

Long-Term Care for the Elderly: Facing the Future

Philip (Chip) R. Smith, Esq.



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Long term care and how to pay for it continues to be a major concern for Americans and our federal, state, and local governments. It can be defined as services that individuals suffering from a chronic illness, disabling condition, or cognitive impairment rely upon. These services are generally needed for an extended period of time and may not cure or heal the individual received them. They generally include such things as help with routine activities such as bathing, dressing, and eating. As baby boomers age, the issue of long term care will continue to attract the attention of both politicians and my clients.

The truth certainly stings. More than 70% of Americans over the age of 65 will need long term care services at some point in their lives. If that doesn't open your eyes, consider the fact that anyone reaching the age of 65 has a 40% chance of entering a nursing home, and a 20% chance of staying there for at least five years!

The costs of long term care are staggering. Nationwide, the average annual cost of a nursing home is approximately \$90,000.00. In some major metropolitan areas, the cost can exceed \$200,000.00 a year. These expenses can bankrupt most middle class families.

Unfortunately, Medicare does not cover long term care. Medicare is a government-sponsored health insurance program for older Americans, and it only covers short-term rehabilitation after you have been hospitalized for at least three-days, are homebound under a physician's care, or are eligible for hospice services. Medicaid, the primary payer of long term care in this country, has strict income and asset requirements and is supposed to be a payer of last resort. Medicaid pays for long term care services, but only for those with very limited assets who fall within their state's

determined poverty level.

Everyone should consider long term care Insurance as a part of their overall estate plan. However, you should read the fine print and work with a reputable attorney, agent, and company. What can long term care insurance provide for you?

- Only long term care insurance is designed to reimburse some of the costs of receiving various levels of care for chronic conditions – either in your home, in the community, at an alternate living facility, or in a nursing home. This gives you options as to when, where, how much, and what type of care you receive.
- Long term care insurance helps to provide funding for potential costs and should be considered an integral part of any retirement plan. It preserves your income and assets by helping pay for your care through your policy, and not out of your own pocket.
- Long term care insurance can be designated to fit a wide range of needs and budgets. It may pay to wait, but generally, the earlier you decide to include long term care insurance in your overall plan, the lower your premium and the higher the likelihood you will medically qualify for the coverage.

You have three fundamental choices to pay for the costs of long term care and nursing home care in particular. They are:

1. Pay the cost (\$6,000.00 - \$20,000.00 per month) out of your own pocket as long as you are able.
2. Rely on long term care insurance if you qualify and can afford it.

3. Qualify for the federal Medicaid program.

Unfortunately, very few individuals purchase long term care insurance. The vast majority of Americans, regardless of wealth or circumstance, continue to plan poorly for the cost of long term care, and end up losing their lifelong assets paying for the cost of their own care.

Philip R. "Chip" Smith, Esq. is a partner with Bacon Wilson, P.C. with broad experience in the areas of estate planning, commercial and residential real estate, and business law. 413.562.6611; BaconWilson.com/attorneys/smith