge (for example, it is not obvious from most VA material that the pension can be used to pay for home health care provided by family members). However, it may also be due to families delaying asking questions about financing long term care until a nursing home admission is imminent. Although the pension can assist with nursing home costs, Medicaid is the most widely used funding source for nursing home care and pension benefits may not provide the kind of assistance Medicaid can in that situation.

The pension can provide up to \$19,736 a year (\$1,644 a month) for an individual or \$23,396 a year (\$1,949 a month) for couples, to help with care expenses. For surviving spouses, the extra income available is \$12,681 a year (\$1056) a month. (These numbers are based on figures for 2009 and are increased each year, usually in December).

The amount of benefit depends on the applicant’s total cost of care, total household income, other unreimbursed medical expenses (such as Medicare premiums, private health insurance, prescriptions, etc.) and the ability to pay for these expenses out of the applicant’s assets. The VA calculates the “net” income (total household income minus medical expenses). These medical expenses are therefore used to reduce the countable income to potentially qualifying levels.

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Things to Remember... *(continued from previous page)*

Important to the net income calculation are traditional medical expenses as well as the annual cost of paying hired home health care givers, including friends, family members, and hired agencies. Therefore, even though the pension is frequently advertised by the VA as a benefit for low income families, households with monthly income of \$3,000-\$6,000 a month can qualify if they have enough medical expenses and meet the other eligibility requirements.

For home health care or assisted living expenses to be deducted, the expense must be for medical or nursing services for the veteran or his surviving spouse. There is no requirement that the in-home caregiver be licensed, however the care services must be prescribed by a health care professional, such as a doctor, RN, LPN, or licensed physical therapist. It is best to provide complete documentation regarding any “aid and attendance” the applicant receives, including a statement from an attending physician and a care provider report. The care provider report should outline the total cost of care and any amount the applicant is being reimbursed. The statement from the attending physician is used to demonstrate the need for aid and attendance.

In addition to documenting the need for the care, it is wise to have a care contract between the applicant and the care provider. This is particularly important when the care provider is a family member or friend. It should include such basic information such as how the care provider will be paid and the parties to the contract. The VA wants to see this is a legitimate, arm’s-length transaction.

The care provider and recipient must make certain tax preparations as a result of these care contracts because the care recipient becomes a household employer and the care provider will receive taxable income. Scheduling a meeting with an attorney and a CPA will ensure the arrangement is set up properly.

The Aid and Attendance benefit can help certain veterans remain in their homes or in the less restrictive environment of assisted living. Having a professional help step them through the process will help the applicant and their family focus on getting the necessary care and the financial assistance to pay for it. ▲

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