

Planning to Pay for Parents' Long-Term Care Using Medicaid

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Although Medicaid was created as a health care program for poor people, it has become a key factor in nursing home coverage for middle-class elderly. The cost of a year in a nursing home can range from \$30,000 to \$60,000. Presumably, middle class families use Medicaid because they do not have the financial capacity to pay for long-term care. This paper reports on a survey conducted to learn about planning by families for the financing of elderly parents long-term care.

Based on previous research, we anticipated that parents' increased age, presence of a single parent, and more exposure to long-term care would mean a greater likelihood of planning for care. When both parents are living, one may be a care-giver to the other, but when only one is living, someone else may be needed to provide care. The likelihood that many care-givers would be women in the labor force was the motivation for using the survey with a sample who was employed. We believed that if prospective care-givers were working, they would be less able to provide care; therefore, families would be more aware of planning in advance.

We developed and pilot tested a survey. The sample consisted of 925 family and consumer science teachers in a mid-western state. Of 499 replies representing a 55.4% response rate, 382 had living parents. Those respondents were used for this study. Of the 382 respondents, 17% had friends or family who needed *a lot* of long-term care and 14% provided *a lot* of personal care, shopping, chores or driving. Ten percent had helped *a lot* with money management. One-third expected that parents would use available community services, 59% said parents would use at home long-term care, and 24% said parents would use shared living arrangements for care. Eleven percent of parents had worked with a financial adviser and 20% of parents had purchased long-term care insurance. One-third were prepared to pay for long-term care, but 47.5% of respondents said that parents would use Medicaid.

In a logistic regression where the dependent variable was coded as 1 equals the likelihood of using Medicaid, significant predictors were: community services, shared living arrangements, having long-term care insurance, and using someone else's savings. Compared to those who would not use community services, those who would use services were almost 4 times more likely to plan to use Medicaid. Community services was not explained in detail in the survey, and respondents were free to interpret the term as it applied to their community. Families sharing living arrangements were 90% more likely to use Medicaid, possibly because the use of a nursing home for the ill parent would ease their care-giving responsibilities. Those who had purchased long-term care insurance were 1 and 1/3 times more likely to use Medicaid than those who had not purchased insurance. Apparently, the parents and their families know the amount of long-term care insurance coverage they had purchased and when that is used up, the alternative is Medicaid. Compared to those who would not use someone else's savings, those who would do so were 70% more likely to use Medicaid. This suggests that when available savings are used up, the alternative is Medicaid.

Although the respondents' parents may be engaged in rational planning, these results should be examined in more detail. People may be uninformed of the requirements for using Medicaid. Future research should attempt to determine how knowledgeable people are about Medicaid. Also, people may not be familiar with cost and eligibility guidelines for community services; awareness of these factors should be explored.

Endnotes

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