

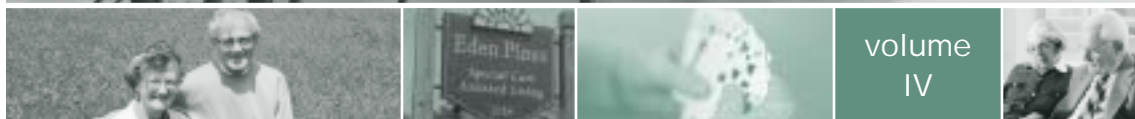


MAYFAIR ENTERPRISES, INC.



# EdenPines

ASSISTED LIVING FOR THE MEMORY IMPAIRED



volume  
IV

Eden Pines is managed by  
Mayfair Management, Inc.  
15064 Carrollton Blvd.  
Carrollton, Virginia 23314  
757-238-8686  
web: [www.mayfairedengroup.com](http://www.mayfairedengroup.com)  
email: [info@mayfairedengroup.com](mailto:info@mayfairedengroup.com)

## ARTICLES :

- SPECIAL SECTION: Elder Law. Tax Deductibility of Long Term Care •• page 1

---

- Mayfair Offers On-Site Rehabilitation and Wellness Services •• page 2

---

- Eden Pines Hampton holds a Safe Return Registration Drive •• page 2

---

- Mayfair Management Opens an Assisted / Independent Living Facility •• page 4



## SPECIAL SECTION: Elder Law. Tax Deductibility of Long Term Care

**Long-term care is expensive.** In Virginia, home care averages about \$45,000 per year, care in an assisted living facilities is \$25,000 to \$30,000 per year, and in-home care is \$13.50 per hour. People frequently ask if this care is deductible on an income tax return. If the care is deductible, then the deduction will frequently eliminate or greatly reduce a persons tax liability and thereby make more funds available to pay for care.

The tax treatment of the costs of long-term care has long been uncertain. The professional services of registered and licensed practical nurses have always been deductible, however, custodial services of a personal attendant and monthly charges for

care at a long-term care facility have not been well- defined to allow tax deductibility. The Kassebaum-Kennedy bill of 1996 enacted detailed provisions on the deductibility of the direct payment of long-term care as well as provisions on the deductibility of premiums paid and benefits received under long-term care insurance policies. The provisions were effective January 1, 1997, and they allowed the deductibility of qualified long-term care expenses in excess of 7.5% of one's adjusted gross income.

- **Direct Payment for Care:** Long-term care costs to provide necessary diagnostic, preventive, therapeutic, curing, treating,

mitigating and rehabilitative services, and maintenance or personal care are deemed qualified deductible medical expenses if the care is provided to a "chronically ill individual." In addition, the care must be provided pursuant to a plan of care prescribed by a licensed health care practitioner (physician, registered nurse, or social worker). A "chronically ill individual" is an individual who has either a severe functional or a severe cognitive impairment:

- A) **Functional Impairment:** The individual needs substantial assistance to perform two or more of six specified activities of

*continued on page 3*

## LOCATIONS :

**Eden Pines Petersburg**  
550 Flank Road  
Petersburg, Virginia 23805  
Phone: 804-861-4358

**Eden Pines Hampton**  
1034 Topping Lane  
Hampton, Virginia 23666  
Phone: 757-826-5415

**Eden Pines Hagerstown**  
310 Cameo Drive  
Hagerstown, Maryland 21740  
Phone: 301-766-9202

*Mayfair Management also manages eight Mayfair House Assisted Living facilities throughout Virginia in Petersburg, Hampton, Portsmouth, Kilmarnock, Roanoke, Woodstock, Berryville, and now Strasburg.*



# EdenPines

ASSISTED LIVING FOR THE MEMORY IMPAIRED

Eden Pines Petersburg  
Dear Sheila [Administrator]

Thank you for taking the time to assess my mother. You are a very sweet and dedicated person. I know you run a business, but I also know you manage with 'heart'!

Georgia M.

(preparing to move her mother in to Eden Pines Petersburg)



Strengthening exercises help improve residents' quality of life.

