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February 5, 2008

Long-term care insurance is the smart way to plan

The Pennsylvania Department of Welfare recently announced the Pennsylvania Qualified Partnership Program which allows qualified policy holders to protect additional resources if long term nursing care is ever needed. The hope is that more consumers will be encouraged to purchase long term care insurance for future care needs.

Americans typically buy insurance for their homes, automobiles, boats, and for themselves for health care. We pay premiums for this insurance, all along hoping that we won't really need to access the benefits. Yet when long term care insurance is discussed, people usually say that they don't see the point in paying out so much money for an event that they feel is not likely to happen. However, our population is aging; statistically, individuals 85 years old and older are most likely to require long term care. The U.S. Census Bureau, as a result of the 1996 census, predicts that the number of persons who are 85 or older will more than double from 3.9 million to 8.5 million by 2030. Therefore the need for long term care will grow.

The cost of long term care is devastating financially for most people. In 2007, in this area, nursing home care cost from \$70,000 to \$80,000 per year. Couples who saved for their retirement see their resources dwindling rapidly if one of the couple requires care at home, in an assisted living facility, or in a traditional nursing home. Many people are shocked to learn that Medicare only pays for nursing home care in limited circumstances, and for a limited amount of time. Most other insurers do not pay for nursing home care at all. Hiring care for a disabled person at home is not inexpensive either. Planning for such an event before a person is disabled can bring peace of mind, and the ability to protect many more assets for the couple and their family members.

Currently, Medical Assistance is the only public insurance available to pay for expensive long term nursing home care. However, in order to qualify for Medical Assistance, one must reduce assets to acceptable levels to be considered poor enough to qualify. It has been said that Medical Assistance is insurance where the deductible is your life's savings, and the co-payment is your annual income. Purchasing long term care insurance can help insure that long term nursing home care is available if you need it, while still preserving more assets than would otherwise be possible.

It is important to shop carefully for long term care insurance. Consider more than one company, and be sure that you understand the difference among the policies. Take your time and ask questions. Research the terms used in policies. Look for a comprehensive policy (i.e. covers different levels of care), and be sure that inflation protection is built in. Policies that will qualify for Pennsylvania's Qualified Partnership program will need to meet strict guidelines. If you purchase such a policy, you can protect additional resources up to the amount of the policy coverage.

Consider that the premiums may seem expensive, but if you or your spouse should ever require long term nursing home care, you will recover the cost of your premiums with the benefits paid in less than one year of care. The Medical Assistance program is struggling, and no one is sure if such a program will exist when the Baby Boomers reach age 85. We buy insurance in case we have a house fire or a car accident; why not protect our savings by insuring against the cost of long term care?