



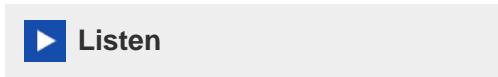
Health & Science

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Life Insurance Proposal Gives Families A Financial Lifeline

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By LYNN HATTER



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Beverley Martin is a nurse who has spent years working in hospitals. Still, she says she wasn't quite prepared emotionally for when she had to put her elderly mother in a nursing home.



Credit re30rg.blogspot.com [Enlarge image](#)

"It was terrifying for one thing. Because, you know, you can be in the business forever, but when it affects someone in your family, you really don't know where to turn."

Martin says she felt overwhelmed by all the paperwork--forms for Social Security, Medicaid and Medicare. The worst part, she says, is the guilt.

"You feel like you're betraying them because you promised you'd never put them into a nursing home. And then you worry about the money."

And she's not alone. One of the biggest issues families face at such a time is trying to navigate who pays for what. Lots of people believe that if their loved one is a senior, they're covered by Medicare. But in most cases, the program stops footing the bill after the first hundred days in a long-term care facility, like a nursing home.

To get to a place where a person would become eligible for Medicaid, they have to [spend down their assets](#)—things like their 401Ks, or IRA accounts, savings—all of it. Including their home, in some circumstances. Once they have only about \$2,000 they become Medicaid eligible. But a bill in the Florida legislature looks to give families another financial alternative.

"I believe it could be a win for Medicaid service recipients, a win for the fiscal soundness for Medicaid, it could be a win for potential beneficiaries under life insurance policies and I think it could be a win for long-term care service providers," said Jack McRay, a spokesman for the Florida AARP.

The group is backing Senate Bill 794. The proposal, by Sen. Jeff Brandes (R, St. Petersburg) would allow people with life insurance policies to sign them over to the

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state in order to pay for their care.

Right now policies are counted as assets, and a person would have to cash it in, often at a reduced value, as part of the Medicaid spend down.

The second part of the bill would allow the life insurance policy to be sold to a third party—often at a far higher value. The money would then be deposited into an account with automatic withdrawals going directly toward the facility. It's very similar to a sort of reverse-mortgage for healthcare. And Chris Orestis, CEO of the company [Life Care Funding](#), which specializes in these kind of transactions says they are beneficial to middle class families who have too many assets to qualify for Medicaid, but not enough to foot the bill for long-term care.

"You have this middle class bulge, that is quite frankly, penalized for having too much assets to go onto government assistance, but not enough that they can afford their choice of care and extend their ability for private pay," Orestis said.

Orestis says converting life insurance policies into a form of long-term care insurance is something people can do now, but many families aren't aware of it. And advocates of the proposal say as long as the bills reporting and disclosure requirements are left in place, they'll continue to back it. And Beverley Martin, who says her 86-year-old mom is the "social butterfly" of the facility she's in, thinks it's a good idea too:

"So if taking care of grandma, or whomever is in a nursing home, if they can do it with their life insurance, and save enough to bury them if that's their wishes, that sounds doable to me, considering the state of our economy right now."

The proposal has the backing of the Florida Healthcare Association, the Florida AARP and several elder law advocates. It cleared its first committee stop in the House unanimously but still has several more to go. A companion bill is making its way through the Senate.

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Profmackenzie

What a wonderful idea! I wish it had been available when my parents were in long-term care. Figuring how how to care for them was a nightmare, and my Dad's insurance would have solved a multitude of problems. Instead, he thought he couldn't afford to pay the premiums anymore, and let it lapse.
Carole Mackenzie

3 weeks ago

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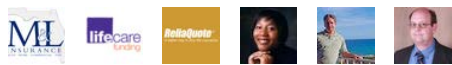


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