## Mayfair Offers On-site Rehabilitation and Wellness Services

Mayfair Management Inc., has opened special rehabilitation and wellness clinics at its Mayfair House locations in Berryville, Portsmouth and Woodstock, Virginia and its Eden Pines location in Hagerstown, Maryland. Plans are underway to have these clinics in all Mayfair House and Eden Pines locations by summer 2002. "On-site rehabilitation is a new concept that is not common at other assisted living facilities. Residents usually must travel to get these services, so we believe it's truly a valuable benefit to residents to have this service at the facility," says Larry Goldman, president of Mayfair Management.

Having an on-site physical therapist provides another layer of care and prevention for the residents of Mayfair House. While nurses and nursing assistants provide high quality care, they are not trained to assess the physical and speech therapy needs of residents. Often, as resident's rehabilitation needs change, subtle changes can go unnoticed and untreated. Early detection of a problem and prompt treatment will help a resident maintain his or her highest level of functioning for as long as possible.

Goldman said this new service will benefit all residents at the facility. Each current resident will be assessed, and all new admissions will be screened to see if anyone can benefit from rehabilitation services.

A wellness program will be an additional component at some of the clinics. The physical therapist will develop and lead a sustained exercise program for residents at these facilities. The goal of the wellness program is to keep residents flexible and to help them to maintain their status of living. Goldman says, "the advantage to this exercise program is that it is conducted several times a week by a trained professional who

can make sure the program is beneficial while not putting anyone at risk for strain or injury." ❊

## Eden Pines Hampton holds a Safe Return Registration Drive

FOR THE NATIONAL ALZHEIMER'S ASSOCIATION

Eden Pines in Hampton, Virginia recently hosted a community drive to register those with Alzheimer's Disease and related disorders with the National Alzheimer's Association's Safe Return Program. Mayfair Management offered a partial scholarship to cover half of the \$40 registration fee for participants.

The Alzheimer's Association's Safe Return Program is the only nationwide program that assists in the identification and safe, timely return of individuals with Alzheimer's Disease and related dementias who wander and become lost. The program provides registrants with a personalized ID bracelet and other identification materials and stores contact information in a national computerized database. Safe Return's toll-free 800 number is linked to a computer network of 17,000 law enforcement agencies nationwide.

"The reality of caring for a loved one with Alzheimer's disease can be difficult, and full of surprises," says Barbara Overstreet, Mayfair Director of Operations. "And while we at Eden Pines have many measures in place to assure the security and safety of our residents, we realize caring for a loved one with dementia at home presents some security challenges. Safe Return can bring some peace of mind to these caregivers."

Overstreet added, "We enjoyed partnering with the Alzheimer's Association to bring this service to members of our community. It went so well, that we plan to hold another drive later this year."

Look for Safe Return Drives at other Eden Pines facilities this year. ❊



daily living (ADLs), and this degree of impairment lasts for at least 90 days. The six ADLs are eating, toileting, transferring (mobility), bathing, dressing and continence.

**B) Cognitive Impairment:** The individual has a severe cognitive impairment (Alzheimer's disease or other severe dementia), which requires substantial supervision to protect the individual's health or safety. The cognitive deficit is measured by clinical evidence and standardized tests which reliably measure impairment in (1) short- or long-term memory, (2) orientation to people, place or time, and (3) deductive or abstract reasoning.

The type of facility in which the individual resides may offer at least an initial indicator of deductibility. Care provided at Medicare- and Medicaid-certified nursing homes is likely to be fully deductible. The great majority of residents of these facilities are "chronically ill," and most patients have either multiple functional or severe cognitive impairments. Federal nursing home regulations already require that a licensed health care provider upon the resident's admission prepare an initial plan of care and that the plan be periodically updated. Less likely deductible are the room and board charges of those residing in what are termed assisted living facilities, retirement homes or communities, or other less medically intense forms of congregate living. Fewer of these individuals are sufficiently "chronically ill."

Obtaining a deduction for the services of a personal attendant in the patient's private residence requires particular diligence. To obtain a deduction under Kassebaum-Kennedy extensive record keeping is essential. The care provided at the private residence must be provided pursuant to a written plan of care, and the patient must be for-

mally certified as a "chronically ill individual." The plan of care should be in writing and should detail with specificity the services to be provided.

