



How Does Long-Term Care Insurance Work and When Should You Apply?

Here's the good news: with improvements in medical technology and healthier lifestyles, people are living longer. Life expectancy today has increased to 83 years, up from 78 years in 1940 (*The Shopper's Guide to Long-term Care Insurance* from the National Association of Insurance Commissioners).

However, the longer people live, the greater the chances they will need assistance due to chronic health conditions. Today, about 12.8 million Americans of *all* ages require some type of long-term care (National Academy on Aging, 1997). This number is expected to climb as the baby boomer generation moves into retirement. Over a lifetime, nearly 50 percent of all people will require some type of long-term care assistance.

One way to pay for some or all of your long-term care expenses is insurance. First introduced in the 1980s, long-term care insurance was originally designed as nursing home insurance. Today's long-term care policies now cover much more. They include home health care, assisted living facility care, adult day care, Alzheimer's facility care, respite care and hospice care.

So how does long-term care insurance work? Long-term care insurance is not health insurance, and long-term care expenses are not covered under private health insurance, Medicare or Medicare supplement policies.

However, long-term care insurance is similar to health insurance in that an individual must apply for coverage by going through medical underwriting. The insurance company decides whether to offer long-term care coverage based on your current health conditions and age. In most instances, a person's medical records will be reviewed by the insurance company. Additionally, some applicants may be required to have a face-to-face or a telephone interview. Not everyone is insurable. People who already have health problems are likely to need long-term care but

won't be able to buy a long-term care insurance policy. Your money may pay for long-term care insurance coverage, but it's your health that buys it.

Once a long-term care policy is issued, the insured individual becomes eligible to receive benefits once a healthcare professional certifies the insured is "chronically ill" -- unable to perform two of the Activities of Daily Living (ADLs) for a period of 90 days or longer; or be severely cognitively impaired. ADLs include bathing, eating, dressing, toileting, transferring (moving into or out of a bed, chair or wheelchair) and continence.

"At what age should I apply for long-term care insurance?" Generally, experts suggest you apply between ages 50 and 55. The younger you are when you apply, the better the chance you will be healthy enough to qualify. It's also during these years prior to retirement that your income is normally at its highest and you're better able to pay the insurance premiums.

Long-term care insurance policies vary widely. A professional specializing in long-term care insurance can be a great resource to consumers in considering the many options available today.

Resources:

The Shopper's Guide for Long Term Care Insurance. The National Association of Insurance Commissioners, 2301 McGee St., Suite 800, Kansas City, Missouri 64108-2604; (816) 842-3600, www.naic.org.

Long-term Care: Your Financial Planning Guide (2003). Shelton, Phyllis R., Kensington Publishing Corp., New York, NY.

Cathy Rosebaugh is a Certified Senior Advisor and Seniors Real Estate Specialist with Alterna Home Solutions. If you have questions about this article, please contact Cathy at 919-460-1061.

###