

# ELDER LAW TODAY

Adrian & Pankratz, P.A.

Old Mill Plaza, Suite 400 • Newton, KS 67114 • Phone: (316) 283-8746 • www.aplawpa.com

## *Long Term Care Insurance – Is It Right For You?*

**L**ong term care insurance (LTC insurance), unlike most health insurance plans, pays for the cost of your care when you need permanent help with activities of daily living (bathing, dressing, eating, etc.). Depending on the LTC policy, covered services may include nursing home care, personal care at home, assisted living facilities and/or adult day care. While some insurance plans, including Medicare and Medigap, may pay for a limited number of days in a nursing home or short term health care services at home, they have no extended benefits.

A good policy can help ensure that you get the care you need at a time in your life when your health care costs may be at their greatest. Generally speaking, purchasing long term care insurance is a good idea for individuals who do not anticipate the financial ability to privately pay for long term care, which currently averages about \$50,000 per year in our area. Premiums are based on health, age and type of policy. Most financial planners recommend that LTC insurance be purchased in your 50s or 60s, when your health is still good and the cost still affordable.

LTC insurance plans vary as to when and how much they will pay for long term care expenses.

### **When do policies begin paying for your long term care?**

Typically, policies establish standards that you must meet in order to initiate the policy. Most will begin covering expenses when you are unable to perform a set number of activities of daily living or if you suffer a cognitive impairment which requires substantial supervision. Most policies will also become effective when a doctor certifies that specific care is necessary. Whatever standard is used to initiate the benefits of your policy, it is highly likely there will be an “elimination” or “deductible” period which is essentially a period of time during which you are receiving care, but your policy is not paying for benefits (depending on the policy, this period could last anywhere from 0 days to one year).

### **How much will your policies pay for your long term care?**

Each policy is different. Some policies have a daily or monthly benefit limit which provides a predetermined amount that the policy will pay each day or each month. Other policies have a maximum benefit limit that provides a predetermined length of time or a predetermined dollar amount that the policy will pay.

### **What are the drawbacks of long term care insurance?**

Other than the cost of the premiums, the most obvious drawback of LTC insurance is that not everyone can obtain a policy. If you have a pre-existing condition, for example, you may not find a policy for which you qualify. Or, perhaps your policy will simply exclude payment of care for your specific pre-existing condition(s).

### **Is long term care insurance right for you?**

The decision to purchase LTC insurance is not one that should be taken lightly. Although LTC insurance is a great way to avoid privately paying for elder care, LTC insurance is not the solution for everyone and not every policy will provide the coverage that best suits you. It is important that you purchase your policy from an honest, knowledgeable professional - someone that not only understands long term care issues, including the Medicare and Medicaid systems, but someone who will find a strong policy from a reputable company that takes into account your family’s health history, your current financial situation and any alternative resources you may have for long term care.



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