

Long-Term Care

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Assess Long-Term Care Needs and Options



The idea of shouldering the cost of nursing home care and seeing your savings consumed by long-term care costs is daunting. The very possibility may already have prompted you to consider how you

would like to receive and pay for long-term care should you need it in the future.

Long-term care may include care in a nursing home and medical and personal care at home. Medicare covers only a fraction of long-term care costs and, even then, only in certain situations. As a result, you must understand Medicare's benefits and limits and plan ahead for whatever expenses you may incur. You also need to consider who will care for you when you need help, what kind of care you want, and where you will live as you age.

Determine the Level of Care Needed. When you are no longer able to live independently and appear to need some help taking care of yourself, the first step is to determine the type of care you need. Evaluating care options is easier once you know the range and extent of services required. Often, you and your family members are best equipped to make this assessment, since you know your situation and how much day-to-day help you really need. If you prefer, you can hire a geriatric care manager, nurse, or social worker for a professional evaluation. If you are eligible for Medicaid, a state social worker sometimes will do this assessment without charge.

Explore Long-Term Care Options. There are a number of different ways to meet your long-term care needs, ranging from a few hours of personal assistance in the home to skilled, round-the-clock care in a nursing home. Depending on your needs and preferences, there are several home-, community-, and institutionally-based services available. You may especially want to discuss with family members whether you want to stay in your own home or whether you would feel comfortable in an outside facility.

Tips for Choosing a Living Facility

If you think that you may need to move into a facility of some type, consider the following tips for choosing among facilities:

- Visit the facility unannounced at various times, including at mealtime and on the weekends to see how the residents are treated. Is the staff respectful of the residents' wishes and privacy? Are the residents properly dressed and assisted with activities? Is the environment pleasant for residents? Is it somewhere you could picture yourself living?
- Talk to residents and their family members. Most facilities have both a residents' council and a family council that may be helpful.

Ask to see the most recent survey of the facility made by the state licensing and regulatory agency. The survey spells out the facility's deficiencies. Contact a long-term care ombudsman to discuss any concerns he or she may have about the long-term care facility. Every facility must post the ombudsman program's phone number in a visible place. Required by law, an ombudsman acts as an advocate for residents and helps resolve complaints. See [Additional Resources](#) for contact information.

Home-based care. Many older people prefer to remain in their own homes rather than move into a supervised facility when they need long-term care. If you elect to stay at home, you may need to consider how much care you will require. For example, will you need help in the middle of the night, or a few hours of personal assistance several days each week? You may be best suited by a “patchwork” of formal and informal caregivers and services. Formal services may include visiting nursing services, home health aides, and such social service programs as “Meals on Wheels.” Services in your community may be found by calling the local Area Agency on Aging or the Eldercare Locator at 1-800-677-1116.

Quite often informal caregivers -- family members and friends -- end up providing a large share of assistance. To supplement caregiving in the home, some families use community-based services such as adult daycare and senior centers. Call your local Area Agency on Aging to find out about available services in your neighborhood.

If home-based care is the most appropriate solution to your long-term care needs, you may need help making simple adaptations to your home to make it a safe and comfortable environment. Improvements may include appropriate lighting, railings, well-secured carpeting, and quick access to emergency response, if needed.

If it becomes too difficult or too expensive to receive long-term care at home, a supervised living facility, such as an assisted living facility or nursing home, may be an option.



Continuing care retirement communities

These facilities offer long-term contracts that usually provide lifelong shelter and access to specified health care services. To be admitted, large advance payments often are required. Eligibility for new residents is generally based on age, financial assets, income level, and physical health and mobility. Residents usually are expected to move into a continuing care community while they are still independent and able to care for themselves. Find out what happens when people become sick or frail and can no longer live independently. Does the retirement community have a nursing facility on the premises? What if the nursing facility is full when they require that level of care? What happens if a person runs out of money?

Assisted living facilities

These facilities (also called “board and care” or “adult care”) are usually in a residential or home-like setting. Most provide meals, housekeeping, and some assistance with activities of daily living such as dressing and bathing. Some of these facilities care for people who require skilled nursing and 24-hour attentive supervision. Find out where you would get your health care, whether you will continue to see your own doctors, and how you will get to medical appointments. Health care services may be delivered at the facility itself or elsewhere, through an arrangement with another provider such as a hospital. Ask what happens (both in terms of services and price) if your condition declines after you enter an assisted living facility. Ask if the facility takes responsibility for making sure residents take their medicines properly. Some facilities may discharge you if your health care needs increase considerably.

