

LTC (Long Term Care)

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Topics Covered

- 1. ST and LT care**
- 2. What does Medicare pay and NOT pay**
- 3. Statistics**
- 4. Cost (Genworth)**
- 5. Christine Benz article – how to assess**
- 6. How to fund**
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1. ST and LT Care

1. ST Care

- Temporary, intended to help recovery from surgery, hospitalization, injury, or illness (such as after a fall, mild stroke, cardiac event etc.) with the goal of helping the patient return home or resume their normal activities and function.
- Can last from several days to months
- Provided in patient's home, can be skilled or unskilled care (6 ADLs).

2. LT Care

- Progressive or chronic health condition that requires ongoing care or assistance (such as Alzheimer's or Parkinson's or after a stroke)
- Some patients eventually discontinue LTC but for many, it will be needed for life.
- Chronic, debilitating, and/or progressive condition, comprehensive services are needed and may include personal care, therapeutic, and medical care.

3. Medical and non-medical care can be provided at home, in the community, in assisted living or in nursing homes
4. Medicare and most health insurance plans don't pay for LTC

2. What does Medicare pay and NOT pay

1. Medicare does NOT cover LTC. Medicare is for short term health coverage.
2. What Medicare will pay:
 - Medicare (Part A) payment for ST Care is very limited - up to 100 days, per illness, for persons who were hospitalized a minimum of 3 days. Must be prescribed by a physician.
 - Idea is that the individual will recover and ongoing care will not be needed. If improvement stops and it is clear the individual is not going to improve further, Medicare will no longer pay for care during the 100 day limit.
 - Medicare will pay for rehabilitation and skilled nursing care but does not cover assistance with ADLs.
3. **Hospice Care:**
 - Focus is to keep the patient comfortable rather than extending life. Such care may be provided at home, in the hospital, or in a SNF (skilled nursing facility). Hospice care is covered by Medicare if your doctor and the hospice director certify that you're terminally ill and have less than six

months to live. [To be covered by Medicare](#), hospice care cannot be delivered in conjunction with any curative treatment.

4. Why do so many believe that Medicare pays for LTC?
 - Medicare Part A (hospital insurance) covers inpatient care in a SNF and home health care, meaning that it requires the skills of a registered nurse, physical therapist, occupational therapist, or speech-language pathologist. If the average non-medical person can provide the care without additional training, the care is not skilled and Medicare will not pay for it. Skilled care duration is limited as noted above.

A lot of fine details regarding what Medicare or Medical will pay. Google it. Below are links to some articles I found.

[When Medicare Won't Pay for Nursing Home Care](#)

[The Medicare Change That Could Cost Your Clients Thousands of Dollars By Margie Barrie, Dec 9, 2019](#)

3. 100 Must-Know Statistics About Long-Term Care: 2023 Edition (Christine Benz LTC article – March 29, 2023) and LongTermCare.gov site

1. 70% of people >65 will need some type of LTC
2. 48% will need some type of *paid* LTC
3. 24% will require paid LTC > 2 years
4. 20% will need > 5 years
5. 15% will spend > 2 years in a nursing home
6. 3.7 years – average duration for women
7. 2.2 years for men

Cost vary widely. Genworth does an annual cost survey, see below

The data vary about average duration of care, but most of the statistics converge in the 2.0- to 2.5-year range. Need to factor in inflation, average has been 4%

4. [Genworth Cost of Care Survey](#)

1. National median for 2021 – Home health aide \$5100/mo.
2. Assisted living facility - \$4500 and semiprivate room \$8000/mo

Monthly Median Costs: *San Jose Area*[Ⓞ], CA (2021)

In-Home Care [Ⓞ]	Community and Assisted Living [Ⓞ]	Nursing Home Facility [Ⓞ]
Homemaker Services ¹	Adult Day Health Care ²	Semi-Private Room ²
Home Health Aide ¹	Assisted Living Facility ³	Private Room ²
\$7,102	\$1,820	\$11,863
\$7,102	\$6,000	\$15,589

Monthly Median Costs: *San Diego Area*^①, CA (2021)

In-Home Care	Community and Assisted Living	Nursing Home Facility
Homemaker Services ¹	Adult Day Health Care ²	Semi-Private Room ²
Home Health Aide ¹	Assisted Living Facility ³	Private Room ²
\$6,387	\$2,058	\$9,384
\$6,473	\$5,475	\$12,167

5. Christine Benz article – how to assess

1. [An Action Plan for Long-Term Care – Christine Benz, Oct 26, 2022](#)

6. How to fund (Read Christine Benz article for details)

Also see WSJ article, June 5, 2023 – **Should You Self-Insure Your Long Term care?**

1. Self-funding

- Depends on your net worth and assets
- How much to set aside – depends on current area (very much location dependent), inflation, life expectancy etc. – see Genworth cost site
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2. LT Care Insurance

- **Long-Term-Care Insurance**
 - Policy may not provide full coverage and may be limited in duration
 - Rates are most favorable between ages 55 and 65. After age 70, finding a policy and getting approval can be difficult
 - Policy cost examples – 55 year old male with 165K benefits would pay \$900/year. With inflation rider of 3%/yr cost is \$2100 annually. For 55 year old female, costs are \$1500 and \$3600.
- **Hybrid Life/Long-Term-Care Insurance:** A life insurance product that includes a long-term-care rider.
- **Hybrid Annuity/Long-Term-Care Insurance:** An annuity that includes a rider to provide a higher level of monthly income if long-term care is needed.
- **Short-Term-Care Insurance:** Structured much like long-term-care insurance but covering care for one year or less.

3. Medical/ Medicaid

- Qualifying income and assets owned criteria. Important to understand the rules to qualify, especially if a married couple and one spouse need LTC while the other one needs regular living expenses

- Important to understand what assets you can own while still qualifying for Medicaid-funded care, the “lookback” period for assets transferred to children or other individuals prior to qualifying for Medicaid-provided care, and the community spouse resource allowance
- This can be a complex topic and may need to contact an Elder Care attorney to navigate the rules properly

7. References

1. [What Is Long-Term Care?](#) As defined by National Institute of Health
2. [An Action Plan for Long Term Care – Christine Benz, Oct 26, 2022](#)
3. [Genworth Cost Survey](#)
4. [100 Must-Know Statistics About Long-Term Care: 2023 Edition](#)
5. [100 Must-Know Statistics About Long-Term Care: Pandemic Edition](#)
6. [The Language of Long-Term Care](#)
7. <https://www.retirementliving.com/buyers-guides>
8. [6 Steps for Smart Long-Term-Care Planning](#)
9. [The Medicare Change That Could Cost Your Clients Thousands of Dollars By Margie Barrie, Dec 9, 2019](#)
10. [Long-Term-Care Insurance: First, You Should Find an Agent](#)
11. [AAIL - The Benefits and Costs of Long-Term Care Insurance – Terry savage; June 2020](#)
12. [RetirementLiving - The Pros and Cons of Long-term Care Insurance - Updated: March 27, 2023](#)
13. <https://www.retirementliving.com/6-factors-to-consider-before-buying-long-term-care-insurance>
14. [Best Long-term Care Insurance Companies 2023](#)
15. [AARP - 8 Surprising Things Medicare Doesn't Cover](#)