

Long-Term Care Insurance: Is it Right for You?

What to Know

Long-term care insurance generally provides benefits to a covered individual who is unable to perform two or more of the following activities of daily living (ADL):

- Bathing
- Continence
- Dressing
- Eating
- Toileting
- Transferring (moving in or out of bed, chair or wheelchair)

Long-term care insurance generally provides for the following types of care:

- Nursing care
- Home health care
- Adult day care
- Respite care
- Assisted living
- Rehabilitation, and
- Hospice

Unlike health care insurance which is designed to provide medical services that promote good health and treatments for illnesses and injuries that can lead to recovery, long-term care is designed to help individuals maintain their physical and mental status quo in comfort.

Long-term care is expensive, and the cost of care continues to rise. Listed below are the median costs for certain types of care in Michigan as of 2015¹:

Homemaker Services: \$45,485 annually

This service makes it possible for individuals to live at home by helping them complete household tasks they can't do on their own. Homemaker services aides may clean house, cook meals or run errands.

Home Health Aides: \$46,904

This service provides in-home care to individuals who need more extensive personal care than family or friends are able to provide.

Adult Day Health Care: \$20,800

This service is provided at a community-based center for individuals who need assistance or supervision during the day but not around the clock. These centers may provide health services, therapeutic services and social activities.

Assisted Living Facility: \$39,000

These facilities are living arrangements that provide personal care and health services for individuals who may need assistance with activities of daily living (ADLs). The level of care provided is not as extensive as that which may be provided in a nursing home.

Nursing Home Care: Semi-private room: \$90,703 Private room: \$99,098

Nursing home care is for individuals who may need a higher level of supervision and care than in an assisted living facility. They offer residents personal care, room and board, supervision, medication, therapies and rehabilitation, as well as skilled nursing care 24 hours a day.

¹Source: 2015 Genworth Cost of Care Survey for Michigan

Note: Long-term care coverage is available even if there are pre-existing conditions; however, the insurer may implement a six month pre-existing condition waiting period. Coverage denial is possible based on the health status of an individual.

What to Do

When considering whether long-term care insurance is right for you, ask yourself these questions:

Does my family have a history of debilitating disease?

- Have any of my family members required long-term care services?
- If I were to need long-term care, do I have adequate assets to cover the costs out-of-pocket?
- Can I afford the premium? Would I still be able to pay my mortgage, car payment and other essential expenses?

Other Things You Can Do:

- The insurance agent has a regulatory obligation to explain the policy to your level of satisfaction. If you still don't understand what the agent is explaining, call DIFS for clarification.
- Compare policies between at least two companies and agents.
- Ask your agent for the issuing company's personal worksheet which will show premium information and the rate increase history for the policy, if any.
- Understand the "benefit triggers" of the policy. Benefit triggers describe the criteria the insurance company uses to decide whether you are eligible for benefits.
- Always make the premium payable to the insurance company, never to the agent. Review the policy during the 10-day "free-look" period to confirm the policy is right for you. If not, return the policy to the insurance company during the "free-look" period for a penalty-free premium refund.

Note: Medicaid typically covers long-term care at specific facilities once an individual qualifies. Most people will have to start paying for long-term care out of their own money and "spend down" their income and assets until they qualify for Medicaid. For more information on Medicaid, contact the Department of Health and Human Services at 800-642-3195.

Where to Turn

For more information on long-term care insurance, visit www.michigan.gov/difs and look under "Publications" and "Guides" for these helpful references:

- Shoppers Guide to Long-Term Care Insurance published by the National Association of Insurance Commissioners www.ltcfeds.com/epAssets/documents/NAIC_Shoppers_Guide.pdf You may also request a free copy by calling 816-783-8500.
- Long-Term Care Writers in Michigan www.michigan.gov/documents/difs/LTC_cos_230366_7_463619_7.pdf
- Long-Term Care Insurance: What is long-term care insurance and how do you decide if it is right for you? www.michigan.gov/documents/difs/Long_Term_Care_523691_7.pdf
- Long-Term Care Insurance: What You Should Know www.naic.org/documents/consumer_alert_ltc.htm
- Long-Term Care Insurance Fact Sheet www.naic.org/documents/prod_serv_consumer_ltc_lp.pdf