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COUNSELING CLIENTS ABOUT LONG-TERM CARE EXPENSE: WHAT ARE THE ALTERNATIVES?

Richard W. Knueppel*

As Americans approach retirement, many have concerns about their fate if potential health emergencies result in the need for long-term care. This concern is two-fold: concern about their health and concern about the costs of the care that might be needed. Many seniors will consult an attorney to draft a will, or possibly prepare a durable or medical power of attorney. Such consultations might be logical times to initiate a discussion of the options available to provide for long-term care. One option of providing for the cost of care is to purchase long-term care insurance. But is this really the best answer? It depends.

This article will explore various options available to seniors, with the hope that seniors and their advisors may find ways to most effectively prepare for the possible need of long-term care. While medical care is prescribed by doctors and reviewed by medical professionals, the elders themselves determine the type of long-term care provided.¹

LONG-TERM CARE

What exactly is considered to be long-term care? While the term can be defined in a number of ways, the Department of Health and Human Services defines it as:

a variety of services that help people with health or personal needs and activities of daily living over a

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1. LAWRENCE A. FROLIK & ALISON MCHRYSTAL BARNES, *ELDER LAW, CASES & MATERIALS* 367 (2d ed. 1999).

period of time. Long-term care can be provided at home, in the community, or in various types of facilities, including nursing homes and assisted living facilities. Most long-term care is custodial care. Medicare doesn't pay for this type of care if this is the only kind of care you need.²

The National Association of Insurance Commissioners phrases it differently "[l]ong-term care helps one live as he or she is now; it may not help to improve or correct medical problems."³ From a policy point of view, "long-term care is defined by state and federal funding allocated piecemeal over time to substitute for absent family care."⁴

Who will need long-term care? Almost seven million senior citizens are expected to need some type of long-term care during their remaining years.⁵ This number is expected to increase to nine million by 2005 and twelve million by 2020.⁶

Where will long-term care be provided? Many people think that long-term care is provided in a nursing home; however, some receive care in nonmedical residential facilities, which would have been called "old folks" homes in years past.⁷ Some receive home health care from unpaid caregivers.

Certainly not everyone will need long-term care. For better or worse, some will die quickly in an accident or of a heart attack. Many hope that they will just fall asleep one night and not wake up the next morning, and some do that. But a sizeable number will spend their last days in need of care, whether in their own homes or institutionalized in nursing homes, hospitals, or hospices. The Health Insurance Association of America's (HIAA) 2002 *Guide to Long-Term Care Insurance* reports that, while 40% of elders can be expected to need nursing home

2. CENTERS FOR MEDICARE & MEDICAID SERVICES, U.S. DEP'T. OF HEALTH & HUMAN SERVICES, PUB. NO. CMS-10050, MEDICARE & YOU 2004, 74 (SEPT. 2003) [hereinafter MEDICARE & YOU].

3. NAT'L. ASS'N. INS. COMM'RS, A SHOPPER'S GUIDE TO LONG-TERM CARE INS. 3 (2003) [hereinafter NAIC GUIDE].

4. LAWRENCE A. FROLIK & ALISON MCCHRYSTAL BARNES, ELDER LAW, CASES & MATERIALS 314 (3rd ed. 2003) [hereinafter FROLIK & BARNES].

5. See *Medicare: Long-Term Care*, Centers for Medicare & Medicaid Services (CMS), U.S. Dep't. of Health and Human Services [hereinafter *Medicare: Long-Term Care*], available at <http://www.medicare.gov/LongTermCare/Static/Home.asp?dest=NAV%7CHome%7CWhatIsLTC> (last visited October 28, 2004).

6. *Id.*

7. FROLIK & BARNES, *supra* note 4 at 313.

care, only 10% of those will stay longer than five years.⁸

More than 98% of seniors have Medicare coverage.⁹ Some also have additional insurance, which covers at least a portion of the costs which Medicare does not pay. Neither is intended to cover long-term care, and some seniors may feel that they do not have adequate coverage to protect themselves in the event of a medical situation requiring long-term care. One of the concerns is that when costs are high and go far beyond the limits of their insurance, their life savings may be used up, leaving nothing for a surviving spouse or for heirs.

