

No matter the age of the person with dementia, it's vital to keep any existing health care plans that meet care needs in effect. The person with dementia may have Medicare, private insurance, a group employee plan or retiree health coverage to help pay for care.

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## **Government programs**

Medicare is a federal health insurance program generally for people age 65 or older who are receiving Social Security retirement benefits or who are younger than 65 and received Social Security disability benefits for at least 24 months.

Medicare covers inpatient hospital care, some doctor's fees, some medical items and outpatient prescription drugs. The program also provides some home health care, including skilled nursing care and rehabilitation therapy, under certain conditions. It does not pay for personal aides to assist with daily activities or long-term nursing home care.

Medicare Advantage allows you to choose “managed care,” such as: Medicare health maintenance organization (HMO), Preferred provider organization (PPO) and Point of service (POS).

Medigap insurance supplements the person's Medicare coverage. It fills gaps in Medicare coverage, such as paying for coinsurance.

Medicaid is a program jointly funded by federal and state governments. It is administered by each state. Medicaid pays for medical care for people with very low income and asset levels, and long-term care for people who have used up most of their own money (in most circumstances). It also is available to people younger than 65 if they are disabled.

Social Security Disability Insurance (SSDI) provides workers younger than age 65 Social Security disability payments. To qualify, the person must meet the Social Security Administration's definition of disability. Meeting the definition of disability generally means proving that the person with dementia is unable to work in any occupation and the condition will last at least a year or is expected to result in death.

Through the Compassionate Allowance Initiative, those with younger-onset (also known as early-onset) Alzheimer's disease are considered eligible for SSDI as long as they meet all other criteria. They also are fast-tracked to a favorable decision, which significantly shortens the time it takes to start receiving benefits.

Supplemental Security Income (SSI) guarantees a minimum monthly income for people who are age 65 or older, are disabled or blind, and have very limited income and assets. To

qualify for SSI benefits, the person with dementia must meet the Social Security Administration's definition of disability.

Learn more: [Medicare](#), [Medicaid](#), [Social Security Disability](#)

## Long-term care insurance

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If long-term care insurance is already in place upon diagnosis, carefully review the policy to find answers to the following questions:

- Is Alzheimer's disease covered? Most policies say they cover it, but take a closer look to be sure.
- When can the person with dementia begin to collect benefits? Most policies require a defined level of physical or cognitive impairment.
- What is the daily benefit, and is it adjusted annually for inflation?
- How long will benefits be paid?
- Is there a maximum lifetime payout?
- What kind of care will the policy cover? Examples include skilled nursing home, assisted living and licensed home care.

- How long after diagnosis will the policy begin to pay? This is often called the elimination period.
- Are there any tax implications involved?

## COBRA

If the person with dementia is younger than age 65 and still working, COBRA may be an option to continue health care coverage. COBRA refers to the Consolidated Omnibus Budget Reconciliation Act of 1985. COBRA applies to employers with 20 or more employees.

Under COBRA, an employee may continue group plan coverage for up to 18, 29 or 36 months, depending on the circumstances, if he or she:

- Leaves the employer
- Has work hours reduced to the point that he or she no longer qualifies for the health plan

The insured employee must pay the full cost of coverage, plus up to 2 percent to cover administrative costs. COBRA can be especially helpful until the person with dementia:

- Gets new coverage through an employer or spouse
- Becomes eligible for Medicare
- Receives coverage through the Affordable Care Act

COBRA must be activated within 60 days of when the person with dementia receives written notice from his or her insurer that COBRA is an option. Some private health care plans will extend coverage under a disability extension of benefits. That is even though the medical plan may lapse, an insured's disability (in this case, Alzheimer's disease) remains covered.

## **Disability insurance**

Disability insurance provides income for a worker who can no longer work due to illness or injury. The insurance plan must be in place before symptoms of Alzheimer's disease appear.

With an employer-paid disability policy, 60 to 70 percent of a person's gross (total) income may be provided. Employer-paid disability benefits are taxed as income. If the person with dementia bought a personal disability policy, then the benefits paid will be the amount he or she chose. The personal disability policy benefits are not taxed as income. Processes differ across policies so check yours to determine next steps.

## **Life insurance**

Life insurance can be a source of cash. You may be able to borrow from a life insurance policy's cash value. Or the person with dementia may be able to receive a part of the policy's face

value as a loan. This is called a viatical loan and is paid off upon the person's death.

Some life insurance policies offer accelerated death benefits. This means that some of the insurance benefits can be paid if the insured person is not expected to live beyond the next six to 12 months because of a terminal illness. The payout may run as high as 90 to 95 percent of the policy's face value and will not be taxed as income.

See if any policies contain a waiver of premium rider. That means that the insured, if disabled, does not have to pay premiums to continue coverage.