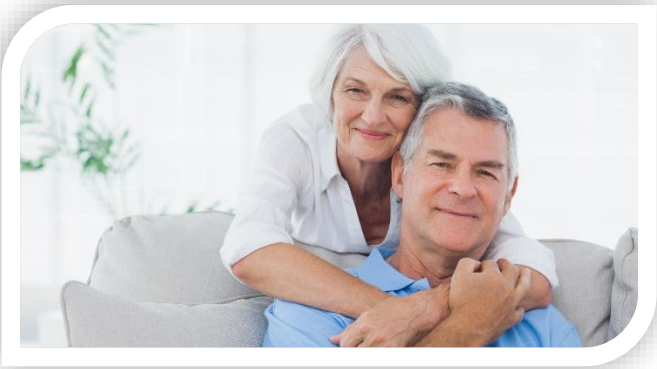
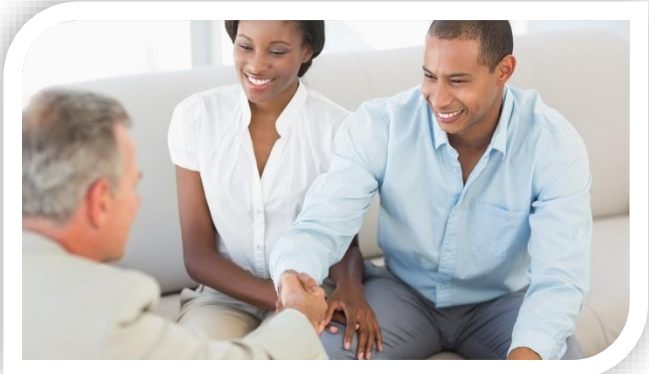
BORDEN HAMMAN

LONG-TERM CARE PLANNING GUIDE





WHAT'S INSIDE

	PAGE
What is Long-Term Care	2
Who Needs Care?	3
Who Provides Long-Term Care	5
What does Health Insurance and Public Programs Cover?	6
How Much does Long-Term Care Cost?	7
How does Long-Term Care Insurance (LTCi) Work?	8
Examples of LTCi in Action	10
Factors that Impact LTCi Cost	12
Next Steps	13

WHAT IS LONG-TERM CARE?

Long-term care is a range of services and supports needed to meet personal care needs. Most long-term care is not necessarily medical care, but rather assistance with the basic personal tasks of everyday life, often called **Activities of Daily Living (ADLs)**; these include:

- Bathing
- Dressing
- Using the toilet
- Transferring (to or from bed or chair)
- Caring for incontinence
- Eating

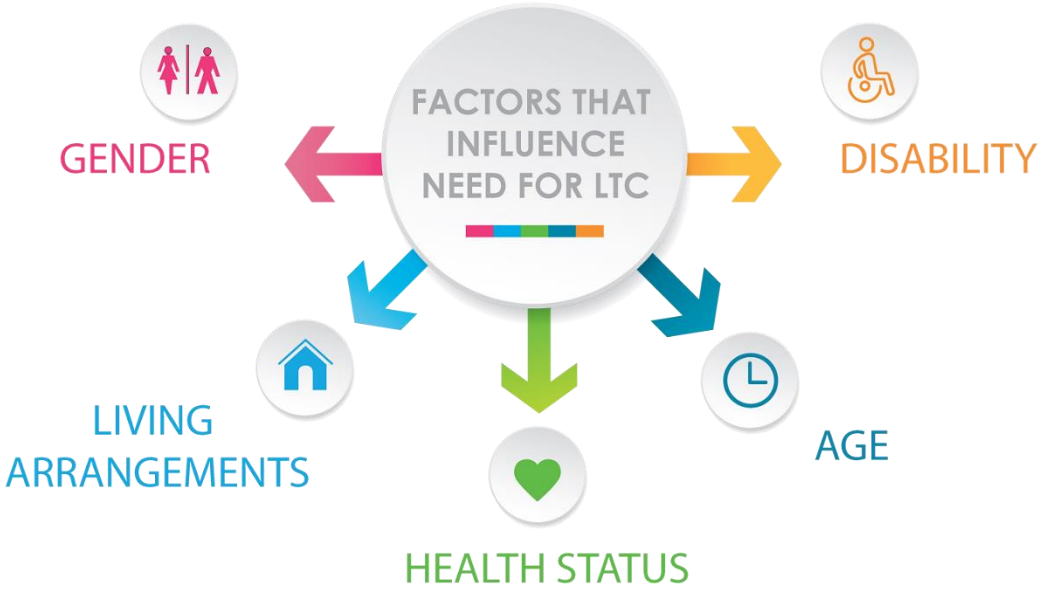
Other common long-term care services and supports focus on assisting with daily tasks, often referred to as **Instrumental Activities of Daily Living (IADLs);** these include:

- Housework
- Managing money
- Taking medication
- Preparing and cleaning up after meals
- Shopping for groceries or clothes
- Using the telephone or other communication devices
- Caring for pets
- Responding to emergency alerts such as fire alarms

Information taken from http://longtermcare.gov/the-basics/what-is-long-term-care/

WHO NEEDS CARE?

ACCORDING TO LONGTERMCARE.GOV, 70% OF PEOPLE TURNING AGE 65 CAN EXPECT TO USE SOME FORM OF **LONG-TERM CARE**



GENDER

- Women, on average, outlive men by about five years - making them more likely to live at home alone as they grow older.

LIVING ARRANGEMENTS

- Living alone, as opposed to being married or single and living with a partner, makes you more likely to need paid care

HEALTH STATUS

- Chronic conditions, such as diabetes and high blood pressure, increase the likelihood of you needing care.
- Family medical history, such as whether parents or grandparents had chronic conditions, may increase your likelihood of needing care.
- Poor diet and exercise habits increase your chances of needing long-term care.

Information taken from http://longtermcare.gov/the-basics/who-needs-care/

AGE

- The older you are, the more likely you will need long-term care.

DISABILITY

- Having an accident or chronic illness that causes a disability may also result in the need for long-term care
- On average, eight percent of people between the ages of 40 and 50 have a disability that could require long-term care services
- 69 percent of people age 90 or more have a disability

The duration and level of long-term care will vary from person to person and often change over time. Here are some statistics (all are "on average") you should consider:

- Someone turning age 65 today has a nearly 70% chance of needing some type of long-term care services and provisions in the future.
- Women need care longer than men (**3.7 years for women** as opposed to **2.2 years for men**).
- One-third of today's 65 year-olds may never need long-term care support, however, 20 percent will need it for longer than 5 years.

Information taken from http://longtermcare.gov/the-basics/how-much-care-will-you-need/

LONG-TERM CARE SERVICES AND SUPPORT TYPICALLY COME FROM:

- A family member or friend who acts as an unpaid caregiver.
- A nurse, home health aide or therapist who comes to the home
- Adult day service centers
- Nursing Homes and Assisted Living Facilities

INFORMATION ON CAREGIVERS SHOWS THAT:

- **About 80 percent of care at home is provided by unpaid caregivers, such as family or friends.** On average, caregivers spend 20 hours a week giving care. More than half (58 percent) have intensive caregiving responsibilities, such as assisting with personal care activities (i.e. bathing or feeding).
- About two-thirds of caregivers are women.
- 14% of those who care for older adults are themselves age 65 or older.

Information taken from http:// http://longtermcare.gov/the-basics/who-will-provide-your-care/

WHAT DOES HEALTH INSURANCE AND PUBLIC PROGRAMS COVER?

MEDICARE

- **Only pays for long-term care if you require skilled services or rehabilitative care:**
  - **In a nursing home for a maximum of 100 days; however, the average Medicare covered stay of 22 days is much shorter.**
  - **At home if you are also receiving skilled home health or other skilled in-home services. Generally, these long-term care services are provided for only a short period of time.**
- Does not pay for non-skilled assistance with Activities of Daily Living (ADL), which make up the majority of long-term care services
- You will have to personally pay for long-term care services that are not covered by a public or private insurance program

MEDICAID

- **Does pay for the largest share of long-term care services, but, to qualify, your income must be below a certain level and you must meet minimum state eligibility requirements.**
- Such requirements are based on the amount of assistance you need with ADL.
- Other federal programs, such as the **Older Americans Act** and the **Department of Veterans Affairs,** pay for long-term care services, but only for specific populations and in specific circumstances.

HEALTH INSURANCE

- Most employer-sponsored or **private health insurance**, including health insurance plans, **cover only the same kinds of limited services as Medicare.**
- If they do cover long-term care, it is typically only for skilled, short-term, medically-necessary care.

