



## **Long Term Care Insurance**

### **Fast Facts**

#### **What is Long Term Care?**

Long term care covers a wide range of services but generally falls into two categories: skilled care and personal care.

- Skilled care is provided when recovering from an illness or injury
- Personal care helps maintain the activities and functions of daily life.

#### **What is Long Term Care Insurance?**

Just like your automobile, homeowners, or health insurance, long term care insurance is another way to help guard against risk. It allows you to help protect your assets and maintain control by providing you with long term care alternatives. For many, it may be an economical way to pay for long term care.

#### **How does Long Term Care Insurance work?**

Long term care insurance is designed to help pay for services for those who need help with activities of daily living (ADL's)-those everyday activities of caring for yourself such as getting dresses, eating, or moving from a bed to a chair. Someone with a cognitive impairment (such as Alzheimer's disease or senile dementia) may need constant supervision and reminders to do simply daily tasks.

#### **Isn't Long Term Care a problem for the "older" generation?**

No, actually people of all ages need long term care. Long term care is extended care for an individual who have lost the ability to care for themselves due to a serious accident, illness, cognitive impairment, or a disabling disease/condition and is in need of assistance with basic activities of daily living (ADL).

#### **Activities of Daily Living**

- Bathing
- Continence
- Dressing
- Eating
- Toileting
- Transferring

#### **What are the odds of you needing Long Term Care?**

Over the last 50 years, life expectancy has increased steadily by two years each decade. But, the longer you live, the greater your chances are of needing long term care. In fact, if you live past age 65 you have a 70% chance of needing some form of long term care at home.

## **How much does Long Term Care cost?**

Many people do not know the actual cost of long term care insurance and mistakenly believe it is unaffordable. Although actual premiums may vary, the cost of NOT having long term care insurance could be much higher. Many of us underestimate the costs of long term care services and could end up depleting our retirement savings and income. The cost for services can vary greatly, depending on what type of care you need and where you receive it. But, two things are certain:

1. Long Term Care services can be expensive, and
2. Relying on family or friends may not always be the answer.

The national average hourly cost for a home health aide/certified nursing assistant is to \$21/per hour and the national average daily cost in an assisted living community is \$100, or \$3,241 a month.

## **What types of care are available?**

- Home Care:
  - Home Health Care
  - Adult Day Care
- Facility Care:
  - Nursing Facility
  - Assisted Living Facility

## **Where can Long Term Care services take place?**

Long Term Care can be performed in a variety of settings including:

- Your home
- Community-based adult day care center
- Assisted living/residential health care facility
- Nursing home

## **How do I know if I should consider long term care planning or if I should purchase long term care insurance?**

Long term care planning/insurance applies to you if you have or plan to consider . . .

- Longevity planning
  - People live longer lives
  - Advances in science and medicine
  - Changes in independence of modern retirees
- Retirement planning
- Your family's long range plans

## **What services are covered?**

Over 20 years ago, the first long term care insurance policies only covered nursing home care for individuals. Today, there are many long term care alternatives, and insurance policies emphasize care in the home and support of caregivers. Some long term care policies even provide "Cash Benefits" which pay regardless of what type of services are received. Some policies cover:

### Institutional Care

- Nursing home
- Adult foster home
- Assisted living services facility
- Residential health care facility
- Bed reservation
- Respite care
- Hospice care

## Home Care

- Adult day care
- Home health care
- Homemaker personal care

### **What does “Facility Daily Benefit” mean?**

“Facility Daily Benefit” is the maximum amount your policy will pay toward your institutional long term care needs for one day. Some policies offer various choices usually starting at \$50 per day to a maximum such as \$500 per day. The amount of the benefit you choose will depend on many factors, including how much you think it might cost you per day to stay in a nursing home in the area in which you believe you will be needing long term care.

### **What about benefits for home care?**

Staying at home is an important part of overall long term care planning. Policies typically offer home care as a stated percentage of the Facility Daily Benefit.

### **When is the best time to protect your lifestyle with Long Term Care Insurance?**

When you purchase at a younger age, you’ll pay a lower premium (and likely overtime pay far less in total premiums). Since you must be reasonably healthy to obtain long term care insurance, you’ll also avoid the risk of not qualifying for health reasons. Owning a long term care policy may allow you to feel confident about the future by helping protect your financial assets from the high costs of long term care.

### **Why isn’t Long Term Care Insurance covered by health insurance?**

Many people mistakenly believe that some other program already covers them. The fact is, since long term care is not considered medical care, health insurance generally will not cover the costs.

### **Doesn’t disability income insurance help cover Long Term Care Insurance?**

Disability income insurance was not designed to pay for long term care. It was designed to help replace part of lost income while you are actively employed and usually, the coverage ends at age 65 or upon retirement. By the time you many realize you are not covered, it may be too late.

### **What does Medicare cover?**

Generally, Medicare covers only skilled care after you have been in the hospital for at least three days. It usually does not cover personal or home care services. It was never designed to pay for extended long term care and you should not count on it to meet this need.

### **What does Medicaid cover?**

Medicaid is designed to pay for long term care services for the very poor. To qualify, you must meet your state’s poverty guidelines. IN many cases, you must use up (or “spend down”) your unprotected assets and savings to just \$2,000.

### **Can’t I pay for it Long Term Care myself?**

Of course, you can always rely on your own resources to pay for your long term care needs. Unfortunately, many underestimate the costs of long term care and could end up using their retirement savings.

### **How do Long Term Care policies keep up with rising health care costs?**

Over time, the cost of almost everything we purchase goes up. Long term care services will be no different. There may be a long period between the time you purchase your coverage and when you actually use it. You can help protect the value of your coverage and keep up with the rising costs of long term care services with *Inflation Protection*. This is an important feature of any long term care policy. Optional benefits, such as inflation riders, are available at an additional cost.

**Is there a benefit waiting period before claims are paid?**

Yes, a waiting period, also called an *elimination period*, is the time you must wait before becoming eligible to make a claim against your policy. The elimination period is the long term care insurance equivalent of a deductible or “out-of-pocket” expense-just like your automobile or health care insurance. But unlike other deductibles, it is based on the *number of days*, not a dollar amount.

**Is Long Term Care Insurance right for you?**

Your assets generate your income, which supports your lifestyle and your family’s lifestyle. Those assets and that income and that lifestyle should be protected.

**What are the next steps?**

Long term care can be a complex issue and for many, requires professional guidance. It is a good idea to start by speaking with family members or relatives about the potential costs and likelihood of needing long term care. Then set up a meeting with a representative so you can discuss the options available to you. Before you make a final decision, make sure you have preformed a thorough review of the policy and it is within your financial means.