Another concern is that if care is needed but funding is not available, family members may be expected to provide unpaid care. A new national survey, *Caregiving in the U.S.*, estimates that almost forty-four and a half million Americans provide unpaid care, the majority of them while gainfully employed.¹⁰ Contrary to stereotype, males represent almost 40% of these caregivers.¹¹

How real are these concerns? The need for long-term care can be better judged if the concerned person carefully evaluates his or her own circumstances to see whether extra insurance really is needed to fill a void. The factors to be evaluated are many. Is the person in good health now? What is covered under a person's current insurance (including Medicare)? What is a person's financial situation now and what is it likely to be in the foreseeable future? Is a person concerned about preserving assets for heirs? Will a person qualify for and be able to afford long-term care insurance at a later date if a policy is not purchased soon? And possibly most important, what is the risk that care will be needed and for how long?

REASONS INDIVIDUALS SHOULD NOT DELAY PURCHASING LONG-TERM CARE INSURANCE

There are a few unique reasons why individuals should not

8. See HEALTH INS. ASS'N OF AMERICA, GUIDE TO LONG-TERM CARE INSURANCE (2004) [hereinafter HIAA GUIDE], available at <http://www.ahip.org/content/default.aspx?bc=41|329|450> (last visited Oct. 5, 2004).

9. Alison Barnes, *The Policy and Politics of Community-Based Long-Term Care*, 19 NOVA L. REV. 498 (1995) [hereinafter *Policy and Politics*].

10. See NAT'L ALLIANCE FOR CAREGIVING & AARP, CAREGIVING IN THE U.S. 6, 30 (2004), available at http://research.aarp.org/il/us_caregiving.pdf (last visited October 5, 2004).

11. *Id.* at 8.

delay the purchase of long-term care insurance, if that is the route chosen. One proposed reason is the incidence of adverse selection, which was first associated with the insurance industry by Michael Rothschild and Joseph Stiglitz.¹² If only those who expect to use long-term care insurance purchase it and only when they feel the need is immanent, premiums would be likely to increase substantially.¹³

Contrary to expectation, however, while long-term care insurance may conceptually suggest adverse selection, an examination of current literature would indicate that, at present, this is not occurring.¹⁴ One reason postulated is that purchasers of long-term care insurance tend to be more cautious people who take better care of themselves and thus may be less likely to actually need the long-term care benefits.¹⁵ Thus, the choice of long-term care insurance arises primarily from the desire to have coverage rather than from an accurate anticipation it will be needed.

Another reason not to delay purchasing results from the realization that the private sector has been reluctant to offer individuals employer-paid long-term care insurance. While it is true that some government agencies are already offering plans for long-term care insurance,¹⁶ the private sector to date has been reluctant to do so.¹⁷ A recent survey conducted by the Kaiser Family Foundation and Health Research and Educational Trust and reported in the *Milwaukee Journal Sentinel* revealed that the cost to employers for health insurance premiums for their employees rose more than 11% in 2004, the fourth year in a row of increases of at least 10%.¹⁸ As a result, fewer companies are offering health insurance benefits to their employees.¹⁹

A third reason not to delay the purchase of long-term care insurance is the possibility of genetic testing being used to

12. See Peter Siegelman, *Adverse Selection In Insurance Markets: An Exaggerated Threat*, 113 YALE L.J. 1223, 1235 (2004).

13. *Id.* at 1232.

14. *Id.* at 1274.

15. *Id.* at 1250.

16. Joshua M. Wiener et al., *Federal and State Initiatives To Jump Start the Market For Private Long-Term Care Insurance*, 8 ELDER L.J. 57, 58 (2000).

17. *Id.* at 71.

18. Milt Freudenheim, *Health care costs climb 11.2% for employers*, MILWAUKEE JOURNAL SENTINEL, September 9, 2004, at 1D.

19. *Id.* at 2D.

exclude certain individuals in the future.²⁰ Although the issue is being debated²¹ and policy goals have been proposed,²² this would not be an issue in the future for a person currently buying a non-cancelable policy.

