# Why Long Term Care?

The longer you live, the more likely you are to need long-term care. Today, about 20 percent of Americans over age 65, and almost half of those older than 85, need assistance in everyday living activities. Because women tend to live longer than men, They are almost twice as likely as men to need long-term care.[1]

The costs are as eye-opening as the statistics. As a national average, a year in a nursing home costs about $45,000. By 2030, the cost will rise to about $190,000.[1] Most people prefer to receive care in their own homes, rather than in an institution. But the cost of home health care can equal or even exceed those costs.

## Long-Term Care Protection Strategies

The following choices are available to deal with the problem of long-term care:

- **Personal Assets:** If you have significant financial resources you may choose to assume some or all of the risk of potential long-term care expenses. However, the cost of care can rapidly deplete your assets.
- **Medicaid:** This is a welfare benefit designed to step in when all other financial resources have been exhausted. Patients must use facilities which accept Medicaid patients, so your choices for care are limited.
- **Medicare:** This program is designed to pay for acute care, not long-term care. Medicare provides only short-term, skilled nursing home care following a hospital stay. Medicare's home care benefit is also limited to those who need skilled nursing care.
- **Children:** Your children will have their own financial responsibilities along with career demands. Though they may offer to help, realistically, this avenue may cause financial hardship for all concerned.
- **Long-term Care Insurance:** Private insurance is available specifically for covering long-term care expenses. Coverage options include nursing home care, home health care and assisted living facilities.

## The Cycle of Long-Term Care

Most Long-Term Care starts at home with the help of family or friends until the care giving burden becomes a too much of a hardship. The next step might be to hire a paid caregiver to help with care duties in the home. Yet many people can't afford such a luxury, even if they hire unskilled, unlicensed, unsupervised "grey market" caregivers. As care needs increase the next care setting of preference is Assisted Living Facilities, as they are more like hotels than the hospital-type setting of a Skilled Nursing Facility. Most people do everything in their power to stay out of nursing homes, which is one reason why the average nursing home stay is only 2.5 years.

While most Americans suspect that they might need long term care "sometime" in the future, many underestimate care costs and falsely assume that Medicare or their health insurance will pay for extended care. They will not. Medicare will only pay for a short time and only under specific, limited circumstances. The only government agencies that pay for Long Term Care are Medicaid and the Veteran's Administration. Both are notorious for their lack of care quality and poor quality of life for their residents.

## General Mindset

We have been raised to expect a decent quality of life and the freedom to make our own choices. We cherish independence, pleasure and, as we have matured, the joys of family and friends. We were not raised to expect or shoulder sacrifice, although we can and do rise to the occasion. For most, the mere thought of a loved one

enduring the extraordinary burden and sacrifice of day-to-day care giving is enough to motivate us to protect ourselves and our families.

The value of Long Term Care insurance is that it:

1) Supports independence by providing the ability to pay for Home Care and Assisted Living costs. It gives ***you*** choices.
2) Protects your loved ones from the burdens of care giving.

Long Term Care insurance should be called "nursing home and family care giving prevention insurance", and for these benefits alone it is worth its price. Either having LTC insurance or paying for care costs out-of-pocket allows you to choose **where** to receive care, even **when** care giving needs increase. However, Long Term Care insurance is less expensive in the long-run.

## When Should I Buy Long Term Care Insurance?

The sooner the better! LTC insurance premiums go up in price as you get older, although once you buy a policy your premiums **do not** rise due to aging or health. For years, financial planners were telling their clients to wait until age 65, but this is no longer considered sound advice. The Federal and State Partnership Programs encourage people to buy as early as age 50,[2] mostly to increase the financial security of the programs, but also to ensure that people do not become a burden on Welfare/Medicaid if they get sick or injured at an early age and need long term care.

If you can afford the premium, buy now to protect yourself and your family.

## Who should consider Long-Term Care Insurance?

Generally speaking, you should consider purchasing a long-term care policy if you're age 50 or over.[2] Your age, marital status, gender, lifestyle and, to some extent, your family health history all play a part in the possibility of needing long term care. Premiums increase as you get older, so waiting can be costly.

You should heavily consider Long-Term Care if you are:

- **Over age 50**
- **A Woman**
- **Single**
- **have a poor diet**
- **don't exercise regularly**
- **smoke**
- **have a family history of Alzheimer's, stroke, arthritis, or other degenerative diseases.**



*Sources:*
[1] *American Council of Life Insurance*
[2] *Kiplinger's Retirement Report, "Shopping for Long-Term Care Insurance," June 2000.*