

Should I Buy
Long Term Care
(LTC)
Insurance?

Or

Would I Prefer
Crisis Management?

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Do You Have A Need To Be Concerned?

Before you can feel comfortable about applying for long term care insurance (LTCI), you must believe that the risk of needing LCTI is real. If you're not sure that you'll ever need long term care, take a look at a few statistics:

- There's a 43% chance that a person 65 years or older will eventually enter a nursing home sometime during their lifetime.
- A year in a nursing home now averages more than \$40,000, and can exceed \$100,000 in some parts of the country.
- Most nursing home stays are about 2 ½ years.
- It is estimated that seven (7) in ten (10) people will use home care.
- Approximately 22.4 million families are involved in long term home care.
- About 41 of every 1,000 Americans over 65 are in nursing home.

Our emotions make us feel like we'll never need long term care; but, as you can see from these statistics, it is a very real possibility that an American over age 65 could need home care, adult day care, assisted living care or nursing home care before death.

Please continue reading this importance report.....

Here are some of the most asked questions about LTCL.

What are the Costs of LTC Services in our Area?

Why Consider a LTCL Plan for your Portfolio?

Can I Afford to Self-Insure Against the Risk?

Should I Wait to Buy Long Term Care Insurance?

What is the True Cost of Care & Who Pays?

Is Medicaid an Option?

What are the Benefits of LTCL Coverage?

Please continue.....

What are the Costs of Long-Term Care Services in Your Area?

The average Long-Term Care costs for Nursing Home and Home Health Care Services for the major cities in OH are listed below.⁽¹⁾



City	Nursing Home Private Room		Home Health Care	
	<u>Daily Cost</u>	<u>Monthly</u>	<u>Hourly</u>	<u>8-Hour Shift</u>
Akron	\$185.00	\$5,550.00	\$16.00	\$128.00
Cleveland	\$230.00	\$6,900.00	\$15.00	\$120.00
Columbus	\$159.00	\$4,770.00	\$18.00	\$144.00

Combined Average:	\$191.33	\$5,740.00	\$16.33	\$130.67

The problem is, if you are faced with a situation where you or your spouse requires long-term care, ***where will the money come from to pay for it?*** Many families today are two-income families and require both incomes to meet their current financial needs. There is not enough extra money for a long-term care situation, particularly if one of you loses the ability to earn an income because of an accident or illness. With the average costs listed above, again, we have to ask the question, ***where will the money come from to pay for it?***

Why Consider a Long-Term Care Insurance Plan For Your Portfolio?

Most people think that LTCI is something that only older people should consider. In reality, 40% of people receiving care today are between the ages of 18 and 64.⁽¹⁾ This makes LTCI a product that everyone, regardless of age, needs to carefully consider as an addition to their risk management planning.

People between the ages of 18 and 64 can require long-term care for a variety of reasons. In some cases, an automobile accident or a recreational accident, such as skiing, can cause the need for care. Other times, it can be caused by illnesses such as multiple sclerosis, stroke or heart attack. Yes, these illnesses even happen to young and middle-aged adults. We all know of younger people who have had an accident which caused paralysis or someone who has a disease, such as Parkinson's.

Some think because they have disability income insurance, they don't need long-term care protection. However, disability income is designed to help you continue to meet your everyday bills and financial needs, not to pay for long-term care services.

If you are not financially prepared for a long-term care need, your care options are extremely limited. Perhaps family members can help out? Unfortunately, many family members today are either not geographically close enough to participate or are not in an economic position to assist financially. So, what do you do? The only other option may be Medicaid.

Can I Afford to Self-Insure Against the Risk?

Often people think they can save the money that they would have spent on long-term care insurance premiums and simply invest it to meet their future long-term care needs. Although this sounds good in theory, several problems exist. First, a long-term care plan must be a plan you can depend on to actually meet your future needs, not one that *might possibly* meet those needs. It is impossible to save enough money, even with interest, to equal the benefits that could be paid out under an Unlimited LTCI policy. Even under optimum conditions, your savings would barely provide 1 year of long-term care. And you could never enjoy that money, because it would always have to remain in reserves should a long-term care need arise.

