

# Who Pays for Home Care Services?

Obtaining community services can be challenging due to the fragmentation and large number of service providers in the profession. Service providers are funded by the federal government, state government, local cities, and private and non-profit organizations.

The **Administration of Aging** is the federal organization responsible for senior citizens. It provides State agencies on aging with resources and funding. All State Departments of Aging work with planning units or area Agencies on Aging. These departments are responsible for coordinating senior services on a county level. Some states require that home care agencies be licensed to assure that care is provided within appropriate health and safety standards. Each state can establish its own licensing criteria and regulations. Consequently, requirements will often vary depending on the state. The exception is that agencies which have been certified by Medicare must conform to Federal regulations.

Home care services can be obtained from various sources. Clients or their families can purchase services directly from the service provider or from an assortment of public and private sources. Usually, hospice care is provided whether or not clients or their families have the required finances to purchase this care. *Public third-party payers* include Medicare, Medicaid, the Older Americans Act, the Veterans Administration and the Social Services block grant program. Some community organizations, such as local chapters of the American Cancer Society, the Alzheimer's Association, and the National Easter Seal Society, also provide funding to help pay for home care services. *Private third-party payers* include commercial health insurance companies, managed care organizations, and Workers' Compensation. Details on these payers are provided on the following pages.

## Self Pay

Individuals who do not meet the eligibility requirements for financial assistance must either pay for the service themselves or obtain the assistance of another contributor. In these situations the client and the service provider negotiate the fees.

## Public Third-Party Payers

### Medicaid

Medicaid is a joint federal and state assistance program that helps with medical costs for some people with low income and limited resources. To qualify for Medicaid, the applicant must have a low income and limited savings and assets.

Medicaid coverage varies from state to state, although in all states Medicaid pays for basic home health care and medical equipment. It may pay for homemaker, personal care and other services that are not covered by Medicare. Medicaid has programs that pay some or all of Medicare's premiums and it may pay Medicare deductibles and co-insurance for certain people of low income who are entitled to Medicare. Medicare will not pay for non-medical services.

**Note:** Before some health care plans will pay for covered home health services they will require that agencies be licensed. This means the agencies must meet defined federal requirements for patient care and are able to provide services to those who are covered by Medicare or Medicaid. These agencies assume liability for all care. Periodic assessments are conducted to ensure that standards

are being met. To determine the requirements in a specific area, one must check with the local Department of Health and Human Services.

### **Older Americans Act (OAA)**

The Older Americans Act makes federal funds available for State and local social service programs. The purpose is to enable frail and disabled people who are 60 years or older remain independent in their communities. Service covers HCA's, personal care, chores, escort, meal delivery, and shopping services to seniors with social and financial need. Those who can afford to pay for some of the services are charged in proportion to their income. Service is often requested by contacting an area Agency on Aging. This agency provides the services either directly or in cooperation with local organizations.

### **Veteran's Administration**

The Veterans Administration provides funds to veterans who have a disability classed at 50% or more due to a military service-related condition. The services must be authorized by a physician and must be delivered via the VA's system of hospital-based home care units.

*Note:* Veterans Administration does not cover non-medical services provided by HCSA's.

### **Social Services Block Grant Program**

Based on state analysis, states receive annual federal social services block grants. Allotment is determined by federal limits and state population statistics. Some funding is often directed to programs which provide HCA and homemaker or chore services. Additional information can be obtained from the State Health Department or local Offices on Aging.

### **Community Organizations**

In conjunction with state and local governments, some community organizations provide funds for home health and supportive care. They may pay for all or a portion of the services, depending on the person's financial status and eligibility. Further information may be available from hospital discharge planners, social workers, local Offices on Aging and the United Way.

## **Private Third-Party Payers**

### **Commercial Health Insurance Companies**

Commercial health insurance policies cover some home care services for acute needs, but benefits for long-term services may differ from plan to plan. Commercial insurers, such as *Blue Cross and Blue Shield*, generally pay for skilled professional home care services with a cost-sharing provision. These policies will sometimes cover personal care services.

Most commercial and private insurance plans will cover comprehensive hospice services, including nursing, social work, therapies, personal care, medications, and medical supplies/equipment. Cost sharing varies with individual policies, but often is not required. If additional home care coverage is wanted, clients may need to purchase Medigap insurance or long-term care insurance policies.

### **Long Term Care Insurance**

Initially, long term care insurance was meant to help people with the costs of facility care. However, as the "needs" and "wants" for home care grew, these policies have been extended to cover personal care, companionship and other in-home services. These policies are quite diversified; consequently, anyone

interested in obtaining long-term care insurance should check for any limitations as well as look into the eligibility criteria, deductibles, and reimbursement. These will vary by insurance carrier.

## **Worker's Compensation**

Workers' Compensation will provide medically necessary homemaking services to those who were injured while working on the job.

## **Organizations for Specific Diseases**

Organizations such as the *American Cancer Society*, *Multiple Sclerosis Society*, or *Alzheimer's Association* may sometimes assist with funding, especially for respite care.

