**Attorney Timothy P. Crawford, CPA, CELA*, CAP****
wanted to share this information with you.

# Who Pays for Nursing Home Care - A Tale of Three Friends

**GREATER MILWAUKEE AREA OFFICES IN BROOKFIELD, GLENDALE, MILWAUKEE, OAK CREEK & RACINE**

***Your Asset Protection Law Firm***
840 Lake Avenue, Suite 200
Racine, WI 53403
(262) 634-6659

E-mail: tpc@execpc.com
Website: www.TpcLaw.com

John, Doug and Ben were all neighbors in a typical blue-collar working-class neighborhood in Philadelphia, PA. They had all grown up together, best friends since childhood.

John had always been taught to be careful with his money, saving for the proverbial rainy day. If he didn't have enough money to pay cash for something, he did without. His vacations, if any, consisted of visiting friends in other states, sleeping in their guest bedrooms. He married early, and he and his wife, Ethel, both shared his frugal philosophy. Sharing a single teabag was typical of how they saved money. As the years went by, they managed to accumulate a significant but by no means huge financial cushion. Their house was eventually paid off, and by delaying his first receipt of Social Security until he was 70, John was able to continue his working years and increase his monthly checks from Social Security.

Doug, on the other hand, lived it up at every opportunity, figuring that you never know when your number might be called, so why bother to save? His vacations included gambling junkets in 'Vegas, fancy resorts in Hawaii, and extended ski trips to Vail. His wife, Madge, also shared his philosophy, and was never chastised for running up the credit card bill with numerous purchases of clothing and jewelry she just "had" to have. To pay for all their trips and purchases, Doug and Madge refinanced their home several times, always trying to get more cash out of their deals each time. By taking early retirement, Doug gave up the chance to sock away a little more in his bank account, but by this time in his life he had finally started to slow down, and such fast living had taken its toll on him.

Ben was luckier than his friends John and Doug, having inherited a sizable fortune at age 28. He worked for a local publishing house, but never had to worry too much about where his next dollar was coming from. Ben was always a big eater, often polishing off a huge steak late at night, a second dinner, really. Unfortunately, Ben's health began to deteriorate in his early 60s, and he had to have a quintuple bypass at age 68. Lucky for him, the $100,000 cost was completely covered by Medicare, so he never even had to touch his family wealth.

Doug's physical health was fine, but he began to be more and more forgetful as time went by. Eventually, he was diagnosed as having Alzheimer's disease and he took up residence in a nearby nursing home that specialized in Alzheimer's patients. The $220 a day cost was completely covered by Medicaid, the federal program that pays for the long-term care of the indigent. Eventually, Madge had to sell the house to move into assisted living, and what little equity she had built up in it went to pay off the credit card debt.

What about John? Because of his prudence and frugality, he had managed to accumulate over $300,000, not bad for a guy from the inner city. In addition, after 30 years, he had finally paid off his house, so he and Ethel owned it free and clear. They hoped and expected one day to pass it on to their three fine children, as a legacy.

Unfortunately, John suffered a fall at age 70**,** and his health went downhill from that point forward. He had to move out of his house into a nearby nursing home, where Ethel could visit him frequently. The monthly cost of the nursing home exceeded $7,500 per month. Because of John's accumulated assets, he could not qualify for Medicaid, and had to pay privately. His wife could barely get by on the money left at the end of the month after all the expenses were paid. Her constant worrying about finances and John's condition took a toll on her, and she died with John still in the nursing home.

After about four years of nursing home bills, John's lifetime of savings had been completely depleted, and he finally qualified for Medicaid. The title of the home had passed to John upon Ethel's death by operation of law, since they had owned it jointly. The home was an exempt asset and did not have to be sold to pay for John's care. However, following his death three years later, estate recovery—the federally mandated program to recoup Medicaid expenses after a person dies—forced a sale of his home to pay back the state, and his children got nothing**.**

Ben, the wealthy friend, managed to continue living for many years after his heart bypass. Lucky for him that the government never considered his wealth when it paid for his operation!

Doug managed to fritter away any money he ever had, and the government willingly paid for his nursing home care. After all, he was broke—what else can be done?

Finally, John, too, died penniless**,** leaving his children nothing, after a lifetime of conservative and frugal living. Why had he bothered? He and his friend Doug wound up in the same situation, in the end!

An elder law attorney could have helped John preserve his lifetime of savings and protected his house, too. Unfortunately, this was one area where John's caution and frugality worked against him—he hated paying lawyers what he viewed as outrageously excessive fees—and his children wound up with nothing.

**"Those Who Plan Ahead Win.**
**Those Who Don't Plan Ahead Lose."**

This article is for informational purpose only and is not intended as legal advice. It is recommended that you call Timothy P. Crawford for a free conference to discuss your situation in more detail. Attorney Crawford can be reached at 1-262-634-6659. Please refer to this article when you call.

*Attorney Timothy P. Crawford is a Nationally Board **C**ertified **E**lder **L**aw **A**ttorney (**CELA**). He has been Board Certified by the National Elder Law Foundation which has been approved as the Sole Certifying Organization for Elder Law Attorneys by the American Bar Association.

**Timothy P. Crawford was invited to join the **C**ouncil of **A**dvanced **P**ractitioners (**CAP**) of the **N**ational **A**cademy of **E**lder **L**aw **A**ttorneys (**NAELA**) in August of 2005. **CAP** is a small group of premier elder law attorneys, all of whom have been members of NAELA for at least 10 years, are certified as elder law attorneys by the National Elder Law Foundation, and are AV rated by Martindale Hubbell, a service that provides an independent rating of the quality of attorneys, as one of the top attorneys in the nation.

Attorney Timothy P. Crawford has been selected as a **Fellow** of NAELA. **Fellow** is the highest honor bestowed by the Academy. Selection as a **Fellow** signifies that his peers recognize the lawyer as a model for others and as an exceptional lawyer and leader.

Attorney Timothy P. Crawford has a superb rating of 10 out of 10 with A V V O.

A V V O has awarded to Attorney Timothy P. Crawford the A V V O Client's Choice Award.

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**"Helping Families in Wisconsin for Over 40 Years**
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