



An Introduction to Planning for Long Term Care

Long term care is the kind of care you need if you are not able to perform normal daily activities (such as eating, dressing, bathing, and toileting) without help, and it is expected that you will need this help for an extended period of time, often for the rest of your life.

This kind of care is often needed due to aging, chronic illness or injury, and most of us will need it for at least some time before we die. But it is not just for the elderly; a good number of younger, working-age adults are currently receiving long term care due to accident, illness, or injury.

Long term care can be provided in your home, in an assisted living facility, or in a nursing home. All can become very expensive.

Home health care can easily run over \$20,000 per year. That's at \$16 per hour, for just 25 hours a week. Depending on the skill required, number of hours needed and where you live, it can cost considerably more.

Assisted living facilities can cost more than \$25,000 per year; the more services you need, the higher the cost. Nursing home facilities, with round-the-clock care, are now \$50,000 or more a year. Expect to see these costs go even higher, thanks to rising medical costs.

Also, expect to pay these costs for a while. The average stay in a nursing home is three years. Alzheimer's patients usually need care longer.

Unfortunately, long term care is not covered by health insurance, disability income insurance, or Medicare.

Health insurance plans cover nursing home expenses only for a short period of time while you are recovering from an illness or injury.

Disability income insurance will replace part of your income if you are not able to work after a specified time, but it does not pay for long term care.

Medicare, which covers most people over the age of 65, provides limited coverage for skilled care for up to 100 days immediately following hospitalization. After that, you're on your own. So who will pay the cost if you need long term care? There are only three sources: your (or your family's) assets, Medicaid, and long term care insurance.

Medicaid pays the bills for a large number of people in nursing homes today. But because the program is designed to provide services for those who cannot support themselves (children, the disabled, the poor), you will have to "spend down" your assets and be practically penniless in order to qualify for benefits. Your spouse is also limited to the amount of assets he or she

can have. Also, you will only be able to receive care from a facility that accepts Medicaid. But if you have minimal assets, it may be the best option for you.

For many people, long term care (LTC) insurance is the best option, especially if you have assets and income you want to protect, you want to avoid being a financial burden on others, and you want to have some choice in the care you receive. With LTC insurance, you will have the option of receiving care in your home or a private pay facility. The premiums are lower when you are younger and in good health. If you wait too long, the cost could be prohibitive and you might not qualify.

When planning for long term care, the experience and advice of a qualified professional can be most helpful. If you are considering trying to qualify for Medicaid, make sure you talk with an expert in Elder Law before you do anything. An innocent mistake could disqualify you from receiving benefits for many months.