

**Question:** A friend of mine recently lost his mother after a long stay in a nursing home. I knew that she was on a fixed income, so I asked how they handled cost of nursing home. He told me that they were lucky because his mother had purchased Long Term Care insurance shortly after she retired. He told me that his mother purchased the insurance so that the money she had saved would go to her family rather than to pay medical bills.

My parents and in-laws are getting up in years, and I was wondering if this type of insurance was really that beneficial? Should I encourage my parents to purchase some of this insurance and do the same myself?

**Answer:** This is a great question and one that many people are asking I feel sure. In challenging economic times it is important that we think about our financial security both now and in retirement.

In general Long Term Care Insurance is an individual insurance policy that may help you when you are unable to take care of yourself due to prolonged illness or disability. These policies usually pay for skilled, intermediate and custodial care in a nursing home. Home health care, adult day care and assisted living care are also often covered. These policies usually pay a fixed amount per day or per visit to facilities or caregivers that are licensed by the state and/or participate in Medicaid and Medicare.

It is very important to remember that Medicare does not pay for nursing home care or long-term care. But it will pay for some limited duration home health care and skilled nursing facility care following a hospital stay – such as continuing care.

Here are some things to think about when considering if you need Long Term Care insurance.

- 1. Long Term Care is Different From Traditional Medical Care** Someone with a prolonged physical illness, a disability or a cognitive impairment, such as Alzheimer's disease, often needs long term care. Long term care services may include help with daily activities, home health care, respite care, hospice care, adult day care, care in a nursing home or care in an assisted living facility.
- 2. Long Term Care can be Expensive** The cost depends on the amount and type of care you need and where you get it. In 2001, the national average cost of nursing home care was \$56,000 per year. Assisted living facilities reported \$22,476 per year and home care costs ranged from \$12,000 to \$16,000 per year.
- 3. You Have Options When Paying for Long Term Care** People pay for long term care in a variety of ways. These include using personal resources, long term care insurance and Medicaid for those who qualify. Medicare, Medicare supplement insurance and health insurance you may have at work usually will not pay for long term care. Long term care insurance will pay for some or all of your long-term care.

**4. Decide Whether Long Term Care Insurance is for You** Whether you should buy a long term care insurance policy will depend on your age, health status overall retirement goals, income and assets. For instance, if your only source of income is a Social Security benefit or Supplemental Security Income (SSI), you probably should not buy long term care insurance since you may not be able to afford the premium. On the other hand, if you have a large amount of assets but do not want to use them to pay for long-term care, you may want to buy a long term care insurance policy. Many people buy a policy because they want to stay independent of government aid or the help of family. They don't want to burden anyone with having to care for them. However, you should not buy a policy if you can't afford the premium or are not sure you can pay the premium for the rest of your life.

**5. Pre-Existing Condition Limitations** A long term care insurance policy usually defines a pre-existing condition as one for which you received medical advice or treatment or had symptoms within a certain period before you applied for the policy. Some companies look further back in time than others. Many companies will sell a policy to someone with a pre-existing condition. However, the company may not pay benefits for long term care related to that condition for a period after the policy goes into effect, usually six months. Some companies have longer pre-existing condition periods or none at all.

**6. Know Where to Look for Long Term Care Insurance** Long term care insurance is available to you in several different forms. You can buy an individual policy from a private insurance company or agent or you can buy coverage under a group policy through an employer or association membership. The federal government and several state governments offer long-term care insurance coverage to their employees, retirees and their families. You can also get long-term care benefits through a life insurance policy. Some states have long-term care insurance programs designed to help people with the financial impact of spending down to meet Medicaid eligibility standards. Check with the Department of Insurance to see if these policies are available in our state.

**7. Check With Several Companies and Agents** Contact several companies and agents before you buy a long-term care policy. Be sure to compare benefits, the types of facilities covered, limits on your coverage, what is not covered and the premium. Policies from different insurance companies often have the same coverage and benefits but may not cost the same. Be sure to ask companies about their rate increase history and whether they have increased the rates on the long-term care insurance policies.

**8. Don't be Misled by Advertising** Most celebrity endorsers are professional actors who are paid to advertise, not insurance experts. It is also important to note that Medicare does not endorse or sell long-term care insurance policies, so be wary of advertising that suggests Medicare is involved. Do not trust cards you get in the mail that look like official government documents until you check with the government agency identified on the card.

**9. Make Sure the Insurance Company is Reputable** To help you find out if an insurance company is reliable, you can take the following actions: Stop before you sign anything, contact the Department of Insurance and confirm that the insurance company is licensed to do business in our state. After you make sure they are licensed, check the financial stability of the company by checking their ratings. You can get ratings from some insurer rating services for free at most public libraries.

**10. Review Your Contract Carefully** When you purchase long term care insurance, your company should send you a policy. You should read the policy and make certain you understand its contents. If you have questions about your insurance policy, contact your insurance agent for clarification.

If you have any general questions about Long Term Care insurance, my staff at the Office on Aging will be happy to help, though we can not recommend a particular provider or policy to you. You can call toll-free at 800-868-9095 or visit our website [www.again.sc.gov](http://www.again.sc.gov) if you have questions and we will do our best to help you.