A fourth reason not to delay is the rather dramatic increase in premiums with advancing age. An example from 1997 showed that a policy for a seventy-nine-year-old person cost almost ten times as much as a similar policy for a forty-year-old person.²³

LIFE EXPECTANCY AS A DESIGN FACTOR

Life expectancy continues to increase. What is the importance of longer life expectancy? While such longevity may be accompanied by good health, it is also likely to result in episodes of need for long-term care as a result of chronic conditions or acute episodes followed by recuperation and rehabilitation. A recent article in the *Milwaukee Journal Sentinel* began, "Live it up! Life just got 73 days longer."²⁴ The article went on to explain that life expectancy has been increasing for over a century and that life expectancy for a baby born in the United States in 2002 is now 77.4 years.²⁵ S. Jay Olshansky, an epidemiologist at the University of Chicago and an expert on longevity, has predicted "that male life expectancy will top out at 82 . . . while females will level off at 88."²⁶ An even more optimistic viewpoint is held by Aubrey de Grey, a gerontologist at the University of Cambridge in England, who "thinks people will live well beyond 100 during this century because of medical advances yet to be made."²⁷ He also believes that "the first person to hit 150 . . . is already 50 now. And the first individual to celebrate 1000 . . . is just five years younger."²⁸

20. Symposium, *Joint Conference on Legal/Ethical Issues in the Progression of Dementia*, 35 GA. L. REV. 391, 411 (2001).

21. *Id.*

22. *Id.* at 439-40.

23. Wiener et al., *supra* note 16, at 71.

24. Erika Niedowski, *Life goes on a little longer*, MILWAUKEE JOURNAL SENTINEL, March 22, 2004, at 1G.

25. *Id.*

26. *Id.*

27. *Id.*

28. *Id.*

NURSING HOME CARE

Although 40% of seniors may need nursing home care, only 10% are expected to need that care for five years or longer.²⁹ That means that only 4% face that risk. Of these, some might have sufficient financial resources to pay for care beyond what is covered by their base Medicare and insurance coverage. Others might have so few assets that they are already on or would apply for Medicaid if an extended term of care is needed. In any case, it has been suggested that only about 1% of seniors are likely to have all of their assets consumed by long-term care expense.³⁰ Even given the "rounding off" in this analysis, the bottom line is the same: a very small percentage of senior citizens will need to pay for nursing home care for more than five years.

Two things, both related to an individual's apprehensions about costs, are missing in this analysis. The first is that it is easy to imagine a horrible event that creates the need for extremely expensive care for years and years, without due regard to the likelihood of such an event actually occurring. However, the very low statistical likelihood is some assurance that the need will not arise. Second, and even more important, is that many people really have little more than a vague concept of what long-term care costs really are and how high they can reasonably be expected to go. As is often the case, the fear can easily outdistance reality.

Look at some costs, of which home care is least expensive. Using figures from 2001, annual costs ranged from \$12,000 to \$16,000 for part-time care at home.³¹ Average annual costs for assisted living facilities were \$22,476.³² Most expensive was nursing home care, at \$56,000 a year—a little over \$150 per day.³³ The average length of stay for a current resident in a nursing home is 2.4 years.³⁴ Costs, of course, can vary greatly. Costs might begin at \$150 per day, but could be much higher depending on geographic region and the intensity of care

29. *Medicare; Long-Term Care*, *supra* note 5.

30. John Daebler, Presentation on *Money Management for Seniors* (Sept. 23, 2004) (President of Elmbrook Financial Services in Brookfield, Wisconsin).

31. NAIC GUIDE, *supra* note 3, at 4.

32. *Id.*

33. *Id.*

34. NAT'L CENTER FOR HEALTH STAT., THE NAT'L NURSING HOME SURV. (2004), available at <http://www.cdc.gov/nchs/fastats/nursing.htm> (last visited Oct. 4, 2004).

needed. The average total nursing home care cost for an individual is \$136,800.³⁵

One government survey taken in 1999 indicated that long-term care³⁶ expenditures were paid for as follows:³⁷

Out of Pocket	37.3%
Medicaid	28.2%
Medicare	25.0%
Private Health Insurance	9.5%

Since the survey indicates that only 9.5% of all costs were covered by private insurance while over 37% were private pay, a question becomes apparent: Why are not more seniors prepared for long-term care expenditures? One answer is provided in *Elder Law*, which states that

