

Funding for Home Modifications & Programs

by *Lisa Ann Fagan, MS, OTR/L & Cheri Cabrera, OTR*

While the need for home modifications is vast, many individuals who could benefit from these services are unable to afford them. In the United States, approximately 80% of home modifications, renovations and repairs are paid for by the primary occupants of the residence. Of these, the majority are funded by personal savings. Other options for homeowners include a second mortgage, using the equity in the home to secure the loan or, if the homeowner is over 62 years of age, a reverse mortgage may provide financial resources to pay for the modifications.

The remaining 20% of home modifications and home repairs are covered by a variety of programs and services. Some of the options are restricted by age or disability, others are limited to individuals who reside in certain geographic locations, and yet others are reserved for individuals who meet strict income/resource criteria.

Some programs are comprehensive in nature, offering home assessments, providing the renovations and/or equipment, and training the individual to use the modifications at little to no cost. Others offer only portions of the services. The following is a comprehensive, but not all-inclusive, overview of potential funding sources for home modifications. Please remember, not all programs are available in all areas, or to all potential clients. Understanding the local resources is a key component of providing comprehensive services to your clients.

Insurance Coverage of Home Modifications

In some cases, automobile insurance policies, worker's compensation programs, state catastrophic accident insurance plans, medical trust funds or other insurance programs will pay for home modifications, particularly if the need for home modifications arose as the result of an accident or injury. These plans often provide payment for the evaluation by an occupational therapist, and the equipment and/or structural modifications needed to promote independence and safety. A case manager who works for the insurance company usually coordinates the financial aspects of the plan.

Some older adults may be able to access benefits from their long term care policy, if available. Many policies will allow the beneficiary to use a specified amount of benefit dollars to pay for home modifications in lieu of admission to an assisted living facility or skilled nursing facility.

Individuals who are enrolled in Medicare and have a decline in functional status may qualify for an occupational therapy evaluation and treatment under the [Medicare Outpatient \(Part B\) benefit](#). Medicare will pay for the

occupational therapy evaluation and training in the use of the modifications, if ordered by the physician. Medicare also covers the cost of some durable medical equipment, but does not cover the cost of the modifications to the home.

Medicaid programs vary by state. Some states offer Home and Community Based Services (HCBS) through a waiver program. The waiver programs permit states to use Medicaid funds for services as an alternative to institutional care. Home modifications are one of the services offered by many states under the waiver program. These services can be provided directly through the state departments of health and human services / welfare, via Centers for Independent Living, or under contract through community agencies.

Federal Programs Administered at the State or Local Level

Some Area Agencies on Aging may offer home modifications as part of the services that are provided. Depending on the area in which the individual resides, the program may offer home repair and modification services on a sliding scale or free of charge. The Area Agency on Aging may refer to local contractors and remodelers to complete the work, or may hire their own staff.

The [U. S. Department of Housing and Urban Development \(HUD\)](#) awards [Community Block Development Grants \(CBDG\)](#) to eligible city and county housing and community development departments to revitalize neighborhoods and improve community facilities and services. Communities develop their own funding priorities, and many choose to provide home modification programs with part of their CBDG funds.

The [U.S. Department of Agriculture](#) has created the [Rural Development Home Repair Loan and Grant Programs](#), known as Section 504 programs, to provide assistance to individuals who live in areas with a population fewer than 10,000. This program provides low-interest loans to homeowners of all ages, and grants to individuals over age 62 who meet specified income criteria, to assist with home repairs and making homes accessible for people with disabilities.

Individuals with disabilities who are of working age and would like to be employed may be eligible for services through the state office or division of Vocational Rehabilitation. In addition to vocational evaluation and training, some states offer support services to enable the individual to begin or maintain employment; home modifications may be one of the support services. Other individuals might qualify for the [Plan for Achieving Self Support \(PASS\)](#) program from the [Social Security Administration](#).

For individuals who have served in the military and have specific service connected disabilities, the [U.S. Department of Veterans Affairs \(VA\)](#) offers the [Specially Adapted Housing Grants Program](#). In addition, veterans may qualify for a VA Home Loan that can be used to simultaneously purchase and modify a home.

State Assistive Technology (AT) Projects

Several states have initiated home modification programs through their statewide [Assistive Technology program](#). The programs can provide trial equipment as well as providing low-interest loans for the purchase of assistive technology or home modifications for individuals with disabilities.

Health Promotion / Fall and Injury Prevention Grants

An increasing area of public concern is the need to reduce the number of falls and injuries sustained older adults and persons with disabilities. Many local programs are providing information and referrals for home modifications as a strategy to reduce falls. A few programs will cover the cost of minor repairs or modifications.

Foundations and Organizations

For individuals who have been diagnosed with conditions such as Alzheimer's disease, multiple sclerosis or rheumatoid arthritis, there are several national nonprofit organizations with local chapters that may provide funding for home modifications to ease the burden of providing care in the home. These programs are often limited to a pre-determined funding limit, and there may be a competitive process to apply for the funding.

Other national organizations that serve individuals with disabilities, such as the [Easter Seals](#), may offer home modification services. These programs may offer evaluations, referrals, and/or repairs and modifications. There may be geographic restrictions and income limitations for some programs; others are restricted by age.

Another organization that provides home modifications and repairs is [Rebuilding Together](#). Rebuilding Together provides home repairs and modification at no cost to the homeowner. Local affiliates may focus their efforts on National Rebuilding Day (the last Saturday in April) or operate throughout the year. Using a volunteer team of unskilled and skilled trades people, Rebuilding Together has rehabilitated over one million homes nationwide.

Tax Deductions

If the individual did pay for the home modifications out of personal savings, they may be eligible for Internal Revenue Service deductions for medical expenses. While this mechanism does not provide funding for the modifications, it does provide a bit of financial relief for the individual in the form of lowered tax liability.

Summary

This is a brief overview of several, but not all, of the programs that fund home modification services. Occupational therapy professionals can be a resource for those who provide home modifications, as they are often aware of programs and services available in their communities. Hopefully this article provides new resources to investigate in your local community, and will allow you to share information with your clients when they are puzzled by the patchwork system.

For Further Information:

National Resource Center for Supportive Housing and Home Modifications

National Reverse Mortgage Lenders Association

Medicaid Home and Community Based Services Waivers Program

Area Agencies on Aging

State Assistive Technology Programs

Rebuilding Together

This article has been adapted from the following [AOTA](#) publication: Fagan, L. A. (2007, September). Funding sources for home modifications. *Home and Community Health Special Interest Section Quarterly*, 14 (3), 1-3.

Lisa Ann Fagan, MS, OTR/L, is the Chairperson of AOTA's Home and Community Special Interest Section and Cheri Cabrera, OTR, is the Coordinator of AOTA's Home Modification Network. For further information about occupational therapy, contact Karen Smith at AOTA ksmith@aota.org, 301-652-6611 x2054

For more information about this item, please contact Therese Crahan at 800-368-5242 x8211 or via email at tcrahan@nahb.org.