When trying to put this idea into practical application, several factors *must* happen to insure its success.

- *You can never miss a savings payment to your investment fund.*
- *You must consistently receive a high enough return on your money for sustained growth.*
- *You must make sure you don't need care until you have enough money saved to pay for it.*



Even if you could guarantee all of the conditions above you still would not be able to put enough money away (even with a great rate of return) to pay for an extended long-term care stay that lasted much over a year.

Enter your age below and average rate of return and our calculator will automatically calculate how much money you could save by putting your annual premiums aside.

Age:

What is the average return on your savings?

Continue

Hypothetical Annual Premium of \$2,207.00 ⁽¹⁾ .		
Premium Savings at 6%		Annual Cost of Care
31% Tax Bracket	AGE	5% inflation
2,207.00	50	\$69,350.00
\$4,505.37	51	\$72,817.50
\$6,898.89	52	\$76,458.38
\$9,391.51	53	\$80,281.29
\$11,987.31	54	\$84,295.36
\$14,690.59	55	\$88,510.13

\$17,505.78	56	\$92,935.63
\$20,437.52	57	\$97,582.41
\$23,490.63	58	\$102,461.54
\$26,670.14	59	\$107,584.61
\$29,981.29	60	\$112,963.84
\$33,429.51	61	\$118,612.03
\$37,020.50	62	\$124,542.64
\$40,760.14	63	\$130,769.77
\$44,654.61	64	\$137,308.26
\$48,710.32	65	\$144,173.67
\$52,933.92	66	\$151,382.35
\$57,332.39	67	\$158,951.47
\$61,912.95	68	\$166,899.04
\$66,683.14	69	\$175,244.00
\$71,650.83	70	\$184,006.20
\$76,824.17	71	\$193,206.51
\$82,211.69	72	\$202,866.83
\$87,822.25	73	\$213,010.17
\$93,665.10	74	\$223,660.68
\$99,749.83	75	\$234,843.72
\$106,086.47	76	\$246,585.90
\$112,685.45	77	\$258,915.20
\$119,557.63	78	\$271,860.96
\$126,714.32	79	\$285,454.00
\$134,167.29	80	\$299,726.70

After 30 years of saving, you have accumulated approximately enough money to pay for only 5 months of care.

If you were faced with the average 3.1 Year Long Term Care stay⁽²⁾, even under the optimal saving conditions shown above, you would have **(\$794,985.49) of exposure.**

Every year in addition to the average 3.1 Year Stay will cost you an additional **\$299,726.70/Per Year**

Should I Wait to Buy Long-Term Care Insurance?

Another thought often voiced when people are considering long-term care insurance is:

"I'm still young, I am going to wait until I'm closer to retirement."

There are two very important points that need to be considered when evaluating whether or not you should wait to purchase long-term care insurance at an older age.



First, long-term care insurance is a health-qualifying product. **So, if you have any change in your health, you may not be able to qualify for coverage.** And the very health issue that keeps you from qualifying may eventually require you to need long-term care.

Second, long-term care insurance premiums are age-based premiums. In other words, your premiums will always be based on your age when you apply. And as hard as it is to believe, you will actually spend less on premiums buying earlier and paying longer than you will by purchasing at an older age (if you can qualify).

To calculate the financial cost of waiting, select your age and how many years you might consider waiting.

What is your current age?

How long are you considering waiting? Years

Calculate Cost of Waiting

What is the True Cost of Waiting?

Age	Daily Benefit	Projected Premium if Bought Today*	Projected Premium to Wait Until Age 55*
50	\$190.00	\$2,207.00	Uninsured
51	\$199.50	\$2,207.00	Uninsured
52	\$209.48	\$2,207.00	Uninsured
53	\$219.95	\$2,207.00	Uninsured
54	\$230.95	\$2,207.00	Uninsured
55	\$242.49	\$2,207.00	\$3,325.00
56	\$254.62	\$2,207.00	\$3,325.00
57	\$267.35	\$2,207.00	\$3,325.00
58	\$280.72	\$2,207.00	\$3,325.00
59	\$294.75	\$2,207.00	\$3,325.00

