



George W. Meschter
Licensed Insurance Agent,
Consumer Advocate

How to Protect yourself and your family if you Need LONG TERM CARE... what to do before CARE IS NEEDED!

What you'll discover in this report:

- **How to protect your assets if you need Long Term Care...**
- **Surprising statistics on how commonly “average” people need asset burning Long Term Care...**
- **Why some kinds of so-called long term care insurance policies are not enough...**
- **How much to buy...how much not to buy... *and much, much more!***

People commonly think about insurance for their possessions. But what about you? What if you get sick, injured or even die? How do you protect yourself and your family in these instances?

Remember, insurance is a game of “What if?” So ask yourself these questions: What happens if you wake up and cannot get out of bed? Or get dressed? Or what if a medical condition requires you to need continuous care? How do you and your family pay expenses if care is needed for an extended period of time? These are obviously not pleasant thoughts, but remember that “What if?” is a game about worst-case scenarios.

Long Term Care Insurance

It seems like something that doesn't happen very often. You suffer an illness or injury that prevents you from taking care of yourself for an extended period of time -- six months, a year, even five years. Sounds rare doesn't it? It's not.

*** Fact.** 60% of all Americans are expected to receive long term care at some point in their lives.¹ Actually, as your life span increases, so does the probability of needing long term care. The chances of disability vs. death are more than six times greater for younger workers. Yet far more Americans buy life insurance rather than a policy that can protect assets.

How to Protect YOUR Assets

There are only four ways to pay for Long Term Care. They are Medicaid, Medicare, Cash, and Insurance.

Medicaid - In order to have Medicaid pay for long term care, you need to qualify financially. Usually you need to spend almost all of your assets to be eligible for Medicaid.

Medicare - Medicare will only pay if you...1. Have been hospitalized for three days prior to receiving benefits. (70% of all nursing home residents have not been hospitalized).⁶ 2. Admitted to a nursing home within 30 days of discharge for the same condition. 3. Admitted to a Medicare-approved facility (50% of nursing homes do not participate in Medicare).⁶ 4. Admitted for a "skilled care condition" (only 7% of all nursing home patients are admitted to nursing homes for "skilled care conditions." (Medicare does not pay for Intermediate or Custodial Care)⁶ Medicare will only pay for the first 100 days. There is a \$97 co-pay for days 21-100. Thus, a person with a long term care policy with a 90 day elimination period will pay \$6,790 out of pocket to cover the copay for days 21 to 90.

Cash - This is the most common way to pay for long term care. Nursing home care can cost between \$41,000 and \$73,000 per year.³ At that rate, it does not take long to use a major portion of your life savings, if not all.

Insurance - This is like paying cash. Insurance allows you to pay a small price to cover the major expenses of long term care. Insurance will cost you a fraction of what it actually costs to receive long term care.

Who will Pay?

We hear people say "the government will pay for it," or "my family will take care of me," or "I will never go into a nursing home." The government is not going to pay for long term care unless you qualify for Medicaid or Medicare. In these instances, they are limiting what is paid. With families so spread out or where both spouses are working, it is not feasible nor can it be expected that family members will be able to care for you. Unfortunately, when it comes time to make the decision about going into a nursing home, you most likely will not be the one making the decision!

Because nursing homes only allow so many beds for Medicaid and Medicare patients, you may not have a choice on which facility you receive care, if Medicaid or Medicare is paying for your long term care. Nursing homes lose as much as \$9 per patient per day with every

Medicaid patient.⁷ Thus, paying in cash or having long term care insurance will give you more flexibility in choosing which facility you can use.

Long Term Care Coverage: Lots of Options, How to Choose...

Long Term Care insurance can protect some or nearly all of Your assets you might lose because you are unable to perform the activities of daily living. That sounds simple enough, but there are many levels of long term care insurance. Some of it is available to all of us:

Daily Benefit – The amount the plan will pay up to if you qualify and receive long term care per day. This amount will vary based on geographical location and the type of care needed.

Length of Coverage – This is how long the insurance policy will pay if care is needed. Usually policies range from two years to lifetime. Eligibility for the length of policy may vary due to your health.

Elimination Period – The period of time from the day you qualify for long term care until your insurance policy starts to pay. This could also be considered a deductible. Elimination Period can range from Zero days to 365 days. The length of elimination period will directly effect the cost of your insurance.

Cost of Living Adjustment – Also known as COLA. This benefit will adjust your Daily Benefit annually by a percentage, usually 5%. Depending on the policy, you may have COLA with simple or compound interest.

Reimbursement Policy – Will only pay the amount of the actual charge, up to the daily limit of your policy.

Indemnity Policy – Will pay the amount you have for a daily benefit no matter what the actual charge.

