

Guide to Long-term Care Insurance

WHAT IS LONG-TERM CARE?

Most Americans know about the kind of health insurance that pays doctor and hospital bills. But the kind that pays for long-term care in a nursing home or at home is not as familiar.

Long-term care goes beyond medical care and nursing care to include all the assistance you could need if you ever have a chronic illness or disability that leaves you unable to care for yourself for an extended period of time. You can receive long-term care in a nursing home, or in your own home, in the form of help with such activities as bathing or dressing. Long-term care can be of help to a young or middle-aged person who has been in an accident or suffered a debilitating illness. But most long-term care services are used by older individuals.

Beyond nursing homes, a range of services are available in the community to help meet long-term care needs. Care given by family members can be supplemented by visiting nurses, home health aides, friendly visitor programs, home-delivered meals, chore services adult daycare centers, and respite services for caregivers who need a break from daily responsibilities.

These services are becoming more widely available. Some or all of them may be found in your community. Your local area agency on aging or office on aging can help locate the services you need. Call the Eldercare Locator at 800-677-1116 to identify your local office.

ARE YOU LIKELY TO NEED LONG-TERM CARE?

Every year millions of men and women over the age of 65 will need long-term care. It is estimated that by the year 2020, 12 million older Americans will need long-term care. Most will be cared for at home; family members and friends are the sole caregivers for the 70 percent of elderly people. But a study by the U.S. Department of Health and Human Services indicates that people of the age 65 face at least a 40 percent lifetime risk of entering a nursing home. About 10 percent will stay there five years or longer.

The American population is growing older, and the group over age 85 is now the fastest-growing segment of the population. The odds of entering a nursing home, and staying for longer periods, increase with the age. In fact, statistics show that at any given time, 22 percent of those age 85 and older are in a nursing home. Because women generally outlive men by several years, they face a 50 percent greater likelihood than men of entering a nursing home after age 65.

You may never need a nursing home. But the longer you live, the greater the chance that you will need some form of long-term care.

WHAT DOES LONG-TERM CARE COST?

Long-term care can be very expensive. As a national average, a year in a nursing home is estimated to cost more than \$50,000. In some regions, it can easily cost twice that amount.

Home care is less expensive but it still adds up. Bringing an aide into your home just three times a week (two to three hours per visit) to help with dressing, bathing, preparing meals, and similar household chores—can easily cost \$1000 each month, or \$12,000 a year. Add in the cost of skilled help, such as physical therapists, and these costs can be much greater.

LONG-TERM CARE POLICY CHECKLIST

The following checklist will help you compare policies you may be considering:

- What services are covered?
 - Nursing home care
 - Home health care
 - Assisted living facility
 - Adult daycare
 - Alternate care
 - Respite care
 - Other
- How much does the policy pay per day for nursing home care? For home health care? For an assisted living facility? For adult daycare? For alternate care? For respite care? Other?
- How long will benefits last in a nursing home? At home? In an assisted living facility? Other?
- Does the policy have a maximum lifetime benefit? If so, what is it for nursing home care? For home health care? For an assisted living facility? Other?
- Does the policy have a maximum length of coverage for each period of confinement? If so, what is it for nursing home care? For home health care? For an assisted living facility?
- How long must I wait before preexisting conditions are covered?
- How many days must I wait before benefits begin for nursing home care? For home health care? For an assisted living facility? Other?
- Are Alzheimer's disease and other organic mental and nervous disorders covered?
- Does this policy require: An assessment of activities of daily living? An assessment of cognitive impairment? Physician certification of need? A prior hospital stay for nursing

home care? Home health care? A prior nursing home stay for home health care coverage?
Other?

- Is the policy guaranteed renewable?
- What is the age range for enrollment?
- Is there a waiver-of-premiums provision for nursing home care? For home health care?
- How long must I be confined before premiums are waived?
- Does the policy have a nonforfeiture benefit?
- Does the policy offer an inflation adjustment feature? If so, what is the rate of increase? How often is it applied? For how long? Is there an additional cost?
- What does the policy cost?
 - Per year?
 - With inflation feature
 - Without inflation feature
 - Per month?
 - With inflation feature
 - Without inflation feature
- Is there a 30-day free look?

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Center For Disability & Long-Term Care Insurance, Health Insurance Association of America, 555 13th Street, NW, Suite 600 East, Washington, DC 20004-1109. www.hiaa.org

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