

Long-Term Care—Understanding Your Options

Americans are living longer than ever before. And, according to government projections, this trend is expected to continue. Over the next 50 years, the age 85 and older population is expected to be the fastest growing segment of society. Unfortunately, along with aging, the chances of needing **long-term care (LTC)** increase. The primary reason for this is that the likelihood of chronic conditions grows with age.

Long-term care refers to a broad range of services that assist those with chronic conditions in performing the essential **activities of daily life (ADLs)**, such as bathing, dressing, and eating. Long-term care can be quite costly. If you or your spouse should ever require long-term care, have you considered how you would pay for it? Here is a brief overview of the main options available:

- **Medicare.** Many people mistakenly assume Medicare will pay for long-term care. In fact, Medicare does *not* cover this cost at all, although it may pay for a *limited* amount of "skilled care" in a nursing home or at the recipient's home (generally after release from a hospital).
- **Medigap Insurance.** Many seniors supplement their Medicare coverage with Medigap insurance. Although Medigap policies may be useful for some purposes, they generally do *not* cover long-term care.
- **Medicaid.** By default, the major source of funds for long-term care is Medicaid. However, eligibility for Medicaid is strict, requiring you to "spend down" (i.e., exhaust) almost all your personal assets before becoming eligible for assistance.
- **Personal Assets.** Many people rely on their personal funds before becoming eligible for Medicaid. However, with today's high cost of health care, you could have the unfortunate experience of seeing your hard-earned savings disappear quickly.

What's the Solution?

With advance planning, private **long-term care insurance** can help protect your assets from the costs of long-term care and avoid or defer dependence on Medicaid. You may therefore be able to pass assets to your heirs as you had planned. Private long-term care insurance may help you maintain your independence and may provide you greater choice in your options for care. In addition, there may be some federal, and possibly some state, tax advantages.

As you age, it is particularly important to understand what to expect when it comes to your personal finances. Without proper planning, the high cost of long-term care could easily wipe out your savings and threaten the financial independence of you and your spouse. There are proactive measures you can take now to preserve your assets and maintain control of your finances before it is too late. Having a proper plan in place may help reduce some of your stress and concerns about the future.