

"Should I Buy Or Not?" Long-Term Care Insurance

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(Determine your health and financial needs before buying an expensive policy)

Many questions come from people who are shopping and seeking information about long-term care insurance. "Should I buy a long-term care policy for myself



and my spouse?" Although you currently might be healthy enough to be accepted by most long-term care insurers, don't rush into a purchase without first examining your financial situation, family health trends, and estate planning goals. As with other forms of insurance, you should buy coverage to avoid potential financial disaster – not to pay for expenses you could afford.

There are factors to consider when looking at long-term care insurance policies. First, review your income. If your annual income is modest, say \$20,000, and your other assets are small, you probably cannot afford long term care insurance. *(If the annual premium for a long term care policy is more than 7% of your income, you can't afford it!)*

The decision to purchase or not to purchase long term care insurance is less clear-cut for middle income families wanting to protect a significant estate for his or her children, and a long-term care policy makes financial sense. But, not everyone considers this an issue. Many people accumulate assets in a way to self-insure against future health care expenses. This is a valid financial decision as long as the assets aren't drained before time runs out.

So, how do you know how many assets you will need? Here are a few statistics that might help you decide. Medicare and your health insurance covers only limited period short-term care needed during recovery from a major illness or accident – not for a long-term period of time. Medicaid is run by the states, and each state dictates its eligibility rules. People must exhaust their savings and assets before receiving Medicaid benefits. According to insurance industry sources about 43% of Americans, age 65 and older, will spend time in a full-care nursing home facility. Most stays last about 2 ½ years. Today's nursing home costs range anywhere from \$80,000 to \$100,000 depending on where you live.



Carefully evaluate your needs before signing up for long-term care policies. If you have a family history of diseases that would increase the odds of a long stay in a nursing home and think you will need help paying the bill for your care or want to protect your estate, then you are a candidate for such insurance. But, if you do buy a policy, buy only enough to cover that portion of long term care costs that you can afford.

Some guidelines to consider before purchasing a long-term care policy:

- Have more than \$75,000 per person in assets to protect, not counting a house or car.
- Have a minimum income of \$30,000 each.
- Can afford the policy premium (not more than 7% of your income).

*Education and Outreach Program is intended for the sole purpose of educating consumers in regards to the choices available for financing long term-care needs. Particular emphasis is placed on understanding long-term care insurance. Nothing is intended nor should it be construed as an endorsement by the State of New York of any specific insurance product or of any insurer.

For more information on long term care insurance consumer education resources visit Seneca County Cornell Cooperative Extension website:

<http://counties.cce.cornell.edu/seneca/>. Click on "Partners & Collaborations." Click on Long Term Care Insurance Outreach Program (LTCIEOP).



Seneca County Cornell Cooperative Extension's (CCE) Long Term Care Insurance Outreach Program (LTCIEOP) will host an "open-house" on **October 5th, 2006**. Angela M. Shortino, Health Care Consultant will present LTCIEOP education materials in an open forum format from **10 AM – 2 PM**. Refreshments will be served. Walk-ins are welcome. **Reservations to help staff accommodate seating and refreshments are appreciated prior to October 5th.**

The LTCIEOP is a collaboration between Seneca County Office for the Aging and Seneca County Cornell Cooperative Extension. See ().*