
Long-Term Care Insurance—Questions and Answers

What is long-term care?

Long-term care usually involves personal care activities such as bathing, dressing, eating, using the toilet, and moving from one place to another, such as from bed to chair. These tasks are also known as activities of daily living. The skilled care of a doctor, nurse, or physical therapist may also be involved in long-term care. Long-term care can be given in a person's home, an assisted living facility, or in a specialized care facility such as a nursing home.

How much does long-term care cost?

Home care obtained through an agency costs \$10–\$25 per hour. Care in an assisted-living facility can cost \$100–\$400 per day, and some 24-hour home care can be even more expensive.

What is long-term care insurance?

Long-term care insurance can help you pay for services that are not paid for in a significant way by other types of insurance such as Medicare or employer health insurance. The length of coverage can vary from two years to lifetime depending on the terms of the policy.

Several types of coverage are available:

Nursing home care only

Home care only

Comprehensive coverage that also pays for assisted living facilities and adult day care

Remember, the U.S. health insurance system (Medicare) does not cover the cost of most long long-term care needs.

How much does long-term care insurance cost?

You must qualify for long-term care insurance with a physical and medical history. People with certain illnesses or diseases may not qualify at all.

Long-term care insurance is expensive. A person who is 65 years old and in good health can expect to pay \$2,000–\$3,000 a year for a policy that covers both nursing home care and home care, with premiums adjusted annually for inflation.

The younger you are when you start long-term insurance, the less expensive the premiums will be, but you are likely to pay for a longer time before you need the benefits.

Should I buy long-term care insurance?

If you are thinking about buying long-term care insurance, be sure to research the subject very carefully. Premiums and policies differ, so compare several companies before you decide.

What are your answers to these questions:

1. Do you qualify for Medicaid, the public assistance program that covers long-term care costs?
If your answer is Yes, then you don't need long-term care insurance.
2. Do you have enough income and savings to pay for long-term care by yourself?
If your answer is Yes, you may not need long-term care insurance.
3. Do you have assets you wish to leave to your heirs? Long-term care insurance can help you keep more of your assets because the benefits will pay for your care.
4. Can you afford to pay the premiums now and in the future when they may increase because of inflation or unexpected changes? Other types of insurance may be more important, and should come first in your budget.
5. Do you have family members who want to provide care or financial assistance?
If your answer is Yes, you may not need long-term care insurance. But will they really be able to help you when you need it?

Are there tax issues with long-term care insurance similar to those with disability insurance?

For more information

Please don't rely only on an insurance agent when deciding about long-term care insurance.

AARP has very useful publications on this topic. Call 1-800-687-2277, or go to www.aarp.org
Missouri's State Health Insurance Assistance Program (SHIP or CLAIM) 1-800-390-3330 for more information and counseling on purchasing long-term care insurance

Illinois SHIP: 800.252.8966