

Understanding Long-Term Care – Options and Concerns for Social Workers

By Charles Rahn, LCSW-C

As Social Workers and their clients consider retirement, they are faced with the challenges of how to structure their finances to ensure income and health care in later years. Long term home health, assisted living, and nursing home care is costly, typically ranging from \$50,000 to \$100,000 a year or more. Medicare, as we know, pays for a relatively small percentage of long-term care costs, and to qualify for Medicaid one must first “spend down” most of one’s assets. Taking steps now may increase the possibility of more choice and greater independence in the future.

Long-Term Care insurance helps protect assets and affords choices in how and by whom we are cared for; benefits can be used to provide care in a nursing home, or an assisted living facility, or even at home. Home health care is the preferred choice of most people who face a long-term illness or disability, and today’s policies will generally pay for a broad range of home care services, including home health aides from licensed agencies who assist with personal care; registered and licensed practical nurses; and occupational, speech or physical therapists.

Certification and benefits

Benefits are payable when a doctor, certified nurse practitioner, or social worker certifies that one is unable to perform two out of six activities of daily living (ADLs) such as bathing, toileting, dressing, eating, continence, and transferring, or that there is a severe cognitive impairment, such as Alzheimer’s or dementia.

Most plans pay a specific dollar amount for Long-Term Care, typically ranging from \$50 to \$500 a day. An inflation rider allows the daily benefit to increase as the cost of living increases, an advantage particularly if you’re relatively young and don’t expect to use your coverage for many years. You can typically choose care for a period that ranges from two years to up to a lifetime, with increments of 2, 3, 4, 5, 6, or 10 years, or lifetime.

Ways to Save on Premium Costs

*Age and health history determine the amount of the premium. It is wise, then, to consider buying a policy sooner rather than later, since you are healthier now than you may be in the future. (In fact, your application could be denied, later, because of pre-existing health problems.)

*Most policies offer a range of waiting periods from a 0 day wait to 30, 60, 90 180 or 365 days; this is like a health or auto insurance deductible, wherein you “self-pay” before the policy begins to pay.

*Premiums are considered health insurance costs, and therefore tax-deductible, if you itemize, when total healthcare expenses exceed 7.5% of adjusted gross income. (There may be some state limitations.)

With the large number of policies on the market, it is critical to choose a reputable company with strong ratings by A.M.Best, Standard & Poor's, or Moody's and a proven track record. Be sure to ask how long the company has been in business and if it has ever raised rates on its existing long-term care insurance policies.

As you work with clients considering the future, and as you consider your own, remember: long-term care insurance is much more than nursing home insurance. The steps you take now may increase the possibility of more choice and greater independence in the future.

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