* **Fact.** Every companies policies have different features. If you are considering purchasing Long Term Care Insurance, a review of the policy features with your insurance professional is recommended.

Important Information: What Is Long Term Care?

When considering the purchase of Long Term Care Insurance, it is vital to look at the definition of long term care in each policy. In addition, you must consider how that definition applies to your specific situation. You must understand how you qualify for benefits under your policy. Your policy will be tax qualified or non-tax qualified. Which policy type you have will determine how you qualify for benefits. A tax qualified plan will require that you not be able to do two of six daily activities. A non-tax qualified plan will require that you not be able to do one of six or seven daily activities.

Long term care carries coverages such as “*Nursing Home*,” “*Home Health*” and “*Assisted Living*.” Policies also mention “Activities of Daily Living.”

* **Tip.** As such, if you are considering the purchase of a long term care policy that covers “Nursing Home” only, you may be wasting your money.

A policy covering only nursing home care may leave you with a huge gap in your coverage. If your policy only covers nursing home care, then this may cause you to be placed in a nursing home instead of receiving care at home because your policy will not cover home health care.

In the past, long term care was usually received at home by family members. In today’s world, families are spread all over the country or even the world so it is not realistic to rely on family for care. Also, it is common for families to have both spouses working and to be able to give care they would need to use vacation time, time off without pay, or even quit their jobs. Is this what you would want?

* **Fact.** Over 70% of people with Alzheimer’s live at home and receive 75% of the assistance they need from unpaid caregivers.²

It used to be if you needed long term care you went to the nursing home. Now there are assisted living facilities and even home health care available to keep you out of the nursing home as long as possible.

The Three Major Places to receive long term care are:

“**Nursing Home**” – is the traditional long term care facility. These facilities have nursing staff on 24 hours per day.

“**Assisted Living**” – is like living in an apartment. This facility allows you the freedom of living on your own, but assistance is available for your “activities of daily living.”

“**Home Health Care**” – allows you to receive care or assistance in your home.

Unfortunately, even if you have family members provide your home health care it still costs money. Wouldn’t you like your insurance policy to cover this expense? Some policies include coverage for care given by family or friends. You can see that there are many ways to receive long term care. To purchase a policy only covering one of these may be a waist of your money.

What are the Activities of Daily Living?

- **Bathing** – washing oneself by sponge bath; or in either a tub or shower, including the task of getting in and out.
- **Continence** – the ability to maintain control of bowel and bladder function.
- **Dressing** – putting on and taking off all items of clothing.
- **Eating** – feeding oneself by getting food into the body.
- **Toileting** – getting to and from the toilet.
- **Transferring** – moving into or out of bed, chair, or wheelchair.

* **Tip.** There are several options for anyone who wants to buy long term care insurance. As such, it's no easy task making sure you get the benefits and coverage terms that best fit your situation. Discuss this with a specialist in long term care insurance who can help you obtain what you need at a price you can afford.

How much to buy...How much not to buy

Long term care can cost between \$41,000 and \$73,000 per year.³ This can vary by geographical location and by the type and amount of treatment you would need. When considering the purchase of long term care insurance, you must decide if you want all of your care to be paid by your insurance or are you willing to pay for a portion of the expenses? By paying for some of the long term care yourself will allow you to purchase a lower daily benefit, making the cost of your insurance lower.

* **Note.** 50% of all couples are impoverished within six months after one spouse is admitted to a nursing home.⁴

Do you buy car insurance? House insurance? Did you know you have a 1 in 240 chance of being in a car wreck,⁵ 1 in 1200 chance of a house fire.⁵ You have a 1 in 2 chance of needing long term care!¹ Why don't you protect **YOUR** assets?

Be a smart consumer...but don't try to be your "own agent." Protection for you and your family requires constant vigilance...and a partnership between you and your professional agent. Call **NOW** for the latest information on how to save money AND get the best protection for yourself and the people you care most about.

Call Meschter Insurance Groups at 610-489-6800

Sincerely,

George W. Meschter

George W. Meschter

Licensed Insurance Agent,
Consumer Advocate

1. National Academy of Elder Law Attorneys, 1999
2. Understanding Alzheimers, Alzheimer's Association, 1999
3. Guide to Retirement Living, Summer/Fall, 1999
4. Wall Street Journal, June 2000
5. Life Association News, 1993
6. Social Security Administration
7. Center for Long Term Care Financing



© 2005, Meschter Insurance Group, Inc. The reader assumes all responsibilities for his/her own actions in regards to any items discussed in this report. Adherence to all applicable laws and regulations, federal, state and local, governing the use of any product or service described in this report in the US or any other jurisdiction is the sole responsibility of the reader. The publisher and author assume no responsibility or liability whatsoever on the behalf of the reader of these materials. The reader is encouraged to consult directly with his/her insurance professional