

Insurance For Long-Term Care

One of the greatest expenses that families of the elderly and infirm can face is the cost of chronic illness. Generally, neither traditional health insurance policies nor Medicare will pay much of anything toward the cost of long-term care in a nursing home or at home.

Older persons are more likely to have disabilities and to need long-term care. One out of five Americans over the age of fifty is at risk of needing long-term care in the next 12 months. It isn't just for the elderly, 40 percent of the 13 million Americans currently receiving long-term care are between the ages of 18 and 64.

One option for covering these long-term costs is private long-term care insurance.

The following summary provides basic information. Your insurance agent can provide more details. Bear in mind, however, they vary from state to state.

Nursing Home Coverage

Unlike Medicare, which limits its coverage to post-hospital care in a skilled facility for a maximum of 100 days (20 days at full pay and 80 days with co-payment provisions), policies offered by private insurers usually cover care in skilled, intermediate or custodial facilities. You select the per-diem benefits you would like, typically in a range from \$40 to \$200. In addition, you select a deductible period of 20 to 100 days. Premiums are based on your age when you take out the policy.

At-Home Care

Newer policies pay for long-term care at home for people who might otherwise have to be admitted to nursing homes. These policies cover at-home services ranging from help with housekeeping and shopping to administering medications and providing physical therapy. These policies do not usually require prior admission to a hospital or nursing home.

The time to purchase long-term care insurance is before you need it. In considering this kind of coverage, be sure to ask some specific questions:

- When do benefits begin, how much will they be and how long will they last?
- What is the daily maximum benefit?

- If you should be in and out of a nursing home, what conditions must be fulfilled for part or all of the scheduled benefits to be available again?
- Does the policy exclude pre-existing conditions or bar coverage for specified conditions?
- Does the policy cover custodial care, such as help with meals or with bathing, as well as skilled nursing care?
- Does the premium remain the same once coverage begins, or increases along with your age? Does the policy include a waiver of premium so premium payments stop once benefits begin?
- What happens if you move to another state, one where your policy may not be sold, after you've started paying premiums?
- Is it a "Tax Qualified Policy?"

Long-term care insurance is a complex subject. Seek expert advice and recommendations from a professional insurance agent or advisors.

One of the best hedges against this financial dilemma is an adequate pension or retirement plan. But that must be implemented early in life. Your insurance agent can help plan this, too.