## **Non-Medical Home Care Services**

### **What Is Home Care?**

Home care is a term used to reflect a wide range of medical and non-medical support services that are conducted for purposes of enabling compromised individuals to live independently in their own homes and communities. *Home Care* differs from *Home Health Care* in that *Home Care* typically refers to *non-medical care*, which is provided by Home Care Assistants, and includes such activities as companionship, homemaking services, or personal care services. *Home Health Care*, on the other hand, refers to the provision of *medical services* such as skilled nursing care and/or other *specialized care* including speech, physical, or occupational therapy.

**Note:** The term "Home Care" is often used for both medical and non-medical care, although the above distinction should be made.

### **Who Purchases Home Care Services?**

- the elderly
- the homebound
- the disabled
- those with chronic illnesses
- those with terminal illness
- those who are recovering from acute illnesses or surgeries
- those who are mentally or emotionally handicapped
- family caregivers
- accident victims
- those requiring child care
- those requiring guidance with life skills
- those seeking assistance with outdoor maintenance
- those requiring transportation and assistance with errands
- those who require social outings

# The Need for Home Care

The need for Home Care Services is escalating as elderly population numbers continue to increase. Factors contributing to this increase are:

- Senior citizens are living longer and “Baby Boomers” are now entering their retirement years
- The development of Health Care Teams and Health Care Providers enables people to have managed and monitored health care in their own homes and communities
- Because of the high costs of health care in hospitals, patients are being discharged early and many of these require short-term assistance at home, as they recuperate
- Care in the home is more cost effective than care in hospitals/institutions
- The quality of life improves for people who are able to remain in their own homes
- The burden on caregivers (family and/or friends who are providing direct care to someone) is increasing and this can result in caregiver burnout which, in turn, leads to the need for outside support
- There are global changes in health care needs, as a result of communicable diseases, mental illness, injuries and the continual growth of HIV and AIDS
- Research is increasing the availability and effectiveness of treatments, medications and technology, which makes it possible for people to be cared for at home rather than being cared for in hospitals/institutions

These issues continue to place an increasing demand on the need for long-term care. Since future health care costs will become even more staggering, the provision of effective in-home care is and will continue to be a strong option.

## Different Types of Agencies

### Home Care Agency

A Non-Medical Home Care Service Agency provides in-home care for people who are unable to carry on with daily living tasks. Their purpose is to prevent an individual from having to prematurely go to an assisted living or nursing home facility. They also assist in respite care for people who might be caring for their own family members at home.

Most of these agencies hire their staff, conduct background checks, administer payroll and taxes, and provide supervision.

*Note:* See Popular Non-Medical Services on next page

### Social Service Agency

Non-profit social service agencies, often with a religious affiliation, will sometimes provide home care. Initial assessments usually are conducted by a nurse or social assistant, who may also manage the client’s care plan.

### Hospices

Hospice organizations provide care for terminally ill patients, either in their home or in special care facilities. Hospice care allows terminally ill individuals to live their final days in a setting that is as natural and comfortable as possible. This provides the family with an opportunity to participate in care giving. A professional team and volunteers work together to attend the patient’s medical, psychological,

and spiritual needs. Many hospice programs are certified by *Medicare* and are licensed according to individual State requirements.

### **Medical Equipment/Supplies**

Dealers provide clients with items such as respirators, wheelchairs, walkers, dressings, catheters, etc. As a rule, these companies merely provide the product and do not deliver the actual care.

### **The Goals of Home Care**

- Assisting individuals to improve and maintain their health and quality of life
- Promoting the individual's independence
- Enabling individuals to receive care in their own home
- Enabling individuals to leave a facility to receive rehabilitation or palliative care at home
- Providing support to the family, which will help them handle an individual's need for care
- Providing caregivers to enable respite for family caregivers

### **Advantages and Disadvantages of Home Care**

#### **Advantages:**

- Clients are happier when they are able to remain in their own homes and communities, as they can maintain their independence
- Government subsidization costs are a mere fraction of what their costs would be if clients were hospitalized or institutionalized
- Hospital stays can be shortened if the level of care patients require can be delivered at home
- Clients have more flexibility with their daily schedule
- The patient's quality of life is enhanced when dignity, privacy and freedom are factored into the treatment program
- The quality of care provided at home is often better than the care provided in institutions and hospitals
- Terminally ill people can elect to spend their last days in their own homes
- Relief can be provided to caregivers

#### **Disadvantages:**

- The client may have several different caregivers, especially when an agency is utilized
- Long-term expense often is required for in-home care, especially when clients are not eligible for funding assistance
- In addition to the costs of care, home maintenance and living expenses still must be met and many people, especially pensioners, simply do not have sufficient financial resources
- Staying at home can sometimes be lonely, as social activities may be limited

## Non-Medical Home Care Services

Only you, the entrepreneur, can decide how big or how small you want your business to be. You may start with one or two services and then add more as your business grows or you may decide to go full speed ahead, offering a large variety of services from the beginning.

To decide which services to offer, entrepreneurs need to be familiar with the numerous aspects of the home care business, including:

- tasks involved
- expertise and licensing required
- equipment/supplies needed
- procedures involved
- market demands
- techniques and tips
- specific do's and don'ts
- popular non-medical home care services

## Popular Non-Medical Home Care Services

- Home Cleaning
- Food Preparation/Delivery
- Transportation/Errands
- Companionship
- Caregiver Respite
- Personal Care