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# UNDERSTANDING ASSISTED LIVING

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# Understanding Assisted Living

by David Silver

There are two main types of “nursing homes” in North Carolina. Skilled Nursing Facilities are nursing homes for people whose health has deteriorated to the point where they require care from a nurse. The other types are Assisted Living Facilities, which offer care to people who are unable to perform some of the activities of daily living like eating, bathing, dressing, toileting, ambulating and continence, but this assistance could be rendered by people who have not been trained as nurses. Some people choose to live in an Assisted Living Facility for comfort, convenience or companionship, while other people need to go to an Assisted Living Facility because adequate care is not available at home.

While there are a few exceptions, most nursing homes are either Skilled Nursing Facilities or Assisted Living Facilities, not both. Some Assisted Living Facilities also have special memory-care units that take care of people living with Alzheimer’s or other forms of dementia. The cost of an assisted living facility is dependent upon the amount of individualized care required, the cost of most facilities in Eastern North Carolina range from about \$2,500 per month to about \$5,500 per month. If your assets and your fixed-monthly income aren’t sufficient to pay this cost, and

if you don’t have a long-term-care insurance policy, there is a public benefit designed to help pay for care at an assisted living facility in North Carolina called “Special Assistance.”

Well-meaning people often refer to Special Assistance as “Medicaid,” but Medicaid only covers Skilled Nursing Facilities, not Assisted Living Facilities. While the programs have similar rules, it is very important to understand the specific rules for each program.

In order to qualify for Special Assistance, a doctor must certify that you are unable to meet some of your activities of daily living. Additionally, your income must be less than \$1,247.50 per month for the general population, or \$1,580.50 per month for care in a memory-care unit. Your spouse’s income is not counted, but your gross income is counted (you need to include the amount withheld from your social security for Medicare). Finally, you may not have more than \$2,000 of “countable” assets. Unlike Medicaid, your spouse’s assets are not countable, so you could transfer all assets to your spouse if you were willing and able. However, transfers to a non-spouse within three years would result in a transfer penalty and ineligibility for Special Assistance. A residence and one vehicle are usually not countable assets, but other assets would have to be spent down. It is usually okay to spend down countable assets by pre-paying for a funeral, paying legitimate debts and paying for health care. There are many rules about what constitutes a “countable” asset and what

is permissible when “spending down” assets, and you need to make sure that nothing is done to qualify for Special Assistance that would eventually disqualify you from Medicaid if you required Skilled Nursing Care in the future.

Medicaid pays a portion of Special Assistance, so Medicaid will have a claim against your estate at your death for the part that Medicaid paid for your care. If you don't have anything in your estate when you die, then this claim is of no consequence. However, if you had some non-countable assets when you applied for Special Assistance (such as your residence) and these assets are part of your estate when you die, then these assets may have to be sold in order to pay Medicaid's claim in a process called “estate recovery” unless you have taken the appropriate steps to protect these assets. Having an appropriate Power of Attorney could enable your loved ones to take these appropriate steps on your behalf if you are unable.

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