

LONG TERM CARE INSURANCE

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Long-Term Care insurance is an often confused and frequently misunderstood way to cover the cost of elder health care. Unlike traditional health insurances that pay for acute care, Long Term Care products pay for the custodial care of many older adults may need to help with such basic things as bathing, dressing, cooking, and supervision with medication.

Statistics demonstrate that one in two individuals over the age of 85 needs help on a daily basis, with estimates that an individual at age 65 has a 40% chance of living in a nursing home in the future. The indicators are obvious: a strategy to pay for future long-term health care costs should be devised.

Long-term care insurance is an excellent way to avoid direct payment for a loved one's care giving. However, it needs to be planned in advance, with the premiums significantly more affordable based on age at time of purchase.

Certainly, older adults and their families need to be prepared for the financial realities of paying for care on a daily basis, and how quickly large estates can be depleted. But long-term care insurance does not always make good financial sense for everyone. In fact, some experts in the industry advise against purchasing it especially for persons with small estates because of the high cost of the policies.

The government funded Medicaid program will also pay for custodial care and is available for those who have depleted their resources and can meet eligibility requirements. Medicare does not cover long-term care services. Generally, a long-term care insurance product will pay for covered services at home or an alternative care setting once medical certification of need is established. Policies may also cover adult day care.

Conditions required to receive benefits may include:

Physical impairment defined as needing assistance with activities of daily living (ADLs) such as bathing, dressing, shopping.

Cognitive impairment defined as need for supervision due to diminished mental capacity such as Alzheimer's disease.

The specific policy purchased will define the benefit plan.

Variables that affect the premium:

Daily benefit. Most policies offer a fixed amount per day for nursing home care or an amount per home.

Inflation Protection. The best policy to consider may be one that adjusts the daily benefit according to inflation.

Duration of Coverage. Length of coverage may differ depending on the level of care. Comprehensive policies can range in years of coverage, depending on the premium.

Elimination Period. This period may have two components, depending on the policy. Coverage will not begin until a number of days after the effective date of a policy. Coverage will begin only after the policyholder has used the covered services for a specified number of days. The longer the waiting/elimination period, the less costly the premium.

SHOULD YOU BUY?

Seek the advice of long-term care specialists, especially those familiar with the many facets of Long-Term Care insurance. Choose a premium you can comfortably budget now, with the type of coverage that will ensure your long-term healthcare needs in the future.

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