



*Pathfinders in Elder Law*



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### ***Little-Known Government Program Pays the Cost of Elder Care***

The **WHAT IF 33% OF ALL SENIORS IN THIS COUNTRY** could receive up to \$1,949 a month in additional income from the government to help cover their elder care costs? **THEY CAN!**

Under the right circumstances, a little-known federal program will pay additional income to cover long term care costs for at least 1/3 of all US senior households -- that's how many war veterans or their surviving spouses there are in this country. But the provisions of this program are such a well-kept secret that only 4.7% of US seniors are actually receiving the benefit. The great news about this program is the Department of Veterans Affairs will pay you to hire your family, friends or just about anyone to take care of you (Caregiving spouses can't be paid under this program). The program is called "Veterans Pension."

Most people who have heard about Pension know that it will cover the costs of assisted living and, in some cases, cover nursing home costs as well. But the majority of those receiving long term care in this country are in their homes. Estimates are that approximately 70% to 80% of all

long term care is being provided in the home. All of the information available about Pension overlooks the fact that this benefit can also be used to pay for home care.

It also comes as a surprise to most people that the Department of Veterans Affairs will allow veterans' households to include the annual cost of paying any person such as family members, friends or hired help for care when calculating the Pension benefit. This annual cost is deducted from household income and used to calculate a lower "countable income" which in turn enables families to receive this disability income from VA. Even though VA claims the benefit is for low income families, because of the special provision in the regulations -- allowing for deduction for care costs -- households earning between \$3,000 to \$6,000 a month or more can still qualify for Pension under the right conditions.

This extra income can be a welcome benefit for families struggling to provide eldercare for loved ones at home. Under the right circumstances, this annualized medical expense for the cost of family members, friends or any other person providing care, could create an additional household income of up to \$1,056 a month for a single surviving spouse of a veteran, up to \$1,644 a month for a single veteran or up to \$1,949 a month for a couple.

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### *Little Known Government... (continued from previous page)*

If the disabled care recipient has been rated "housebound" or in need of "aid and attendance" by VA, all fees paid to an in-home attendant will be allowed as long as the attendant provides some medical or nursing services for the disabled person. The attendant does not have to be a licensed health professional. There is also no need to distinguish between medical and nonmedical services -- all are deductible.

For a disabled person who has been rated "in need of aid and attendance" or "housebound", a family member will be considered an in-home attendant, but that family member has to be paid for services duly rendered. There is potential for fraud here where a family member may move into the home and ostensibly receive payment as a caregiver but not actually provide the level of care paid for.

Documentation for this care must be provided to VA, and it is reasonable for VA to question whether the services being purchased from a family member living in the household are legitimate. Such arrangements should be extensively documented and completely arm's-length.

The care arrangements and payment for home care must be made prior to

application and there must be evidence that this care is needed on an ongoing and regular basis. We recommend a formal care contract and weekly invoice billing for services. Money must exchange hands and federal law requires employment taxes must be withheld and there must be evidence of this. All of this documentation must be provided as proof to VA when making application for the pension benefit. Costs for these services must be unreimbursed; meaning these costs are not paid by insurance, by contributions from the family or from other sources. VA will allow, however, family caregivers being paid by their loved ones, to turn around and pay the household bills for their loved ones to help defray the cost of the care.

Due to the need for a rating, documentation for annualizing care costs and the extensive proof needed to show the caregiver is indeed an employee of the care recipient, most people should not try this on their own. An expert in this area should be sought to help with the application in order to avoid lengthy delays in awarding a benefit or a possible denial of benefits. ▲

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