

Hard Facts - Why the **Pioneers** Long Term Care Program Should Not Be Taken Lightly

The article to follow appeared in a local Midwest newspaper. It was written by a caregiver who deals daily with the realities of long-term care.

CAREGIVING – by Terri Murphy

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Recently, the government predicted the cost of long-term care will begin to double every 15 years. With the annual cost of nursing homes exceeding \$100,000, the burden of paying taxes no longer poses the #1 financial threat it once did.

With this growing certainty clearly coming down the path, why are most people coming down the path, why are most people ignoring this and what choices do we have to address this new certainty?

The typical reasons why people tend to ignore this growing financial challenge and why it appears most people are choosing to not take the issues seriously are:

1. I take good care of myself. I eat right and exercise regularly. I've got nothing to worry about. Let's not kid ourselves. As we age, no one knows when a major health issue could strike. The reality is the longer we live, the odds of needing some form of long-term care goes up significantly.
2. Either my spouse or my family will take care of me. In today's hectic world, do you really think your children have the time to provide you with all your care needs? What if your spouse can't provide the required care you may need?
3. When the time comes, I'll transfer my assets to my family and go on Medicaid. Sorry, won't work, the government has strict rules in place to prevent people from impoverishing themselves to qualify for benefits... insurance covering short-term care in a skilled nursing facility and limited (at best) home health benefit. It certainly does not cover care in an assisted-living facility.
4. I'm financially healthy. I'll be able to hire the care I need when the time comes. This might be true; however, as stated previously, the annual cost today for many nursing homes exceeds \$100,000. It might not take long to completely exhaust one's entire estate.

Basically, there are only two choices to address these challenges: long-term care insurance and self-pay.

That's it!

However, it's not easy to get long-term care insurance for those over the age of 65, and it is not cheap at this point. Like most insurance, the younger you start, the cheaper the premium.

The other remaining option is self-pay. As discussed above, this is not the most attractive alternative as it can deplete one's entire estate. Once a person reaches this financial ground zero, they now qualify for Medicaid.

Currently, across the country, two-thirds of nursing home residents are being covered by Medicaid. However, the vast majority of nursing homes are under funded by Medicaid and therefore understaffed.

The bottom line, plan aggressively now and purchase long-term care insurance (if you can) or face the reality that most Americans will either be forced back in with their children (however, odds are they will still need some form of care) or prepare to be moved into a nursing home.

Not a rosy picture. Not even Mark Twain could put together elegant words to describe this approaching financial certainty.