Nursing homes

These facilities provide custodial and skilled care prescribed by doctors and delivered by registered nurses, licensed practical nurses, and certified nurse assistants. Find out whether you can get physical, occupational, and other therapy, and whether Medicare or Medicaid will pick up the cost. Costs and quality of care can vary considerably. Be sure to ask if the nursing home meets Medicare and Medicaid quality standards. Information on every Medicare- and Medicaid-certified nursing home in the U.S. is available on the Centers for Medicare- and Medicaid Services’ Nursing Home Database website (www.medicare.gov/nhcompare/home.asp).

Consider Ways to Pay for Long-Term Care

The price tag for long-term care can be astronomical, beyond the resources of most families. At best, Medicare pays only a fraction of these costs. Extended nursing home stays for an individual requiring skilled care can easily cost in excess of \$5,000 a month, although fees vary widely. Although home care is generally far cheaper (in part because it does not include housing and food costs, which are factored into nursing homes' rates), it too can be very expensive to patients and their families. Costs may depend on the level of care needed, the number of hours of care per week, and where you live.

Before the need for long-term care becomes a reality, you should consider very carefully how to pay for it: through Medicaid, if you qualify, with private long-term care insurance, or out-of-pocket. Often, the decision is about money. Here are some fundamentals to help guide this tough decision.

Be Aware of Medicare's Limits. While Medicare covers some home health, skilled nursing, and hospice care, it is not a long-term care program. For example, although Medicare covers relatively short-term, medically necessary home health care, it does not pay for custodial care services such as cleaning or cooking at home. Nor does the program pay for prolonged care in a nursing home.

Home Health Care

Home health care is covered for homebound people who need the services of a skilled nurse or a skilled physical, speech, or occupational therapist. In these cases, Medicare will also cover home health aide services to help with bathing, toileting, feeding, other personal care, and medical social services. Home health benefits are only covered if you meet certain requirements: the visits must be prescribed by a doctor, and you must need intermittent or part-time skilled nursing care or therapy services and generally must be homebound. There is no copayment for home health services under Medicare, and no limit to the number of covered visits, as long as you continue to meet these criteria.

Skilled Nursing Facility Care

Medicare covers up to 100 days of nursing home care, but only in limited situations. To qualify for this benefit, you must need daily skilled care (seven days a week of nursing care or five days a week of rehabilitative care). Moreover, for Medicare to cover your SNF stay, you must have been hospitalized for at least three days within the 30 days preceding admission to a Medicare-certified skilled nursing facility. In addition, you will have to pay a daily copayment (\$124 in 2007) for the 21st through the 100th day of their care.

Medical Equipment

Medicare also helps cover some durable medical equipment for use at home, whether it is rented or purchased. These items include walkers, canes, wheelchairs, and commodes that could assist with long-term care needs.

Hospice Care

Hospice care is available under Medicare for people with advanced illness and who are expected to live six months or less. It concentrates on improving quality of life, not on curing the condition. Medicare's hospice benefit covers a range of services, including care from doctors, nurses, therapists, and home health aides. It also covers services that Medicare usually does not, including respite care and continuous nursing services for medical emergencies.

Hospice care is designed to help with pain management and other symptoms, so that patients can make the most of the time that remains. In addition, it can provide emotional and spiritual support to you and your family members.

Medicaid Coverage of Long-Term Care. Medicaid is the country's largest public payer for long-term care. If you qualify for Medicaid, it will pay for nursing home care and other costs that Medicare does not cover. Medicaid may also pay for some long-term care services provided at home.

There is more than one way you can qualify for Medicaid. If you receive Supplemental Security Income (SSI), you are likely to qualify for Medicaid automatically. If you don't have SSI, but have extremely limited income and assets, you may be able to qualify for Medicaid anyway. The exact income eligibility levels for Medicaid vary by state, so check Medicaid rules where you live. Medicaid also looks at assets such as savings accounts when determining eligibility, although assets generally don't include homes, cars, household furnishings, or burial plots.

If your income is higher than the state's Medicaid eligibility level, you may still be eligible for Medicaid coverage. In several states, people can qualify for Medicaid after spending their income and assets on nursing home and other health care expenses. This is called Medicaid "spend down."

Some people enter a nursing home as private-pay patients but become eligible for Medicaid over time because of the high cost of such care. Generally, states let nursing home residents covered by Medicaid keep \$2,000 in assets and an income of about \$30 per month.

