

With today's policies --
you don't have to go to a nursing home!

"I'm never going to a nursing home!" This common statement is often made by people in discussions of the retirement years, and of how to keep them "Golden." Well, guess what, while you may have been talking about this probable circumstance, America's Long Term Care insurance companies have been doing something about it.

The LTC insurance industry has matured over the last ten years, and is finally ***offering the American public what it wants--benefits for staying at home and receiving long term care.*** This was not an easy battle. Companies had guarded their policies with language known as "gatekeepers" in order to keep from paying claims, except for those who definitely needed nursing home admittance. That has changed.

The idea is simple. ***If a person needs help*** with activities of daily living, or for cognitive reasons, ***what difference does it make where the care is received?*** In defense of the companies, a complete actuarial body of knowledge did not exist previous to the great increases in need for long term care--in any fashion. Demographics, care facilities, types of care received, and many other reasons were question marks, and had an effect on rates and the ability to construct policies which would keep a company solvent with this relatively new product.

So, the majority of ***today's comprehensive Long Term Care policies allow benefits to be paid in a variety of settings.*** How then, do we identify the differences in ***where*** to receive care? Let's make a blanket statement, then take the time to break down the variety of policies so that as an educated consumer, you can have first-hand knowledge of which policies will fit your needs.

The ***"blanket statement"*** is simply to look for a policy which is regarded as a ***"pool of money" product, or a comprehensive LTCL policy—either one will do—and may be purchased in combination.*** "Pool of money" means that you have selected a long term care policy, which will pay benefits for home care/home health care/community care, and for assisted living, ***as well as nursing home care.*** The Long Term Care Insurance industry found out early that people wanted to receive benefits in a pretty simple order. ***1)*** Stay at home for care for as long as possible. ***2)*** Utilize the amenities of an assisted living facility, as a second choice. ***3)*** Then, if need be, when these choices have been exhausted, look to the nursing home as a final alternative, when, perhaps, 24 hour care, or cognitive care, has become necessary. The term "simple as one, two, three" is the order of preference.

Since terminology and definitions can "get away from" normally astute retired people and create confusion, let's take a look at the wide variety of products in descending

order, or, in other words, from **most to least desirable**.

1) As described above, the most significant and complete coverage is the **“Comprehensive” Long Term Care policy**, which offers the client the “pool of money” concept. This is easily the most beneficial product in terms of accessibility of benefits for the policyholder. True, **it also the most expensive, but if you’ve assets to protect, and want some freedom in where you will be allowed to reside and receive benefits**, premiums become secondary.

2) Simple **“nursing home” policies are available**, which will pay for all levels of care in a skilled nursing facility, but in that facility only. If a client has need for around-the-clock care, and would need such in either a skilled, intermediate, or custodial fashion, this policy will pay, but remember, only in what is called a **“licensed, skilled care facility.”** Because the client would forego benefits at home, or in an assisted living facility, the premium should be less for comparative benefit periods (number of years, amount of daily coverage, and deductible periods.)

3) **“Facility Care Only” policies are also available**, which combine the features of receiving benefits in a **Skilled Nursing Facility, or in an Assisted Living** (or similarly named and licensed) **facility**. Since Assisted Living facilities are defined by about 75 different names, depending on the laws of the state in which you live, you should enquire with your state department of insurance to **make sure of “facility” definitions**.

4) **“Short Term Care” policies are also available**, and run for periods of less than a year. These can be obtained for nursing facilities alone, but some companies are now beginning to add the “at-home” and “community care” features to short term policies. The short term policy can be obtained in 80 day, 90 day, 180 day, or 360 day increments, and has a very valuable place in the market for the client who does not have a great amount of assets to protect, or, in addition, probably does not have the resources to pay a larger premium. The reason this product plays an important role in America’s retired scene is that no matter what people have, they would like to protect it. Given that even a six month stay in a nursing home, or at home, can wipe out a \$25,000 savings account, the product has a use. After all, \$20,000 in the bank means as much to that person as \$200,000 in assets means to the person with the larger amount.

5) Finally, **stand alone “Home Care/Home Health Care (“stay at home”)/Community Care” policies are available** which will provide for coverage in the “home health/home health care/ community care” arena and possibly for assisted living.

In referring to our opening quote, “I’m never going to a nursing home,” we now have completed the cycle of available products in the LTCI market. The client should remember however, that the quote is probably what 100% of people in nursing homes said at one time or another. Nobody ever intended to make payments to a nursing home, and unfortunately, the time may come when the individual doesn’t get the luxury of making the choice, and others have to make the choice, as unpleasant as it may be.

In conclusion, the American public now has many choices available to insure against the problems of asset preservation, and the freedom of where to receive care of a lengthy nature. But the most important item to remember is—that truly—in this day and age of tremendously increased longevity, you don't have to go to a nursing home to receive quality care, because a Comprehensive LTCI policy is available. Prepare for tomorrow's problems today. Insure against the possibilities of any need for long term care—and where you would like to receive the benefits of a Long Term Care Insurance policy.