

Long Term Care...It's Not Just Insurance

- Contributed by Justin Fundalinski –

Long term care is often misunderstood on many levels and commonly ignored when retirement plans are developed. Many times the startling realities of long term care are realized later in life and by that time planning options become very limited. After reading this it should be clear what long term care involves, how and when care is provided, the impacts it has on others, who pays for it, and some general ideas for getting a plan in place.

What exactly is long term care (LTC)?

LTC in the medical and health insurance world has a very simple two part definition. It is considered to be needed when:

1. Someone cannot perform two of six activities of daily living (often known as ADLs). The six activities of daily living are commonly defined as bathing, continence, eating, toileting, dressing, and transferring (getting in or out of a bed, chair, etc...).
2. And/or someone has a significant cognitive impairment that involves diminished capacity for judgment, memory, or orientation.

Notice that the ADLs listed above may or may not be associated with a medical condition. Much confusion is associated with LTC because of this specifically. It is often assumed that long term care must be given in a special facility, by a certified provider, or that it will be paid for by health insurance. Understanding the long term care continuum will help clarify who can take care of you and where care can be given.

The Long Term Care Continuum

Depending on the level services that are needed, LTC can be provided in the home, community, or in a facility (assisted living, nursing home, etc...). Commonly, the level of services needed progresses over time; hence, LTC generally starts in the home and eventually moves into a facility if needed. This progression from home to a facility (and some stops in-between) is the long term care continuum. Here is a list of some of services and providers at each stop along the continuum:

1. Home Based LTC:
 - a. Personal care and homemaker services, home health care services, companion services, meal delivery, transportation services, geriatric care management, and hospice support.
2. Community Based LTC:
 - a. Adult day service programs, senior centers, respite care, and caregiver support groups.
3. Facility Based LTC:
 - a. Board and care homes, assisted living, senior retirement communities, continuing care retirement communities (blends home care and nursing care into one retirement community), skilled nursing facilities.

The key to take away from this continuum is that more often than not people want to stay in their home for as long as possible and the services available for home and community based LTC are designed to do just that until more demanding care or medical professionals are required. Unfortunately, because a long term care plans are often neglected in the retirement planning process, people are forced through the continuum more quickly than necessary and/or their family and friends are heavily impacted by their long term care needs.

Long term care affects other people

According to a Genworth 2014 survey, their study found that the impacts of LTC on caregivers (family and friends who volunteered their time) are substantial. It illustrated that these caregivers often miss work, indicated negative impacts on their families, health and wellbeing, as well as expressed that they had a personal loss of income or spending because of this responsibility.

Long term care planning (or the lack there of) not only affects how long someone can stay at home comfortably, but is also effects the emotional, physical, and financial impacts dealt on friends and family members that are often forced to take care the person in need.

Who pays for long term care?

To begin answering this question let's set one common misconception straight. *Medicare does not pay for long term care.* Medicare will pay for care provided by a skilled nursing facility, for limited home health services, and for limited hospice services however very specific criteria must be met. I am not going to get into the nuances and details of Medicare, just know that Medicare does not pay for long term care.

Medicaid on the other hand does pay for long term care services. Unfortunately, eligibility for Medicaid often requires asset spend downs, that a majority of income be used toward the cost of care, and may involve estate recovery. Additionally, there are often long wait lists to get into a Medicaid LTC bed. So, if one is okay with Medicaid's asset and income requirements, is able to wait to get a bed (or move to a bed out of the area), and accepts the less than favorable conditions and privacy of a Medicaid facility, then Medicaid is a viable option for long term care.

Since Medicare does not pay for LTC and Medicaid LTC has unfavorable requirements, the only other ways to pay for LTC is out of pocket, through friends or family, or via insurance.

Plan for Long Term Care needs

As mentioned throughout this article it is important make a plan for long term care needs as part of your retirement plan. *An important point to make is that long term care is not just insurance.*

A good plan will consider who can help you at home and how that person will be impacted emotionally, physically, and financially. You will want to consider your own dignity on how and where care will be provided as you progress through the LTC continuum. And finally you will want to plan financially so that your retirement goals are not deteriorated by a long term care event.

There is a lot involved in this planning process, and as always we are here to help. Please let us know if you have any questions or comments on this article by giving us a call at 970-530-0556 or emailing me at justin@jimhelps.com