



# LONG-TERM CARE



Long-term care insurance is designed to cover what most health insurance policies do not: the costs of nursing homes, assisted living, and other ways of getting help with “activities of daily living.” Purchasing LTC insurance can be complicated due to differences between policies and riders, as well as deciding how much you should be paying and how much coverage you need. Because policies vary widely, they must be carefully reviewed to make sure your needs are met and you are not spending too much – especially with costs on the rise, thanks to higher inflation. Not everyone will need LTC insurance, but it’s an important topic to discuss with a financial advisor.

**70%**

of individuals older than 65 will require some type of LTC in their lifetime<sup>1</sup>

**33.3%**

of Americans age 85+ have Alzheimer’s dementia<sup>2</sup>

**54%**

of Americans age 50 to 80 help provide care to someone older<sup>3</sup>

## ACTIVITIES OF DAILY LIVING

ADLs are used to determine the ability of a person to function independently. There are six basic ADLs: bathing, dressing, eating, toileting, maintaining continence and transferring (the ability to get around). Most LTC policies are triggered by an inability to perform two or more ADLs.

## TYPES OF LTC

- 1** Home care covers in-home medical care and services, such as nursing care, physical or occupational therapy, speech therapy and medical social services.
- 2** Community-based care, such as adult day care centers, provides a wide range of social and support services in a group setting.
- 3** Assisted living includes domestic services, such as meals and housekeeping; assistance with personal care; and close monitoring to ensure residents' health and safety.
- 4** Nursing facilities help with ADLs; around-the-clock monitoring and assistance; no nursing, physical therapy or skilled medical care.

## APPROXIMATE COSTS FOR LTC (2021 MEDIAN NATIONAL COSTS)<sup>4</sup>

	<b>Nursing home Private</b>	<b>Nursing home Semiprivate</b>	<b>Assisted living</b>	<b>Adult day health care</b>	<b>Home health aide services</b>
<b>Cost</b>	\$297/day	\$260/day	\$4,500/month	\$78/hour	\$27/hour
<b>Change since 2020</b>	+2.41%	+1.96%	+4.65%	+5.41%	+12.50%

## FUNDING FOR LTC

Medicare pays only for short-term skilled nursing facility care where medical recovery treatment is provided.

LTC is predominantly funded through Medicaid and the resident's out-of-pocket assets. Medicaid offers the only comprehensive, long-term coverage. This federal program for low-income people, administered by the states, pays for almost half the nation's total nursing facility costs and most home care as well.

## NEXT STEPS

- Familiarize yourself with your family's medical history (parents, grandparents and siblings) to assess your potential need for LTC in the future.
- Contact your planner to discuss how LTC fits into your overall financial plan.



For more information about insurance options, or to order a copy of the National Association of Insurance Commissioners' free booklet, "A Shopper's Guide to Long-Term Care Insurance," visit [InsureUOnline.org](https://insureyouonline.org) or call (866) 470-NAIC.

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<sup>1</sup> U.S. Department of Health & Human Services & Administration for Community Living. (2020, February 18). *How Much Care Will You Need?* LongTermCare.gov. Retrieved May 11, 2023, from <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

<sup>2</sup> Alzheimer's Association. (2023). *2023 Alzheimer's Disease Facts and Figures*. Retrieved May 11, 2023, from <https://www.alz.org/media/Documents/alzheimers-facts-and-figures.pdf>

<sup>3</sup> Norton, A. (2022, November 3). *Half of Americans Over 50 Are Now Caregivers*. U.S. News & World Report. Retrieved May 11, 2023, from <https://www.usnews.com/news/health-news/articles/2022-11-03/half-of-americans-over-50-are-now-caregivers>

<sup>4</sup> Genworth. (2022, November 10). *Genworth Cost of Care Survey*. Retrieved May 11, 2023, from <https://pro.genworth.com/riiproweb/productinfo/pdf/131168.pdf>

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