[t]he present generation of elderly people may be the last that did not anticipate the possibility of need for long-term care. People who grew up before the medical advances of the mid-20th century anticipated relatively brief retirements with only the expense of a short final illness. Many, who even now are reaching age ninety or more, have outlived any plans for which they could have anticipated any need.³⁸

It is obvious that the cost of taking care of a senior citizen can easily exceed the limits of Medicare coverage and possibly any money that has been saved for the proverbial rainy day. In fact, only "[a]bout one-third of the elderly have assets valued at more than \$100,000."³⁹ That would not be enough to cover the cost of a nursing home stay longer than two years. How can these costs be covered, and what sources of coverage are already available?

35. NAIC GUIDE, *supra* note 3, at 4.

36. Here, long-term care is considered to occur in the following places: nursing home and assisted living/retirement home, which also includes domiciliary care homes, board and care homes, and independent living units.

37. See CMS OFFICE OF RESEARCH, DEVELOPMENT, AND INFORMATION, data from the MEDICARE CURRENT BENEFICIARY SURVEY 6 (1999) available at <http://www.cms.hhs.gov/charts/series/sec3-b4.pdf> (last visited Oct. 5, 2004).

38. FROLIK & BARNES, *supra* note 4, at 318.

39. *Policy and Politics*, *supra* note 9, at 499.

INSURANCE COVERAGES AVAILABLE

Which options might a particular person, family, or their advisor find advantageous in their unique circumstance? A first step is to look at the coverages currently available. If a senior with Medicare does not have a supplemental policy, perhaps that is the first option to investigate. A recent survey released by the Kaiser Family Foundation found that “[a]mong survey respondents with any type of health insurance, those with Medicare alone—and no supplemental insurance—reported the highest rates of serious cost-related problems. Nearly seven in ten of those relying only on Medicare reported going without medical equipment and other needed items due to cost.”⁴⁰

Current Medicare coverage for care beyond hospitalization is limited, and Medicare will not cover costs for less than skilled services.⁴¹ Coverage is available for skilled nursing home care after hospitalization, with Medicare covering the entire cost for twenty days and all but \$105 for the next eighty days.⁴² The client is responsible for all charges after one hundred days.⁴³ Concern arises when there is no need for skilled care, where three days of hospitalization were unnecessary, or when coverage runs out.

A policy covering just long-term care poses a problem. What happens if the coverage is never needed? That’s right—nothing, unless the policyholder purchases, at an additional cost, a rider which provides for the return of some of the premiums paid. As with term life insurance, automobile insurance, or homeowner’s insurance, policy premiums usually are used to pay actual claims. Nothing is returned to the policy holder, who has received the protection from risk as promised and peace of mind, but that is all.

A number of other types of policies cover some long-term care, though they are not recommended. Plans that pay a certain number of dollars a day for cancer treatment or any other particular condition might seem to be an option, but their focus is very narrow. Buying “dread disease” policies to protect against multiple possibilities makes little sense. Adding a rider

40. *Many Disabled Don't Get Needed Equipment*, AMERICA'S PHARMACIST, March 2004, at 12.

41. *MEDICARE & YOU*, *supra* note 2, at 22.

42. *Id.* at 31.

43. *Id.*

to a current policy usually is less expensive than buying a new policy.⁴⁴ Also, policies that provide so many dollars a day in addition to the coverage provided under other policies for time spent in a hospital often do just that—provide extra cash during hospitalization, not after hospital discharge.

A rider (at an extra cost) on a Medicare Supplement plan can provide additional protection in the event of need for long-term care. As an example, Central States Health and Life Company of Omaha⁴⁵ provides a home care rider for an additional premium of only ten dollars a month. Up to 365 home health care visits a year are covered. In addition, other riders may cover other items and services not covered by Medicare, such as vision care.

An option to investigate is cash value life insurance with an extra-cost long-term care rider.⁴⁶ Term life insurance policies can sometimes be converted to cash value policies. Or, current cash value policies can be switched to a company that does provide this type of rider. The advantage of providing for long-term care through a rider on a life insurance policy is that as long as the policy is kept in force, benefits will be paid, either for long-term care or as death benefits to the individual's beneficiaries.

