

Can You Afford a Home-Care Worker?

Resources are available for families who need caregiving help
by Marsha Mercer, [AARP](#), Updated November 4, 2019 | Comments: 2



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Planning for in-home care is a lot like the Chinese adage about planting a tree: The best time was 20 years ago, and the second best time is today.

Older Americans determined to stay in their own homes are likely to need help at some point — for a few hours a day or 24/7 — with household chores, nursing services and personal care. And with 10,000 baby boomers a day turning 65 between now and 2030, the need for home health care will only increase.

Those who plan early may buy insurance policies that cover home-care benefits. That could be [long-term care insurance](#), or a life insurance policy with a rider for long-term care, sometimes called hybrid policy.

That's if they can afford long-term care coverage. When 2012 premiums for a couple who are both age 60 (the most recent information on premiums available from the

American Association for Long-Term Care Insurance) are adjusted to 2019 dollars, the cost averages almost \$3,800 a year.

Plus, 1 in 5 applicants younger than age 60 are declined, and the proportion rises with age, according to 2019 data from the same trade group.

Those without long-term care insurance often start out relying on an unpaid family caregiver, but eventually many need to turn to paid help. And that can be expensive, too: According to insurance company Genworth's [2019 survey](#) on the cost of long-term care, the national average bill for a home health aide is \$4,385 a month.

"I think it's a crisis," says Jennifer VanderVeen, president of the National Academy of Elder Law Attorneys. "Getting reliable home health care is not as available and affordable as it should be."

Paying out of pocket

"For the most part, the clients who have home care are private pay," says Jerry Love, a certified public accountant in Abilene, Texas, and a frequent lecturer on financing retirement and long-term care for the American Institute of Certified Public Accountants.

Many cobble together a care budget from multiple sources, among them:

- **Annuities**
- **Investments and savings**
- **Life insurance policies** that can be used for qualified home-care expenses through cash value or an accelerated death benefit
- **Borrowing**, for example by taking out a [reverse mortgage](#) or [home equity loan](#)

Keep in mind that using your house to provide cash for long-term care is risky: You could run out of equity in your home while you still need the care.

Research reverse mortgages, available only to those 62 and older, to see if they are the right solution. The first step in qualifying for a federally approved reverse mortgage is an educational session with a qualified counselor who will guide a homeowner through the process and list of fees.

You may be able to save on home care by hiring an aide directly, which tends to be cheaper than going through a home-health agency. But being an employer comes with responsibilities, Love says.

"First, you have to be sure you're paying the minimum wage," he says. "And if the person is working more than 40 hours a week, you must pay overtime."

Government help

You can get help paying for in-home care if you don't have insurance coverage for long-term care and can't afford to pay out of existing financial resources.

Start by searching the federal government's [Eldercare Locator](#) to find your local Area Agency on Aging.

Those offices are “the first place to look,” VanderVeen says. “They have resources on home health care, and they are the gateway to Medicaid, which pays for home services.” You can also check the National Council on Aging's [BenefitsCheckUp](#) to find out what programs you may qualify for.

Help with home-care bills may be available through Medicaid if the care recipient has a low income or limited assets. Medicare can also pay for home health services in some circumstances, and the Department of Veterans Affairs (VA) offers home-care support for former service members. People who pay for caregiving also can qualify for tax breaks.

Medicare

Original Medicare can cover the full cost of [medically necessary home health care](#) on a limited basis for beneficiaries who are unable to leave home without assistance. That could include:

- **Skilled nursing care**
- **Occupational, physical and speech therapy**
- **Home health aide services**, if the recipient also needs therapy or skilled nursing

Original Medicare will cover routine home care — help with daily activities such as bathing and dressing and basic medical care such as checking vital signs and dressing wounds — only on a part-time or intermittent basis, and only if a doctor orders it as part of a broader plan of care. It will not pay for full-time home care or for personal and homemaker services if that is the only help you need.

However, Medicare Advantage (MA) plans — private insurance policies that match original Medicare’s coverage but can provide additional benefits — have the option to offer broader and longer-term coverage for home health services. For example, an MA plan might cover a personal care aide even if the recipient does not need therapy or skilled nursing. If your loved one has MA, check with the plan provider.

Medicaid

The joint federal-state program does pay for in-home care, some residential and assisted living care, and nursing home care. More than half of all Medicaid spending on long-term care goes toward home- and community-based services.

Home health services are less limited under Medicaid than with Medicare, but each state runs its Medicaid program differently, and eligibility and benefits vary.

Veterans programs

Eligible former service members may qualify for one of several [VA programs](#) that help pay for care at home, including [Aid and Attendance benefits](#), [Housebound](#)

[benefits](#), [Veteran Directed Care](#), and [Homemaker and Home Health Aide Care](#). Contact your regional [VA benefits office](#) for information.

Taxes

If you're hiring and paying for home care for medical reasons, you may qualify for a federal tax deduction, just as if the loved one were in a nursing home, Love says.

An adult child serving as a caregiver for a live-in parent also can get a tax break by [claiming the parent as a dependent](#). But the child must meet certain criteria, including providing more than half of the care recipient's financial support.