Information taken from http://longtermcare.gov/the-basics/who-pays-for-long-term-care/

CALIFORNIA MEDIAN COST OF CARE:

Homemaker Services
Monthly Cost
$6,101
Home Health Aide
Monthly Cost
$6,101

Home Health Care:

Homemaker Services makes it possible for people to live in their own homes (or return to their homes) by helping them complete household tasks that they can't manage alone. Homemaker Services Aides may clean houses, cook meals, or run errands.

Home Health Aides help those who live in their own homes instead of residential care facilities. Home Health Aides offer care to people who need more extensive personal care than family or friends have the time or resources to provide.

Assisted Living Facility
Monthly Cost
$5,250

Assisted Living Facility:

These facilities are living arrangements that provide personal care and health services for people who need assistance with Activities of Daily Living (ADLs). However, the level of care provided is not as extensive as that of a nursing home. It's important to note that assisted living is not an alternative to a nursing home, but an intermediate level of long-term care. (Referred to as Residential Care Facilities in California)

Nursing Home Care	
Semi-Private Room	Private Room
Monthly Cost	Monthly Cost
$9,794	$12,167

Genworth Cost of Care Survey, conducted by CareScout®, November 2021

1 Based on annual rate divided by 12 months

2 As reported, private, one bedroom

HOW DOES LONG-TERM CARE INSURANCE (LCTi) WORK?

Long-term care insurance policies can be used to pay for some, or all of the expenses associated with long-term care services. Most policies will reimburse you for expenses incurred from Home Health Services, Assisted Living Facilities, or Skilled Nursing Facilities. Typically, long-term care insurance policies will NOT pay for family members to care for you, but instead require that a licensed caregiver provide the services.

To receive benefits from your policy, you must be unable to perform 2 of the 6 activities of daily living as certified by a physician for a period of least 90 days OR suffer from a severe cognitive impairment that requires you to have substantial supervision for the safety of yourself or others.

THERE ARE 4 CORE COMPONENTS OF A LONG-TERM CARE INSURANCE POLICY

TYPES OF LONG-TERM CARE INSURANCE POLICIES

- **Traditional Long-Term Care Insurance** – these policies are purchased exclusively to cover costs associated with long-term care services. These are typically the least expensive policies to provide protection against long-term care costs. The premium of these policies may increase in the future if the insurance company experiences higher than anticipated claims, or has poor financial performance; however, any premium increase must be approved by the State Department of Insurance and cannot target a specific policy owner, but instead has to apply to everyone who bought that particular product.

- **Combination Products** – these are most often either Life Insurance or Annuity policies that allow the insured, if qualified, to access policy benefits for long- term care services. These are commonly purchased with a single, lump-sum payment and are typically guaranteed to not have a premium increase.

EXAMPLES OF LTCI IN ACTION

ANNA

EXAMPLE 01

- Anna's health has declined over the past few years to the point where she has trouble taking care of herself the way she once had. She now lives with her daughter, Gabrielle, and her family.

- Gabrielle is a property manager and has to be at the office Monday through Friday during typical work hours. To care for her mother while she is at work, Gabrielle has hired a Home Health Aide to come to their house.

- Anna is unable to safely dress or bathe herself, and, because she cannot perform 2 of the 6 Activities of Daily Living (ADL's), qualifies to receive benefits from her long-term care insurance policy. Gabrielle has the Home Health Aide come to the house for 6 hours a day, 5 days a week. The monthly cost for the Home Health Aide is $2,160.

- Anna's long-term care policy allows her to be reimbursed for up to $3,000 a month of qualified long-term care expenses – which is more than enough to cover the entire cost of the Home Health Aide. Her policy has a maximum policy benefit of $108,000, meaning it will cover the cost of the Home Health Aide for up to 50 months.