OTHER OPTIONS

Recently enacted legislation made Health Savings Accounts available starting in 2004.⁴⁷ Money put into these accounts to pay for health care expenses is tax deductible, and the investment earnings are tax free.⁴⁸ A health savings account opened long before the need for long-term care arises can fund long-term care later in life.

For those who have served in the military, a thorough examination of Veteran's Benefits might find benefits available for care at home for qualifying low-income wartime veterans or

44. Dan Phelps, *Insurance most people can do without*, at <http://www.moneycentral.msn.com/content/insurance/avoidrippoifs/p35793.asp>, (last visited Oct. 28, 2004).

45. CENTRAL STATES HEALTH & LIFE CO. OF OMAHA, MEDICARE SUPPLEMENT INSURANCE PLAN 5 (2004), available at <http://www.cso.com/web/webnav.nsf/BuildFrameset?OpenAgent> (last visited Oct. 28, 2004).

46. See FROLIK & BARNES, *supra* note 4, at 322.

47. See 26 U.S.C.A. § 223 (2004).

48. See 26 U.S.C.A. § 223(a) (2004).

dependents. Benefits might include funding for a caregiver.⁴⁹

Another option is the sale of a life insurance policy to a broker who will pay the accrued value of the policy at present value, continue to pay the premiums, and then collect the death benefit. While the face amount of the policy is lost, cash to pay current expenses can be found. Of course, no benefits will be paid to the policyholder's heirs. This type of arrangement is particularly for people who can no longer afford their life insurance premiums. Often the proceeds of such a transaction will provide considerably more money than just turning in the policy for its cash value.⁵⁰ One company, Coventry First of Fort Washington, Pennsylvania, has purchased over one billion dollars of life insurance policies.⁵¹ A downside is that the beneficiaries of the original policy may be required to "sign off" and relinquish their rights. The policyholder may be hesitant to ask an heir to do this, and heirs may not want to relinquish their rights.⁵²

REVERSE MORTGAGES

Since the major asset of most seniors is their home and about 60% of seniors own their homes free and clear,⁵³ a reverse mortgage is another option. A reverse mortgage, available to homeowners ages sixty-two and older, makes payments to the senior citizen. Three options are available:⁵⁴ a lump sum payment; a monthly payout, either for a number of years or indefinitely; or a line of credit which can be drawn upon as needed. As an example, with a home value of \$100,000, a seventy-five-year-old senior could establish a line of credit of \$33,964.⁵⁵ The older the individual, the higher the amount

49. See generally, Alice Reiter Feld, *Veteran's "Pension": Non-Service Connected Veteran's Benefits for the Elderly and Disabled*, 5 MARQ. ELDER'S ADVISOR 1, 135 (2003).

50. *Don't Overlook the Secondary Market For Life Insurance*, THE ELDERLAW REPORT Vol. XV, No. 2, Sept., 2003, at 8 [hereinafter *Secondary Market*].

51. *Id.*

52. See generally, Alison Barnes, *The Liberty and Property of Elders: Guardianship and Will Contests as the Same Claim*, 11 ELDER L.J. 1, (2003).

53. *Policy and Politics*, *supra* note 9, at 499.

54. Interview with Jennifer Wright, Vice President, Ridgestone Bank in Brookfield, Wis. (April, 22 2004). See also FANNIE MAE, *MONEY FROM HOME: A CONSUMER'S GUIDE TO REVERSE MORTGAGE OPTIONS* 16 (2002), available at <http://www.fanniemae.com/global/pdf/homebuyers/moneyfromhome.pdf> (last visited Oct. 5, 2004) [hereinafter *MONEY FROM HOME*].

55. *Id.* at 39.

available will be because repayment is delayed until the property is sold.

