

Long Term Care FACT SHEET

You're on the verge of what may be some of the best years of your life. As you look ahead to the future, have you thought about how the need for long-term care could impact your plans?

Long-term care is a subject that can no longer be avoided. With the ever-growing cost of health care and growing senior population led by aging boomers, it's critical that a plan is put in place long before such care is needed.

This fact sheet is designed to give a clear overview of the most important points of long-term care (LTC). Remember, LTC includes help at home, assisted living facilities and/or a nursing home.

FACTS YOU NEED TO KNOW

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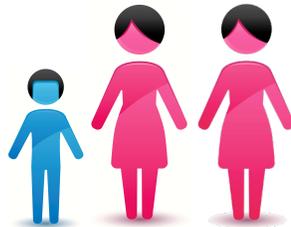
800-489-1921 or
812-426-1921



70% of people over 65

will require some period of ongoing assistance due to physical or cognitive impairments.¹

Who lives in Long-term Care Facilities?
2 out of 3 are female.²



Who will be your caregiver?

Your caregiver is 40% more likely to have problems with their back, their sleep and depression.



Home Care.

A nursing home stay can be delayed, shortened or even eliminated when home care is covered in an insurance policy.

How do people pay for Long-term Care?



1. Out of your own pocket. Obviously, this is the least popular method. Your life savings, IRAs, home and in some cases, even your life insurance are all at jeopardy. As personal resources are spent, lengthy illnesses typically end in impoverishment and eligibility for Medicaid.

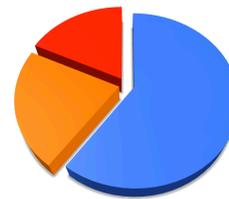
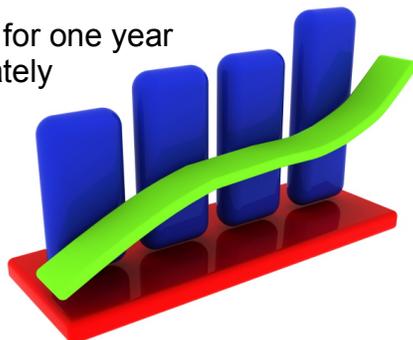
2. Welfare/Medicaid. This Federal-State program pays for health services and long term care for low-income people. Have you considered "hiding assets" by transferring ownership to children? Medicaid can look back 5 years³ to see if assets have been relocated in anticipation of a nursing home stay. When planning ahead be careful of "over-gifting" and "capital gains taxes" that may add a painful twist to "hiding assets".

3. Insurance. Since Medicare only covers up to 100 days and will only pay out in less than 22% of all cases, long-term care insurance is a great option to protect your hard earned estate⁴. These policies may cover services such as care at home, adult day care, assisted living facilities, and in nursing homes. But plans vary widely. If you have such a policy, ask your insurer what it covers. If you think you may need long term care insurance, start shopping while you are relatively young and healthy, and shop carefully.

What is the cost?

The national average cost for one year of home care is approximately **\$30,000.**⁵

The national average for three years in a nursing home exceeds **\$225,000.**⁶



60% of all Hoosiers using long-term care are on welfare.

22% get a short number of days paid by Medicare and less than 18% carry a separate insurance policy to protect their estate.



Q: *When should I start shopping for LTC coverage?*

A: The optimal buying age is between 55 and 65. Unfortunately, many wait until after age 65 and find that it's much more difficult to qualify for and premiums are out of reach.

Q: *How many months of coverage should I prepare for?*

A: According to a recent AARP study, the average person will spend 32 months in a nursing facility⁷. Therefore, 36 months is the most common length of policy coverage.

Q: *What is the probability of becoming unable to perform at least two of the "activities of living"?*

A: The "activities of living" consist of the ability to eat, dress, bathe, use the restroom, being mobile and continence. There's a **68% probability** that people age 65 and over will become disabled in at least two activities of daily living or of being cognitively impaired⁸.

Q: *By waiting longer to purchase LTC coverage, will I save money in the long run?*

A: Not necessarily. If we all reach our life expectancy, most people pay about the same amount of premium, regardless of the age you get into a policy. The bigger question to ask is, "When I finally purchase LTC coverage, will my health status at that time allow me to qualify for a policy?"

¹ U.S. Department of Health and Human Services, National Clearinghouse for Long-term Care information, accessed July 1, 2013.

³ www.in.gov.iltcp/medicaid

² Provided by the NCEA, University of California, Irvine.

⁴ www.familiesusa.org/issues/long-term-services/who-pays/

⁵ AARP LTC calculator: www.aarp.org/relationships/caregiving-resource-center/LTCC.html

⁶ Southern Indiana cost of care research conducted by Continental Management Corp

⁷ Based on Genworth Insurance Company's financial claims history, updated 2013.

⁸ AARP, *Beyond 50: A Report to the Nation on Independent Living and Disability*, 2003

Note: This "Fact Sheet" is designed to provide a simple, easy to understand explanation of basic concepts. Obviously, you will need to refer to your policies and contracts for full details. This site does not intend to give legal, tax or other such advice. Consult the appropriate professional for those details.