

Long-Term Care Insurance

By Judith S. Parnes, L.C.S.W., C.M.C.

Long-Term Care insurance is an often confused and frequently misunderstood way to cover the cost of elder health care. Unlike traditional insurances that pay for acute care, Long Term Care products pay for the care of many older adults that need help on a daily basis with such basic things as bathing, dressing, cooking, and supervision with medication. Statistics demonstrate that one in two individuals over the age of 85 need 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 caregiving. However, it needs to be planned in advance, with the premiums significantly more affordable based on age at time of purchase. It is not necessarily for everyone. Experts in the industry advise against long-term care insurance Purchase for persons with small estates because of the high cost of the policies.

The government funded Medicaid program is available for those who can meet eligibility requirements. 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. 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. Duration 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.

Judith S. Parnes, L.C.S.W., C.M.C., Gerontologist And Elder Care Consultant is Executive Director Of Elder Life Management, Inc., Ocean, NJ. They provide quality elder care planning and management services to older adults and their families. Please visit www.elderlifemanagement.org or call (732) 493-8080 for more information.