

Faculty and Employee Assistance Program Newsletter

Long Term Care Insurance –Surely I Don't Need to Think About This...

Submitted by Brenda Wilson, LCSW, CEAP, Eldercare Specialist
Adapted from the NAIC's "Shoppers Guide to Long-Term Care Insurance"

Who will care for us when we are elderly and frail? This is something most of us in the working world do not want to consider. We are currently busy doing our jobs, being involved in family activities, and possibly worrying about paying for college, retirement or both. But, what about our own long-term care needs?

Long Term Care (LTC) insurance now exists privately and through many employers, and can help pay all or part of our long-term care needs. Long-term care itself can be quite expensive. The cost depends on the amount and type of care you need and the location in which the care is provided. The average cost of nursing home care is now more than \$70,000/year, and in-home care costs about \$12 to \$20/hour. Long Term Care Insurance is a program which can pay for many of the costs associated with assisted living, nursing home or in-home care once the physical or cognitive care needs exist. If we look at who currently pays for LTC, we see that Medicare and supplemental health insurance only pay for about 5% of care while private funds are used to pay for about 33% of the LTC needs. The state Medicaid program pays about 50% of the costs for nursing home care statewide but is only available after all of an individual's private funds have been exhausted.

Who needs long-term care insurance?

You should NOT buy LTC insurance if:

- You cannot afford the annual premiums
- You have limited assets
- Your only source of retirement income is through Social Security
- You have trouble paying for food, utilities, medicine or other important needs



You should CONSIDER buying LTC insurance if:

- You have significant assets and income
- You want to protect some of your assets and income
- You want to pay for your own care
- You want to stay independent of the support of others

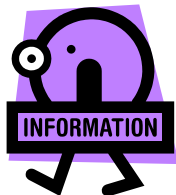
What to look for in a LTC insurance policy?

- The policy should offer you several **daily or monthly benefit amounts** from which to choose for LTC – policies usually have you select the daily limit ranging from about \$75 to \$300/day.
- It should **include in-home care, other community based care and assisted living**, not just nursing home care.
- Evaluate the **benefit triggers** such as needing assistance with 2 of 6 Activities of Daily Living rather than needing assistance in 3 or more ADL's.

- It should **include care for cognitive impairment**.
- **Inflation protection**, depending on the age at which you buy into the policy, can be important.
- Evaluate the length of the **elimination period** before benefits can start to see if it matches well enough with your supplemental health insurance and/or income/assets. Most policies offer 30, 60 or 90 day elimination periods during which you are responsible for the cost of your care.
- Is the parent company for the policy a solid, long standing and **financially solvent** insurance company?

When should you buy into a LTC insurance policy?

LTC insurance programs do screen for health concerns, so individuals with significant pre-existing health issues may not be eligible for this insurance. It is wise to buy insurance while you are still healthy. The annual premiums are also lower when you are younger. Someone in their 40's should start considering the various policies as part of the financial planning process and most people should buy into a policy by age 55. The upper limit that the insurers will accept is usually around 75-80 years old.



How do I find out more about LTC insurance?

- Our local Jefferson Area Board on Aging has an insurance specialist on staff. VICAP can be reached by calling (434) 817-5222 x 248.
- www.aetna.com/group/commonwealthva/ provides information on the Aetna policy offered through UVA, or call 877-894-2470.
- **Always review policies carefully and compare several before deciding on one.**

How can the Faculty and Employee Assistance Program help?

The FEAP has an Eldercare Specialist on staff who can meet with you to:

- Assess the employee's caregiving or long term care situation
- Help with problem-solving and identification of the most pressing concerns
- Discuss and clarify the LTC insurance policy components in which you are interested
- *FEAP does not sell or recommend any policies specifically

The FEAP is a free and confidential resource for you and your family.



For answers to questions or to make a FEAP appointment, call Brenda Wilson, LCSW, Eldercare Specialist at (434) 924-5483.