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Five Questions about Long-Term Care

Long-term care is not just provided in nursing homes--in fact, the most common type of long-term care is home-based care.

1. What is long-term care?

Long-term care refers to the ongoing services and support needed by people who have chronic health conditions or disabilities. There are three levels of long-term care:

- Skilled care: Generally round-the-clock care that's given by professional health care providers such as nurses, therapists, or aides under a doctor's supervision.
- Intermediate care: Also provided by professional health care providers but on a less frequent basis than skilled care.
- Custodial care: Personal care that's often given by family caregivers, nurses' aides, or home health workers who provide assistance with what are called "activities of daily living" such as bathing, eating, and dressing.

Long-term care is not just provided in nursing homes--in fact, the most common type of long-term care is home-based care. Long-term care services may also be provided in a variety of other settings, such as assisted living facilities and adult day care centers.

2. Why is it important to plan for long-term care?

No one expects to need long-term care, but it's important to plan for it nonetheless. Here are two important reasons why:

The odds of needing long-term care are high:

- Approximately 52% of people will need long-term care at some point during their lifetimes after reaching age 65*
- Approximately 8% of people between ages 40 and 50 will have a disability that may require long-term care services*

*U.S. Department of Health and Human Services, Last modified: November 14, 2017

The cost of long-term care can be expensive:

For many, the cost of long-term care can be expensive, absorbing income and depleting savings. Some of the average costs in the United States for long-term care* include:

- $7,513 per month, or $90,156 per year for a semi-private room in a nursing home
- $8,517 per month, or $102,204 per year for a private room in a nursing home
- $4,051 per month for an assisted living facility
- $1,625 per month for services in an adult day health-care center

*Cost of Care Survey 2019, Genworth Financial, Inc., August 26, 2019 ,

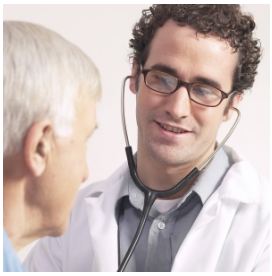
3. Doesn't Medicare pay for long-term care?

Many people mistakenly believe that Medicare, the federal health insurance program for older Americans, will pay for long-term care. But Medicare provides only limited coverage for long-term care services such as skilled nursing care or physical therapy. And although Medicare provides some home health care benefits, it doesn't cover custodial care, the type of care older individuals most often need.

Medicaid, which is often confused with Medicare, is the joint federal-state program that two-thirds of nursing home residents currently rely on to pay some of their long-term care expenses. But to qualify for Medicaid, you must have limited income and assets, and although Medicaid generally covers nursing home care, it provides only limited coverage for home health care in certain states.

4. Can't I pay for care out of pocket?

The major advantage to using income, savings, investments, and assets (such as your home) to pay for long-term care is that you have the most control over where and how you receive care. But because the cost of long-term care is high, you may have trouble affording extended care if you need it.



Understandably, many people put off planning for long-term care. But although it's hard to face the fact that health problems may someday result in a loss of independence, if you begin planning now, you'll have more options open to you in the future.

A complete statement of coverage, including exclusions, exceptions, and limitations, is found only in the long-term care insurance policy. It should be noted that carriers have the discretion to raise their rates and remove their products from the marketplace. A complete statement of coverage, including exclusions, exceptions, and limitations, is found only in the long-term care insurance policy.

5. Should I buy long-term care insurance?

Like other types of insurance, long-term care insurance protects you against a specific financial risk--in this case, the chance that long-term care will cost more than you can afford. In exchange for your premium payments, the insurance company promises to cover part of your future long-term care costs. Long-term care insurance can help you preserve your assets and guarantee that you'll have access to a range of care options. However, it can be expensive, so before you purchase a policy, make sure you can afford the premiums both now and in the future.

The cost of a long-term care policy depends primarily on your age (in general, the younger you are when you purchase a policy, the lower your premium will be), but it also depends on the benefits you choose. If you decide to purchase long-term care insurance, here are some of the key features to consider:

- Benefit amount: The daily benefit amount is the maximum your policy will pay for your care each day, and generally ranges from $50 to $350 or more.
- Benefit period: The length of time your policy will pay benefits (e.g., 2 years, 4 years, lifetime).
- Elimination period: The number of days you must pay for your own care before the policy begins paying benefits (e.g., 20 days, 90 days).
- Types of facilities included: Many policies cover care in a variety of settings including your own home, assisted living facilities, adult day care centers, and nursing homes.
- Inflation protection: With inflation protection, your benefit will increase by a certain percentage each year. It's an optional feature available at additional cost, but having it will enable your coverage to keep pace with rising prices.

Your insurance agent or a financial professional can help you compare long-term care insurance policies and answer any questions you may have.

Deductions for Long-Term Care Insurance Premiums: 2019 & 2020

Age	2019 Limit	2020 Limit
40 or under	$420	$430
41-50	$790	$810
51-60	$1,580	$1,630
61-70	$4,220	$4,350
70+	$5,270	$5,430

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