60	\$309.49	\$2,207.00	\$3,325.00
61	\$324.96	\$2,207.00	\$3,325.00
62	\$341.21	\$2,207.00	\$3,325.00
63	\$358.27	\$2,207.00	\$3,325.00
64	\$376.19	\$2,207.00	\$3,325.00
65	\$395.00	\$2,207.00	\$3,325.00
66	\$414.75	\$2,207.00	\$3,325.00
67	\$435.48	\$2,207.00	\$3,325.00
68	\$457.26	\$2,207.00	\$3,325.00
69	\$480.12	\$2,207.00	\$3,325.00
70	\$504.13	\$2,207.00	\$3,325.00
71	\$529.33	\$2,207.00	\$3,325.00
72	\$555.80	\$2,207.00	\$3,325.00
73	\$583.59	\$2,207.00	\$3,325.00
74	\$612.77	\$2,207.00	\$3,325.00
75	\$643.41	\$2,207.00	\$3,325.00
76	\$675.58	\$2,207.00	\$3,325.00
77	\$709.36	\$2,207.00	\$3,325.00
78	\$744.82	\$2,207.00	\$3,325.00
79	\$782.07	\$2,207.00	\$3,325.00
80	\$821.17	\$2,207.00	\$3,325.00
81	\$862.23	\$2,207.00	\$3,325.00
82	\$905.34	\$2,207.00	\$3,325.00
83	\$950.61	\$2,207.00	\$3,325.00
84	\$998.14	\$2,207.00	\$3,325.00
85	\$1,048.04	\$2,207.00	\$3,325.00
Total Premium		\$79,452.00	\$103,075.00

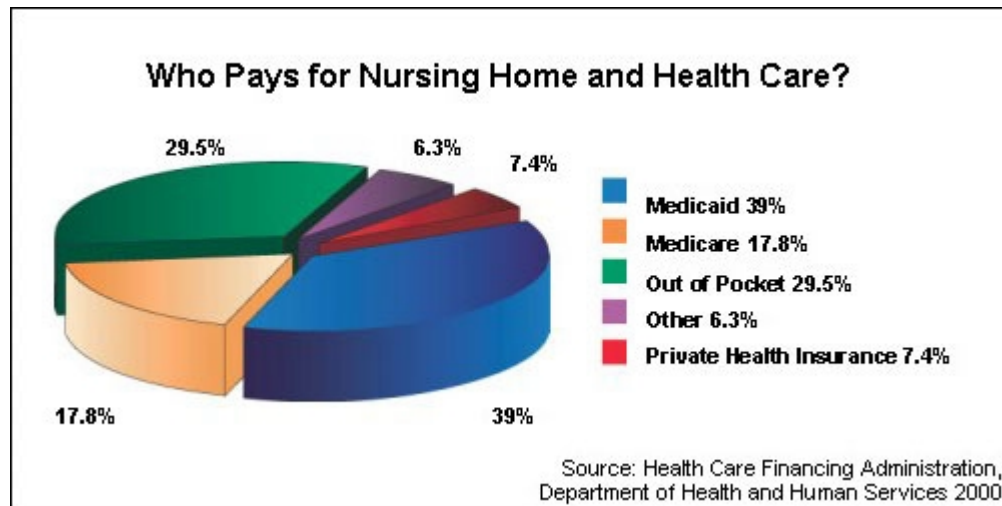
If you wait until age 55, it will cost you an additional \$23,623.00 in Premium.

Even if you saved the first 5 years of premiums at 6% interest and a 28% Tax Bracket, it would still cost you an additional \$10,319.68 and you were **uninsured for 5 years.**

Most Importantly, if an unexpected Health condition arises, you might not be able to qualify for the protection if you wait.

Cost of Care

The cost of care varies with the geographical location and the level of services provided. The average cost of nursing home care in the United States is \$56,000 per year, with costs in many areas reaching up to \$100,000.¹ The average length of a long-term care stay is 3.1 years.²



The Individual or Family (29.5%)

Either the individual requiring care or his/her family pays almost one-third of the total LTC costs.