Reverse mortgages are often considered to be similar to a home equity loan. For example, in Wisconsin, two types of reverse mortgages are available: the Federal Housing Administration's (FHA) Home Equity Conversion Mortgage (HECM) and the Fannie Mae Home Keeper.⁵⁶ The home owner is required to maintain the dwelling and insure the property. As an example, an interest rate just under 3% for a reverse mortgage was in effect in April 2004. Since a mortgage of any kind is a loan which must be repaid, the proceeds of the reverse mortgage are not taxable. There are, of course, fees which could be as high as 9% connected with an application for a reverse mortgage, and such fees, including insurance, should be included in the consideration of this option.⁵⁷

VIATICAL SETTLEMENT

Viatical settlements may be a last-ditch option to obtain money for care in an end-of-life situation. The ElderLaw report describes this option as a company purchasing at a discount, the policy of someone terminally ill.⁵⁸ Money that was originally intended to go to one's heirs instead will go to finance the cost of the policyholder's last illness.

LONG-TERM CARE INSURANCE

All of these options are alternatives to a long-term care policy. But there really is not just a single policy—a multitude of types of policies with different options can be considered. The technical differences between policies are what may make a policy just right for one person but a poor policy option for another person. One type is an indemnity model, which pays a fixed dollar amount daily or monthly up to a given ceiling. More common (and less expensive) is a policy that can directly reimburse the providers of care. The most expensive type is a direct lump sum cash benefit.

56. NAT'L REVERSE MORTGAGE LENDERS ASS'N, WHAT'S A REVERSE MORTGAGE? (2003) available at <http://www.reversemortgage.org/financia.htm> (last visited Oct. 5, 2004).

57. Michele Derus, *U.S. reduces premium for reverse mortgages*, MILWAUKEE JOURNAL SENTINEL, May 30, 2004, at F1.

58. *Secondary Market*, *supra* note 49, at 8.

A comprehensive plan will pay for care in a facility or in the client's own home, which may delay the need to place the care recipient in a facility and prolong the ability of that person to stay in his or her own home. A facilities-only plan is less expensive, but it will not cover care in the home.⁵⁹ Its cost is not a qualified federal income tax deduction.

Plan costs can be minimized by having a benefit period of only a few years over which benefits will be paid, rather than an unlimited period. However, options to increase coverage annually to offset inflation can add substantially to the annual cost over a period of years.⁶⁰

And, of course, a person must determine how much insurance is desired and affordable. It would be foolish to enroll in a plan for which the senior could barely afford the payments. Studies have shown that less than one-fourth of senior citizens can actually afford a high quality plan.⁶¹ Costs will vary greatly depending on the type of plan and options chosen. For example, a plan proposed for a healthy sixty-five-year-old male with a \$150 per day benefit payable for up to four years, a home care option that pays the same amount for care in the home, a 100 day elimination period, a 5% annual benefit increase option, and a return of premium rider would cost \$3,231.68 per year the first year.⁶²

INDIVIDUAL LONG-TERM CARE INSURANCE PROPOSAL

Proposed Insured:	Form #:	Health Rating:	Age:
John Doe	LTC-IDEAL-WI	Preferred	65
PROPOSED PLAN COVERAGE			
Plan Choice			Ideal
Daily Benefit Amount (DBA)		\$150 per Day (Monthly Benefit)	
Lifetime Multiplier		1460 Days (4 years)	
Total Lifetime Benefit			\$219,000
Elimination Period			100 Service Days
Home/Community Care %			100% of DBA

59. METROPOLITAN LIFE INS. CO., *Individual Plans* (2003), available at <http://www.metlife.com/Applications/Corporate/WPS/CDA/PageGenerator/0,1674,P3488,00.html> (last visited October 5, 2004).

60. METROPOLITAN LIFE INS. CO., PAMPHLET ADF#1187.03, LONG-TERM CARE INSURANCE: THE ESSENTIALS, 14-16 (2003).

61. Wiener et al., *supra* note 16, at 60.

62. Proposal by Neal R. Letteney, CSA, CLTL, Metropolitan Life Insurance Company (May 2004).

PROPOSED BENEFITS AND POLICY DETAIL		
Proposed Benefits	Coverage	Annualized Premiums
Plan Coverage	See Above	\$1,439.48
Benefit Increase Option	5% Compound Inflation	\$1,239.30
Benefit Upon Termination	Contingent	\$0.00
Return of Premium Rider	Yes	\$428.60
Restoration of Benefits Rider	No	\$0.00
Home Care Plus Rider	Yes	\$124.30
Shared Care Rider	No	\$0.00
Total Annualized Premium		\$3,231.68

