

## Long Term Care Insurance

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The increasing need for in-home care is irrefutable. Elderly people and some younger individuals with disabilities or chronic illnesses require help with activities of daily living such as bathing, dressing, transferring, toileting, eating, continence, as well as assistance with transportation and meal preparation. A recent report from AARP shows that the cost of unpaid caregiving provided by family and friends was \$450 billion in 2009, rivaling the cost of the entire Medicaid/Medi-Cal program. While some caregiving is provided out of love and compassion, most of those unpaid care hours result from a lack of funds to cover the cost of hired in-home care. Unpaid caregivers in California spend, on average, over 18 hours a week helping their loved one. This takes a great toll on caregivers, who often become ill due to the physical and emotional stress of caregiving or by the lack of attention to their own health.

Paying for in-home care is covered either by private funds, long term care insurance, or, if eligible, by a governmental program. The average cost of a caregiver is about \$20/hr. Few families have long term care insurance because of denial, procrastination, and the thought that premiums are too costly; however it may not as expensive as one would think. Long Term Care (LTC) insurance premiums average \$1,500 to \$3,000 per year, depending on one's age, health, marital/partner status, amount of coverage, and the insurance company. The younger you are, the lower the premium. Without LTC, out-of-pocket costs can be as much as \$40,000 to \$80,000 per year, depending on the kind of care (unskilled or skilled); the extent of care (number of hours per day or week); and the location of care (home or facility care).

Be aware that some older policies do not cover caregiving in the home (home care), but most policies today are more comprehensive and cover home care and facility care. Many policies have a daily benefit ranging from \$100 to \$200 a day. If the costs for the home care service exceed the benefit covered by the insurance, the difference is paid out of pocket.

Long term care beneficiaries usually have difficulty understanding (or remembering) the way the insurance policy works. Frequently, they are surprised – even upset – about having an 'elimination period' or 'waiting period' before benefits start. Some long term care policies do not have a waiting period for in-home care, even when there is a waiting period for assisted living or nursing home care, or the waiting period does not apply if the client is in hospice.

The most significant element of this discussion about planning ahead for long term care is peace of mind. Reaching the point in life when you need a caregiver to assist with the activities of daily living is never easy. Those individuals who had the foresight and wherewithal to have purchased long term care insurance now enjoy peace of mind as it relates to the financial burden of long term caregiving. There is also a sense of relief from having the services of a nurse who will advise the family on a plan of care and can assist in the coordination of that care. If you desire, consider leaving a legacy for your

children so they can care about you; not for you. Both you and they will breathe easier when the time comes.

*It is the overall goal of the Placer Older Adult Advisory Commission to promote the well-being and to enhance the quality of life for older adults of Placer County by advising the Placer County Board of Supervisors and the Placer Department of Health and Human Services on issues affecting the lives of older adults. Meetings are held the 3<sup>rd</sup> Tuesday of the month at 1:00 p.m. For more information: <http://www.placer.ca.gov/Departments/hhs/adult/OlderAdultAdvisoryCommission.aspx> or by calling the Public Authority at (530) 886-3680.*