



MOM'S HOUSE HOME STUDY COURSE

CHAPTER NINE

Full Certification Program Available

APPLICATION LINK

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So, there's two very distinct types of senior living long term care communities:

Medicaid and Private Pay.

A Medicaid community is state run, paid for by the state. It means that you don't have the funds necessary to pay for private pay. So, now the state is taking care of you like a social security, end of life care that we take care of our own. And so, the Medicaid communities are for when you have no other money.

So the private pay, I'm not saying they're a better level of care but they're usually a much nicer level of care. Like with anything in life it's more expensive so it's better. At least that's the way we as Americans look at a lot of things that it's more expensive so it's better. The private pay is going to have better food, hopefully, better levels of care.

When we have this guilt because we've moved our mom into senior living are we going to pick the cheap one or the more expensive one? Almost always we pay for the expensive one because we want to, we feel like the more expensive means better care. And so the question is, is how do Americans pay for their care? And so, we've talked a lot today about why they need to sell their house.

Some of the other ways that they do it is through long term care insurance policies.

Now in the United States there's over 10 million Americans have these policies but what's crazy about that stat is there's almost 400,000 different types of policies and you might ask yourself, "Well why would that be?" The simple answer is that insurance loves to create new things that they can sell you insurance for but they sure hate to pay out.

And so, in the infancy of the long term care insurance world they created policies that paid out too well and people started to use them and they had unlimited payouts and some things. And so, through actuary tables they've started to pull those back and sell new products and they payout less and they're just not as good.

And so, the insurance company does everything in their power to not have to pay out those policies.

When you talk about how they're going to pay for it a long term care, an insurance policy could be great if the family has it, but you want to look at it as something that augments the payment for that. It's going to supplement maybe their social security income, their pension income and the house sale income. And so, the insurance companies really don't like to pay out these policies. Once again, it just shows that most of the equity is most likely going to be tied up in their house.

The average for private pay in the United States is about \$92,000 a year. And why that number is so important is because if I was moving my mom into senior living and she has an average life of 28 months in senior living, I know how much we need to have to pay for her care. That \$92,000 becomes important because if I can make it through that first 12 months with a private pay community, some of them will let mom will let mom live out the rest of her days under the Medicaid payout plan.

And so, we're going to learn next why real estate investors are so important to this process because it can be the difference between mom having a great place to live and one that's not so nice.