

Planning ahead for long-term care expenses

As the disease progresses, individuals with Alzheimer's disease typically require a more advanced level of care, known as long-term care, as their needs exceed what the person's family can reasonably provide. This type of care can range from in-home assistance to skilled care in a residential facility.

Planning ahead for long-term care expenses is one of the most important steps you can take, as long-term care can be very expensive. While private insurance and government resources may help cover some expenses, it's common for individuals and their families to have to pay out of pocket for some services, such as respite, home health and nursing home care.

Although Medicare does **not** cover the cost of long-term care, it now covers care planning with a medical professional. With this new coverage, individuals newly diagnosed with cognitive impairment, including Alzheimer's disease and other dementias, and their caregivers can learn about medical and non-medical treatments, clinical trials and services available in the community. Care planning allows individuals and their caregivers to access information and support that can contribute to a higher quality of life and to better prepare for their future.

Advanced planning allows you to determine your choices based on available options and your financial situation. The following checklists can help you anticipate the costs of long-term care and plan how to pay for them.

Gather financial and legal documents.

Collect and review all financial and legal documents, including:

- Wills.
- Medical and durable powers of attorney.
- Bank and brokerage accounts.
- Deeds, mortgage papers or ownership statements.
- Pension and other retirement benefit summaries.
- Social Security payment information.
- Stock and bond certificates.
- Monthly or outstanding bills.
- Insurance policies.

Studying these documents can help you get a handle on existing expenses, assets and income, and identify forms that are not in place. Many of these necessary documents can be prepared without the help of a professional. However, if your situation is complex or you're not comfortable doing the work yourself, it's best to reach out to financial and legal advisers for help. They may also be able to help you uncover other financial resources and tax deductions to help pay for care.

Estimate the costs of care.

In planning for long-term care, consider all the costs you might face now and in the future. Keep in mind that Alzheimer's is a progressive disease, so the type and level of care a person needs will change over time. Costs may include:

- In-home care services.
- Residential care services, including assisted living and nursing homes.
- Ongoing medical treatment not covered by insurance and treatment for other medical conditions.
- Prescription drugs.
- Personal care supplies.
- Adult day services.

Explore financial resources to cover costs.

Consider both private and government resources when planning for long-term care. These include:

- Insurance, including government insurance programs.
 - Medicare or a supplemental insurance policy.
 - Disability insurance from an employer-paid plan or personal policy.
 - Group employee plan or retiree medical coverage.
 - Life insurance and long-term care insurance, which is usually not available for purchase after symptoms of Alzheimer's disease appear.
- Government help.
 - Social Security Disability Income (SSDI) for workers under age 65.
 - Supplemental Security Income (SSI).
 - Medicaid.
 - Veterans' benefits.
 - Tax deductions and credits, such as the Household and Dependent Care Credit.
- Community support, including low- or no-cost support services, respite care, support groups, transportation and meal delivery.
- Retirement benefits, including individual retirement accounts (IRAs) and employee-funded retirement plans, such as a 401(k), 403(b) and Keogh.
- Personal savings and assets, including stocks, bonds, savings accounts, real estate and personal property, such as jewelry or artwork.

Long-term care insurance.

Once an individual is diagnosed with Alzheimer's, he or she will likely not qualify for long-term care insurance coverage. However, if long-term care insurance is already in place upon diagnosis, carefully review the policy to find answers to the following questions:

- Is Alzheimer's covered? Most policies say they cover the disease, but take a closer look to be sure.
- When can the person with dementia begin to collect benefits? Most policies require a defined level of physical or cognitive impairment.

- What is the daily benefit and is it adjusted annually for inflation?
- How long are benefits paid?
- Is there a maximum lifetime payout?
- What kind of care will the policy cover? Examples include skilled nursing home, assisted living and licensed home care.
- How long after diagnosis will the policy begin to pay? This is often called the elimination period.
- Are there tax implications for receiving this money?

Resources

Planning for Care Costs

<http://alz.org/care/alzheimers-dementia-common-costs.asp>

Paying for Care

<http://alz.org/care/alzheimers-dementia-costs-paying-for-care.asp>

Eldercare Locator (to find your local agency on aging)

eldercare.gov

800.677.1116

Financial Planning Association

plannersearch.org

National Clearinghouse for Long-Term Care Information

longtermcare.gov

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