JOHNATHAN

EXAMPLE 02

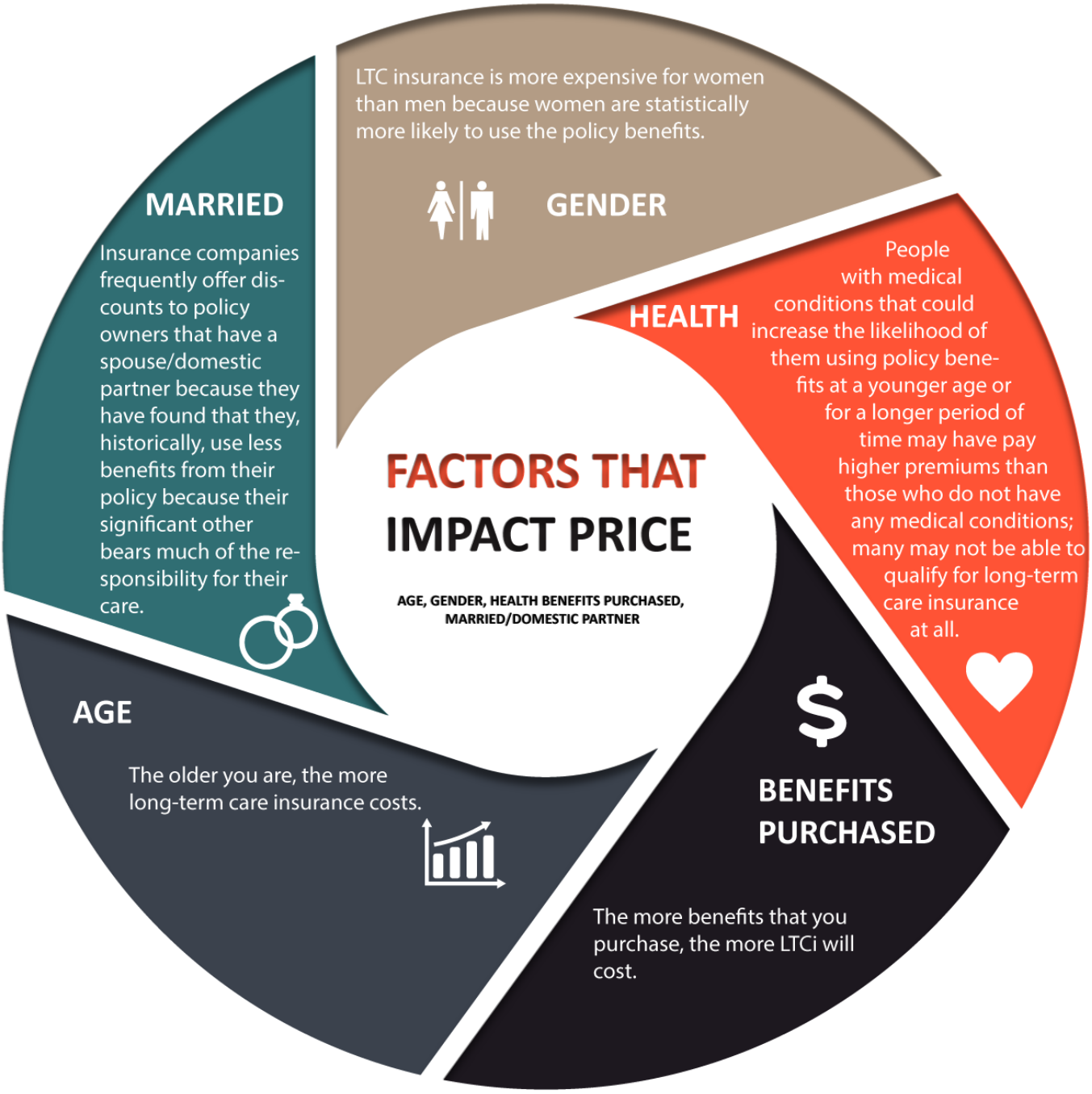
- Mary Beth started to notice that her husband, Jonathan, was having memory problems about a year ago. He would forget things they had recently done and seemed to be having trouble remembering how to do a lot of the household handy work he had always took pride in doing himself. Jonathan was evaluated by his doctor and subsequently diagnosed with having the early stages of Alzheimer's disease.

- The effects were relatively minimal for a while; Mary Beth was able to pick up the slack around the house and be sure that Jonathan was well taken care of. However, as the memory loss progressed, Jonathan needed more help and became increasingly resentful of Mary Beth reminding him to do basic tasks, such as eating, bathing, and taking his medication. In the midst of this tension, Jonathan's doctor informed them that Jonathan's Alzheimer's had become severe and that he would require significant supervision for his safety. It was then that Mary Beth realized that she would need help.

