



[Return to article](#) | [Return to Consumer](#)

Long-term care not easy decision

Nearly half will need it in lifetime

Michael Perrault
The Desert Sun
May 13, 2007

When it's time to seek long-term care, the choices can be daunting - and expensive.

Assisted-living residences, skilled nursing, an Alzheimer's or veteran's facility, adult day care centers and home health care are among the options.

The decision is often difficult and stressful, and one dictated in large part by a person's health conditions, behavior - and financial wherewithal, said Rick Peterson, co-owner of Senior Living Options of the Desert.

"If you have behaviors associated with later-stage Alzheimer's and dementia, for example, if you are a wander risk, if you want to continually get out or if you are combative or abusive or you create a danger to yourself or to another individual, then you are not appropriate for a skilled facility in the Coachella Valley," said Peterson, who provides free counseling for people looking to line up proper health care.

Oftentimes, the decision comes down to cost and who or what agency will pay. It's one of the most misunderstood and overlooked facets of long-term health care, because those expecting government aid typically have to be virtually impoverished to qualify.

Someone expecting Medicare to pay indefinitely for nursing home care will be in for a rude awakening. Medicare pays for skilled care for a limited time, and not for custodial care, and it typically pays for little or no home health care. Individuals must meet strict income and asset tests to qualify, and eligibility rules are complex and vary by state.

"For a lot of people it has been devastating and a shock because they didn't know it was coming," said Bill Robinson, independent agent with Palm Canyon Insurance Agency in Palm Springs.

Even though nearly half of all people will need long-term care in their lifetimes, relatively few take out long-term insurance policies that will help pay for the care.

"Some 8 million Americans now own long-term care insurance protection obtained on an individual basis or through their employer," said Jesse Slome, executive director of the American Association for Long-Term Care Insurance in Westlake Village.

About \$3.3 billion in long-term care insurance benefit payments were doled out in 2006, according to a study by the Association. "This is the highest amount of benefit payments to Americans for a one-year period," Slome said.

About one-third of the insurance benefit payments made by eight of the nation's largest insurers in 2006 were allocated for home care.

BE CHOOSEY WHEN CHOOSING CARE POLICY

When choosing a long-term care policy:

- Look at the maximum daily benefit to be paid out, which can range from about \$50 to more than \$300. Or it may be a monthly benefit. (Consumers pay the difference between what is covered and what the long-term care provider charges.)

- Consider buying with an inflation rider that ratchets up benefit amounts.

- Check out the insurance company's track record.

- Ask what the deductible is and when coverage kicks in. Most policies have a waiting period after care starts before the company starts paying.

- Ask about the length of time you will receive benefits from your policy. You can choose a benefit period that spans from two to six years, or the rest of your life.

- What types of care facilities does the policy cover? Does it cover things such as home modifications?

- Ask about the waiver of premium, which allows you to stop paying the premium once you begin receiving benefits or after you have received benefits for a set period.

- Compare policies, even though they can be complicated. Consider seeking advice from a qualified insurance agent or financial planner.

Sources: AARP, the American Association for Long-Term Care Insurance, and local sources

Long-term care policies were initially sold as nursing home policies in the 1970s, but they've been broadly expanded.

The concern is that as more Baby Boomers get to the age where they'll need long-term care, the Medicare and Medicaid systems will be overwhelmed if not depleted.

More importantly, investing in long-term care insurance can give people the freedom to choose the kind of care in the kind of facility they desire, Robinson said.

Costs for care continue to rise, with assisted-living care now costing about \$4,000 a month, Peterson said.

The national average daily rate for a semi-private room in a nursing home is about \$183, or \$66,795 a year, according to the MetLife Mature Market Institute.

Having the money to pay also relieves many people from having to meet all the complex requirements and restrictions that are in place to qualify for certain types of care.

An Alzheimer's patient relying on Medi-Cal to cover expenses might find there are no nursing homes that will accept them.

"If an individual has no skilled needs other than their dementia - if they have the ability to reposition themselves in bed, feed themselves and so forth - they would be appropriate for another Alzheimer's care model, and that would be assisted living," Peterson said.

Oftentimes, couples who've built up a \$500,000 retirement nest egg believe they're financially set. But when one of them gets sick, the money tends to go fast.

"It's really part of financial planning, to protect the rest of your retirement assets that you worked hard to get," Robinson said.

Long-term care policies help protect assets and help guarantee care. Those without the money to pay often must rely heavily on their children for care, but that can mean considerable stress, according to AARP officials.

Some people are simply unable to afford the type of coverage that makes purchasing a policy worthwhile. Purchasers should also consider how affordable the premium would be if they're living on a fixed income.

But for those who earn good salaries and have accumulated assets, such policies increasingly are becoming part of a financial planning package, Robinson said.

Starting early can make a big difference, because premiums are cheaper. A 40-year-old purchasing a 4-year comprehensive policy with inflation protection and a 20-day waiting period may pay \$641 annually in premiums, while a 79-year-old would pay \$5,821, according to the American Association for Long-Term Care Insurance.

"I think one of the keys, and we see this a lot in our business, is that people don't (purchase) this when they're in their earning years, when they can afford to pay for it," Peterson said.

"I feel the best ages are between 40 and 65, preferably 40 and 60," Robinson said.

Benefits for such policies usually kick in once someone can't perform at least two key daily activities such as dressing or bathing, AARP officials said.

Slome said it's smart for consumers to start investigating options when they're still in good health and from a long-term care specialist who understands which health conditions various insurers will accept.

"Once you are declined coverage by one insurer, you may find it impossible to get coverage." Slome said.

STORYCHAT 

 [Post a Comment](#)