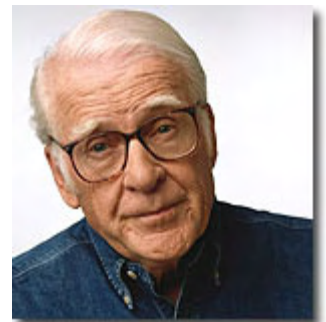
Medicaid rules vary by state. If you or family members have questions about Medicaid, contact the state Medicaid office or long-term care ombudsman in your area (see [Additional Resources](#)).

Long-Term Care Insurance. Long-term care insurance covers some of the costs of long-term care and may help you preserve a portion of your assets. Today, more than 100 insurance companies sell private long-term care insurance that covers nursing home and home care, but only a small share of people on Medicare have a long-term care policy.

While long-term care insurance can limit costs for some people, it is not a good option for everyone. Such insurance is expensive, and the older you are when you buy it, the higher the cost of the monthly premiums. Policies purchased at age 65 average \$1,800 a year for four years of comprehensive coverage; at 79, they average \$5,900 a year. And people with Alzheimer's or other serious health problems may not even be able to buy a policy at any price.

To Buy or Not to Buy?

A major reason for purchasing long-term care insurance is to avoid depleting life savings with a prolonged nursing home stay and to preserve savings and other assets for children and grandchildren. Another is to help offset the cost of long-term care for couples whose assets are limited, but whose income is fairly high (over \$35,000 a year). But, if you already qualify for Medicaid or would quickly spend down your assets to qualify, long-term care insurance might not be sensible. Nor is it a prudent investment if you can't afford to pay the premium for the rest of your life. Even if you can, long-term care insurance may not be a wise choice if you can pay for your care out-of-pocket.



Do Your Long-Term Care Insurance Homework

No two long-term care insurance policies are alike. Before you decide to buy a policy, consider these issues:

Find out what the policy covers

Does it provide for care in a nursing home, in your home, or in a community setting? Some policies will pay cash once you meet eligibility requirements and will allow you to spend the money for care in the location of your choice. Others will pay for care only in a specifically defined location. Be sure the policy covers the type of care you want.

Be sure you can afford the premiums

Check to see if, and by how much, the premiums will rise over time, and consider whether you can afford premium hikes in the future. Premiums are also affected by the number of years covered under the policy. Four years of coverage is a good compromise between lifetime coverage (which can be quite expensive) and the risk of less coverage. Consider this: people between age 65 and 94 who enter a nursing home stay, on average, two and a half years, while 90% stay less than four years.

Examine the costs of elimination periods

Many long-term care insurance policies have elimination periods, which are waiting periods that act as deductibles. Individuals must pay for their own care during that time. The longer the elimination period, the lower the premium. Whatever you decide, be sure you can afford the out-of-pocket costs you will incur before your policy begins paying.

Consider the level of coverage you are buying

Choose a policy with a benefit that will cover a good portion of the daily cost of services you may need. Bear in mind that the cost of care will rise with inflation.

Individuals need coverage that keeps up with the rising cost of long-term care. Otherwise, a policy they buy today to cover 80% of these costs may cover only 40% later on, when they need such care. Inflation protection is often sold as a “rider” to long-term care products.

Compare how companies determine eligibility for benefits

Long-term care policies have different ways of determining if and when someone is eligible for benefits. For example, under some plans, policyholders qualify for coverage when they cannot perform activities of daily living on their own. These may include eating, walking, moving from a bed to a chair, dressing, bathing, and using the toilet. Make sure bathing is mentioned specifically, since people with long-term care needs are likelier to require help with this task than with any other activity. Read the fine print before purchasing a long-term care plan.



Paying for Long-Term Care Yourself. Because Medicare’s coverage is limited, and many don’t qualify for Medicaid or are unable to afford a long-term care policy, often elderly people and their families must tap into savings to pay for care. You need to think about how much care may cost over an extended period of time and as you become increasingly frail.

The cost of institutional care depends heavily on the amount of time it is used. Find out about nursing home care costs in your area. Then, calculate how much money you would need for a four-year stay. If you can set aside enough to cover four years of residential care, you should consider simply paying for it yourself. But realize that actual costs can’t be predicted.

Individuals who suffer from Alzheimer’s or other forms of dementia may need care for many more years.

Home care often costs much less than residential care. Since people with long-term care needs often wish to continue living in their own homes, you may want to research the costs of home and community-based services in your area. Such services, along with home adaptations, can help you stay in your own home.

Don’t wait until you need long-term care to begin discussing it with your family members. Talking about your preferences and needs now can help you plan how to pay for care. Depending on the decisions you make together with your family, purchasing a long-term care insurance policy, relying on savings, or using Medicaid may be right for you.