- Mary Beth hired a Home Health Aide to come to their house for 4 hours a day, 6 days a week to help Jonathan get dressed, bathe, take his medication, and eat. The Home Health Aide cost $1,728 a month. Jonathan's long-term care insurance policy, however, would pay for up to $6,000 a month, and was more than enough to pay for his care. The combination of the assistance provided by the Home Health Aide and Mary Beth was sufficient to care for Jonathan for the next 7 months, but, as the disease progressed, it became clear that he was going to need full-time, skilled assistance at a memory care facility.

- Fortunately for Mary Beth and Jonathan, there was a skilled nursing facility just a few miles from their home, making it convenient for them to spend time together daily. The cost of the facility was $8,550 per month. $6,000 per month of this cost was covered by Jonathan's long- term care insurance policy; another $1,400 was covered by his monthly social security benefit. Mary Beth paid the remaining $1,150 per month using their retirement savings.

FACTORS THAT IMPACT LONG-TERM CARE INSURANCE COST



INTERESTED IN LONG-TERM CARE INSURANCE? HERE ARE THE NEXT STEPS:

- If you are interested in getting a quote for long-term care insurance, please complete the next two pages, “Things to Consider” and “Personal Questionnaire” and return them to your LTC insurance advisor.

- Your LTC advisor has a variety of LTC insurance solutions. Understanding what is most important to you will help them put together the best options to fit your needs and budget.

- Insurance companies will extensively evaluate the health of any prospective customer by collecting medical information from a number of sources. These sources vary by company, product, and age - and can include (but are not limited to) health questions on the application, telephone interviews, face-to-face interviews, paramed exams, blood and urine lab testing, pharmaceutical database, MIB, Motor Vehicle Reports, and medical records from the prospective customer’s physicians. The more information you are able to provide to us about your medical history, the better we will be able to provide accurate quotes and recommend the company (or companies) that will give you the most favorable pricing.

THINGS TO CONSIDER WHEN DECIDING WHAT LONG-TERM CARE INSURANCE POLICY IS RIGHT FOR YOU

1. Do you want your insurance plan to pay for all or some of the costs of the long-term care services? If partial, what percentage?

   _____

2. Would you want to pay more for an insurance plan that would allow you to pay family members to care for you?

   _____

3. Are you more interested in a plan that will provide benefits for a period of time that you are "likely" to need care or do you want a more expensive policy that will provide a longer period of benefits?

   _____

4. Do you prefer a lower-cost policy that may have an increase in premium in the future or would you rather pay more for a policy that is guaranteed to not have a premium increase?

   _____

5. Do you prefer a lower-cost policy that provides benefits exclusively for long-term care needs or would you rather pay more for a policy that will return the premium you paid to your beneficiaries if you die without ever using the policy benefits?

   _____

6. How do you want to pay for it? (please check one)

☐ Pay as you go ☐ Pay it off in 10 years ☐ Single Payment

7. Do you know what your budget is to pay for long-term care insurance?

   _____

PERSONAL INFORMATION QUESTIONNAIRE

CLIENT #1		CLIENT #2	
NAME:		NAME:	
SEX: ◯ M ◯ F		SEX: ◯ M ◯ F	
EMAIL ADDRESS:		EMAIL ADDRESS:	
PHONE:		PHONE:	
BEST TIME TO CONTACT?		BEST TIME TO CONTACT?	
RESIDENCE STATE:		RESIDENCE STATE:	
DATE OF BIRTH:		DATE OF BIRTH:	
HEIGHT:	WEIGHT:	HEIGHT:	WEIGHT:
SPOUSE OR DOMESTIC PARTNER? ◯ Yes ◯ No			
EMPLOYMENT STATUS ◯ WORK ◯ RETIRED		EMPLOYMENT STATUS ◯ WORK ◯ RETIRED	
IF WORKING, WHEN DO YOU PLAN TO RETIRE?		IF WORKING, WHEN DO YOU PLAN TO RETIRE?	
ANNUAL HOUSEHOLD INCOME: ☐ Under $50K ☐ $50 - $100K ☐ $100K Plus			
WHAT IS YOUR APPROXIMATE NET WORTH?		WHAT IS YOUR APPROXIMATE NET WORTH?	
SIGNIFICANT MEDICAL HISTORY & MEDICATIONS (Dates & Dosages)		SIGNIFICANT MEDICAL HISTORY & MEDICATIONS (Dates & Dosages)	
Tobacco Use Last 12 months? ◯ Yes ◯ No		Tobacco Use Last 12 months? ◯ Yes ◯ No	