Medicaid (39%)

As a joint effort between the federal and state governments, Medicaid will pay for long-term care costs, most often provided in a nursing home setting. Medicaid is available to anyone who qualifies based on personal income and asset guidelines. These guidelines generally require that an individual be impoverished before Medicaid will cover long-term care expenses. Medicaid will normally only pay for a nursing home. This leaves the popular choices of Assisted Living and Home Health Care unavailable for a Medicaid recipient.

Medicare (17.8%)

The Medicare program helps people over age 65 and those permanently disabled pay for medical expenses. These can include physician visits, surgery, hospitalization, and other

acute care needs. Medicare covers some skilled nursing care in a nursing facility or the person's home, but does not cover custodial care, which is most often the type of care needed.

Medical Insurance (7.4%)

Like Medicare, medical insurance helps individuals pay for medical treatment, such as physician visits, surgery, hospitalization, prescription drugs, and even in some cases, vision and dental care. Medical insurance may cover some long-term care needs, but generally only for skilled care. The focus is on restoring normal health, rather than providing care for chronic conditions. Medical insurance simply is not intended to cover long-term care costs.

Other (6.3%)

This category includes long-term care insurance, retiree medical benefits, workers' compensation, charitable donations, and other insurance benefits.

Qualifying for Medicare

Medicare is a national health insurance program for people 65 years of age and older, certain younger disabled people and people with permanent kidney failure. Like your regular health insurance, it is not intended to provide long-term custodial care!

The following criteria must be met in order to qualify for Medicare to pay for any of your long-term care bills:

- Must have a hospital stay of three consecutive days (not counting the day of discharge)
 - Be admitted to a nursing facility for the same illness for which you were hospitalized within 30 days of discharge
 - Be receiving skilled care only
 - Be certified by a medical professional that you need skilled nursing or rehabilitative services daily
-

How Much Will Medicare Pay for a Nursing Home?

- 100% of the first 20 days (providing you are receiving daily skilled care)
- Days 21-100, **you pay the first \$105 per day** and Medicare will pay the balance
- After day 100, Medicare pays nothing

How Much Will Medicare Pay for Home Health?

- Home Care Visits must require skilled care or rehabilitative care only, i.e. patient must get better.
 - Will pay for Visits Only (Average visit is 1-2 hours)
-

Types of Care Received

The reason it is so difficult to get Medicare to cover any of your LTC stay is that most people do not receive skilled care on a prolonged basis. The majority of people are receiving custodial care, which is assistance with their activities of daily living.

Care Percentage Breakdown

Skilled	.5%
Intermediate	4.5%
Custodial	95%

The Percentage breakdown above shows that most care provided is custodial and **not** covered by Medicare.

Is Medicaid an Option?

Medicaid (welfare) is a joint federal and state program that provides medical assistance for certain individuals with low incomes and limited assets. It is primarily designed to provide care for the indigent.

Medicaid is designed to provide long-term care in a nursing facility only. Assisted Living Facilities and Custodial Home Health Care services are not covered under Medicaid. This severely limits your care options. Relying on Medicaid means giving up your independence and choice of who provides your care and where those services are provided.

Examining Long-Term Care Insurance Benefits

Maximum Daily Benefit

Now we will discuss some of the issues surrounding Long-Term Care Insurance policies. This will help you to design a LTCI plan that is appropriate for you.

The **Maximum Daily Benefit (MDB)** is the maximum amount your policy will pay for expenses incurred on any given day. If you choose a fully integrated policy, it will be the maximum benefit paid on any given day for services received in a Nursing Home, Assisted Living Facility, Home Health Care, Adult Day Care, Hospice Facility or Respite Care.

Long-Term Care Insurance can help you meet these costs in a couple of ways. First, you can buy a policy with a high enough MDB to cover most any situation that arises. Or you can **co-insure** the risk by having a policy that covers a majority of the cost and you make up the difference.

For example, if the cost in your area is currently \$190.00 per day, you could buy a policy that pays \$160.00 per day. The policy would cover up to \$4,800.00 per month and you would co-insure the difference, which would cost you \$30 per day or \$900 per month. **When you use the co-insure method, you can reduce your long-term care insurance premiums.**

I hope that this report answers some of your questions about planning for future needs. **For a FREE, no-obligation needs analysis, please contact us for personal service.**

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