PROPOSED LIFETIME BENEFIT AND PREMIUM COMPARISON				
Total Lifetime Benefit	Lifetime Multiplier	Annual Premiums Elimination Period		
		20 Days	45 Days	100 Days
\$109,500	730 Days (2yrs)	\$2,704.27	\$2,563.17	\$2,351.54
\$164,250	1095 Days (3yrs)	\$3,366.54	\$3,190.91	\$2,927.42
\$219,000	1460 Days (4 yrs)	\$3,716.43	\$3,522.53	\$3,231.68
\$273,750	1825 Days (5 yrs)	\$4,028.80	\$3,818.62	\$3,503.31
\$383,250	2555 Days (7 yrs)	\$4,718.68	\$4,472.49	\$4,103.20
Unlimited	Unlimited	\$5,518.92	\$5,230.97	\$4,799.07
Total Lifetime Benefit does not reflect any increases based on the selected Benefit Increase Option.				

SUMMARY

Going back to the original question which is the premise to this article, one asks, "What is the best way to provide for long-term care coverage needs?" It depends. But in planning, and advance planning is definitely suggested, all options should be considered. Some of the options that have been discussed in this article are:

- The best option is to have sufficient assets or cash so that an individual does not have to worry about the cost of long-term care.
- Ask an insurance agent about available options to expand supplemental policies to potentially include coverage of long-term care. Consider adding options in areas where benefits may be desired, such as the inclusion of prescription medications.

- Carefully evaluate what Medicare and a Medicare Supplement policy will cover.
- Inquire about adding a long-term care benefit rider to an existing life insurance policy or policies. If a current provider does not offer this option or downplays it, seek a second, independent.
- Open a Health Savings Account.
- Check to see if Veteran's Benefits are available.
- Consider selling a current life insurance policy to a life settlement company.
- Investigate the possibilities of a reverse mortgage.
- Of course, if none of these options makes sense to an individual, or if an individual wants more complete protection, consider a long-term care policy that is carefully tailored to specific needs or desires.

Unfortunately, far too many people fail to plan for long-term care in the hope that it will never be needed. In effect, they have chosen to self-insure and have therefore assumed the risk of paying for all the costs of long-term care. Many do not even realize they have made that choice; rather, they assume that their present policies, including Medicare, will take care of their needs. Some people, in an end-of-life situation, may have only a few of these options as their alternatives to obtain money at the end of a long illness.

CONCLUSION

Hopefully this article will cause concerned individuals and their advisors to update plans for long-term care. No one answer is right for everyone. In fact, the perfect plan for one individual might be the worst choice possible for someone else. But the important thing is to look at all the options available, and decide what course of action is best.

The intent of this article is not to downplay the use of long-term care insurance or to say it is a not a good option. For many people, it is the best and most comfortable option. But for others, a careful evaluation of all their choices may produce a plan that fills their needs and is affordable and more cost effective for them. The key words are *careful evaluation*. Such planning should not be put off. Seniors and their advisors should plan *before* the need for long-term care arises.

ADDITIONAL RESOURCES

- See www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227). A copy of *Choosing Long-Term Care: A guide for People with Medicare* CMS Pub. No. 02223 can be ordered from these sources.
- See www.ltcinformationcenter.org, the web site of the National Long Term Care Information Center, 484 Panoramic Hwy., Mill Valley, CA 94941.
- The National Association of Insurance Commissioners, 2301 McGee Street, Suite 800, Kansas City, MO 64108-3600, www.naic.org or 816-783-8300, to obtain the publication, *A Shopper's Guide to Long-Term Insurance*.
- See <http://oci.wi.gov>, the web page of the Wisconsin office of the Commissioner of Insurance, or the department of insurance in your state.
- See www.metlife.com/AARP for information about the AARP Health Care Options.
- See insurance company rating agencies at www.standardandpoor.com, www.moodys.com, and www.ambest.com.