When a loved one requires long-term care, whether in-home or in a facility, ask his or her physician whether the physician can (1) diagnose the patient as chronically ill and (2) prepare a plan of care including the long-term care required by the patient. See Internal Revenue Code 502 to determine whether the patient is chronically ill within the meaning of the code. When the physician can make the necessary diagnosis of chronic illness and prepare a plan of care, the care provided under the plan, whether provided in-home or in a facility, is tax deductible.

**•• Long-Term Care Insurance:** Premiums for long-term care insurance are generally fully deductible as a medical expense and the benefits fully excludable from gross income, similar to other health insurance. However, premium payments are deductible only if policy coverage is limited to expenses which would qualify as deductible medical expenses had the insured paid them directly.

While long-term care insurance premiums are fully deductible and benefits fully excludable for the great majority of insured's, there are limits. Beginning in 2002, deductible premiums may not exceed the following annual caps, based on the insured's age:


| Age Before Close of Tax Year | Limitation |
|------------------------------|------------|
| •• 40 or less                | \$ 240     |
| •• 41 to 50                  | \$ 450     |
| •• 51 to 60                  | \$ 900     |
| •• 61 to 70                  | \$ 2,390   |
| •• 71 and older              | \$ 2,990   |

The benefits paid under the policy may

not exceed the costs of care, although an exception is created for policies which pay on a per diem basis. Under a per diem policy, up to \$200 in daily benefits (2001 figure), which equals \$73,000 annually, is excludable from gross income even if in excess of the actual costs of care. Both the premium limit and per diem limit are adjusted for inflation.

Responding at least in part to demands for greater consumer protection, Kassebaum-Kennedy requires insurers desiring favorable tax treatment for their policies to include a number of provisions relating to coverage and to follow certain sales practices. To constitute a "qualified long-term care insurance contract" the policy must:

- provide long-term care services as its sole insurance coverage
- be guaranteed renewable
- provide that refunds may only be used to reduce future premiums or increase benefits, unless the refund is by reason of the death of the insured or termination of the policy
- not duplicate coverage by Medicare unless Medicare is a secondary payor or the policy makes premium payments on a per diem or other periodic basis without regard to actual costs.

When dealing with issues of long-term care, particularly the tax deductibility of the cost of long-term care and the premiums for long-term care insurance, one should consult an experienced Elder Law attorney. 

*For More information on deductibility of long-term care and long-term care insurance, please refer to your tax advisor or to IRS publication 502.*

*This article was written by Gene DeNardi. Mr. DeNardi is a certified public accountant on the staff of Oast & Hook, P.C., a law firm specializing in Elder Law, located in Portsmouth, Virginia, 757-399-7506.*



MAYFAIR ENTERPRISES, INC.

Corporate Headquarters 15064 Carrollton Blvd. Carrollton, Virginia 23314



MAYFAIR ENTERPRISES, INC.

# EdenPines

ASSISTED LIVING FOR THE MEMORY IMPAIRED

Mayfair Strasburg allows residents to "age in place."

## Mayfair Management Opens an Assisted/Independent Living Facility

Moving can be stressful for anyone, but for seniors moving really takes its toll. And studies show that multiple moves only add more stress for seniors and should be avoided if possible.

This March, Mayfair Management opened a new facility, Mayfair Strasburg, in Strasburg, Virginia. This facility combines an Independent Living Wing with an Assisted Living Wing, and is the first facility with an independent living component for Mayfair Management. "We are seeing a need to offer

this type of facility to seniors, and we are responding to that need," says Larry Goldman, president of Mayfair Management.

"Mayfair Strasburg allows seniors to 'age in place,'" says Sally Hupp, Strasburg Administrator. "Once a senior moves into Mayfair Strasburg, they can stay here, even as they find they need more care."

Mayfair Strasburg offers independent living, assisted living and intensive assisted living, so residents can have peace of mind knowing they will be cared for in the same home even as their health needs increase.

Applications are currently being accepted for admission. Please call 540-465-9249 for an application or more information or to see a brochure with floor plans. ●

