



SHOULD I BUY LONG-TERM CARE INSURANCE?

“Our children think we should buy long-term care insurance, but we’re not sure it’s worth the cost.”

— Nancy and Todd married for 46 years

Planning for when you can no longer care for yourself is a difficult but practical thing to do. Family members may be unable to help you with daily care. Medicare will only help with such costs for a short period of time and under specific conditions. Basic health insurance policies also do not cover long-term-care costs. Medicaid only covers nursing home or limited homecare expenses if you have already spent all of your savings and can’t afford the care costs. Buying long-term care insurance may help you avoid spending all of your life’s savings on your future care needs. However, you must determine if its benefits justify its high expense. Whether long-term care insurance is right for you is dependent on your assets, income, age, overall health, and personal desires.

What Does “Long-Term Care” Mean?

Long-term care covers a range of services that help meet needs of those with disabilities or chronic illnesses. Assistance may be required in the following areas:

- **Health Needs.** Professional care is needed from a doctor, nurse, physical therapist, or other health care provider.
- **Personal Needs.** Help is needed with laundry, cooking, cleaning, paying bills and other money matters, home, and other personal services.
- **Activities of Daily Living Needs.** Assistance is needed with eating, bathing, dressing, using the bathroom, and other daily care activities.

Long-term care may be provided in the following settings:

- **Home.** These may include a home health aide, visiting nurse, or housekeeping services.
- **Community.** These may include adult day care programs, meals-on wheels, senior centers, or help with shopping and transportation.
- **Residential Care Facilities.** These may include nursing homes, assisted living facilities, or hospice services.

Long-term care needs may occur:

- **Gradually.** As you age, you may need increasing help with daily activities, such as preparing meals or bathing.
- **Suddenly.** An unexpected major illness, like a stroke or heart attack, may require immediate long-term care.

Long-term care may be needed on a:

- **Short-term Basis.** Home-health care or nursing care may be needed for only days or weeks during a recovery period.
- **Long-term Basis.** Care services may be needed for months, years, or the rest of your life.

What Coverage Does Long-Term Care Insurance Provide?

Many combinations of benefits for long-term care insurance are available, and there are many types of policies. As with other insurance policies, the more you pay for insurance, the more coverage you receive — costs for long-term care insurance can range from \$250 to over \$3,000 a year. A long-term care insurance policy can be tailored to your needs depending on your coverage choices regarding:

- Assistance at one or more of the following: nursing home, assisted living facility, adult day-care facility, or in your home.
- Amount of money you will receive daily for your care (daily costs can range between \$50 and \$400 per day).
- Length of time you will be covered.
- Waiting time (also known as “elimination period”) between when you start using long-term care or become disabled and when benefits begin. This could be days, weeks, or several months, depending on your policy.
- Option to buy more or less coverage.
- Inflation plan that would protect the amount of your daily benefit.
- Paid-up benefit option (also known as “non-forfeiture benefits”) that allows you to receive some benefit value if, for any reason, the policy lapses. For example, if you stop paying your premiums, you may receive a lower daily

benefit or a shorter benefit period, depending on the benefit option plan you choose.

A good long-term care insurance policy should cover Alzheimer's disease and other cognitive disabilities, in addition to covering physical conditions.

When Should I Consider Buying Long-Term Care Insurance?

Long-term care insurance should be purchased before you need it. Your current health determines if an insurance company will sell you long-term care insurance. The younger you are when you buy long-term care insurance, the more affordable the insurance will be. If you buy it, say, in your 50s or early 60s, the insurance will not only probably cost less, but your overall health will probably be good, improving your chances of meeting medical eligibility criteria. If you already have a pre-existing medical condition, insurance companies may not pay for long-term care related to that condition for a specified period of time after the policy begins. If you are uncomfortable with the insurance company's assessment of your benefit eligibility, you may use your own physician.

Is Long-Term Care Insurance Right for Me?

Buying long-term care insurance probably should NOT be considered if:

- You can't afford the premiums.
- Your insurance expenses would lower your standard of living or you would have to give up things you need such as paying for utilities, food, or medicine.
- You won't be able to afford the premiums over time if they change or increase.
- You have limited assets and would spend your savings in a short time (within six months to a year) and quickly qualify for Medicaid.
- The insurance policy that would be affordable for you does not cover desired benefits.

Buying long-term care insurance should be considered if:

- You have large investments to protect, such as a house, business, or stocks.
- You do not want to use all of your assets or savings to pay for long-term care.
- You want to pay for your own future care needs and want to control where and how you receive services.
- You do not want family or friends to assist with your personal care needs.

Where Can I Buy Long-Term Care Insurance?

Private insurance companies sell long-term care insurance policies. Individuals or groups may also be able to buy long-term care insurance through employment or special membership offers.

Who Can I Talk to About My Long Term Care Insurance Decisions?

Long-term care decisions are complex and difficult. It is common to feel the need to reach out to someone and ask for help when considering purchasing long-term care insurance. You may want to do one or more of the following:

- Enlist people from places such as a state insurance counseling program to help you find an expert who is knowledgeable in long-term care financing and insurance but who will not profit from your decision.
- Discuss your long-term care needs with a knowledgeable agent from a strong and reputable insurance company. It is wise never to pay cash or buy from a door-to-door salesperson. Check the financial stability and soundness of the company you are considering.
- Remember that agents are salespeople and, as such, are biased. Some agents only represent products sold by one company, while other agents represent products from several companies.
- As a general rule, talk with at least three agents when considering buying a long-term care policy in order to compare benefits and costs before making your decision.

Where to Get Help

National Resources

American Association of Retired Persons. This association provides pertinent information regarding what you should know about long-term health care insurance, the various policy options available, and whether this type of insurance is right for you. New York City phone: 1-800-452-1393. Web site: www.aarp.org/states/ny National phone: 1-888-687-2277. Web site: www.aarp.org

New York City Resources

Long-Term Care Partnership Program. New York State has established a Partnership for Long-Term Care program that combines private long-term care insurance and Medicaid. If you buy a Partnership approved long-term care policy, once the basic benefits under the long-term care policy are used up, you can receive Medicaid based only on your income without losing your other assets, like a house or car. Contact this organization to have your questions answered regarding Partnership approved long-term care policies and for information booklets. Phone: 1-888-697-7582 (inside New York State) or 1-518-473-8083 from anywhere. Web site: www.nyspltc.org

New York State Insurance Department. This Department provides valuable information to help you understand long-term care and the insurance policies available in New York that will help pay for long-term care services. Phone: 1-800-342-3736 (inside New York State) or 1-212-480-6400. Multilingual service: 1-800-218-8222 (inside New York State). Web site: www.ins.state.ny.us

New York State Health Insurance Information and Counseling Assistance Program (HIICAP). This program provides free, confidential information, counseling, and assistance regarding long-term care services and health insurance in New York State. For a quick, easy and thorough understanding of long term care insurance, access the Long Term Care Insurance Knowledge Center from the Web site. Phone: 1-800-333-4114 or 1-212-869-3850. New York City residents can call the New York City Department for the Aging HIICAP Helpline at 1-212-333-5511 for an appointment to meet with a trained HIICAP Counselor. Web site: www.hiicap.state.ny.us

This resource provides brief, general information about this health care topic. It does not take the place of specific instructions you receive from your health care providers. For answers to other questions consult your physician or other health care provider.

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