

Daily Union Article
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Title: Long-Term Care Considerations

I recently met with a community member who needed some help navigating the Long Term Care Insurance (LTCI) waters that she had ventured into. Because it had been several years since she had taken out her LTCI, she wanted to revisit the language, benefits, restrictions, and premium responsibilities.

The Kansas Insurance Department publishes a yearly booklet simply titled "Long Term Care Insurance Guide". This guide offers the definition of long term care as "the help you may need if you are unable to care for yourself because of a prolonged illness or disability." Too often, people assume that long term care is anonymous with nursing home care, but that is a rather limited view of type of care. Rather, long term care includes a variety of private and semi-private care options including home health care, adult day care, and nursing facilities. As a general rule, having LTCI is a smart financial decision. LTCI policies can also include assisted care facilities and services.

Each policy carries its own level of care and cost. Before you consider shopping for a policy, it is wise to consider what type of care and coverage you desire to have. This becomes your personal "gold standard" for care and, from that ideal policy, you can determine what you can afford.

Much like a life insurance policy, a LTCI policy has lower premiums when you are young and healthy. As you age and/or become faced with serious health conditions, the cost of coverage can increase dramatically.

If you search online for a long term care calculator, you will find that many companies who sell LTCI have this easy to use tool available. Simply put in your age and zip code and you will get one or more policy estimates. Although I won't disclose the company websites I used to get some idea of the costs of these types of policies, you can see below how much variation there is in the two companies I compared, using my own personal information:

Company	Monthly Benefit Amount	Monthly Estimated Cost
A	\$2,500	\$95
B	\$4,500	\$183

In the Kansas Long Term Care Costs – 2017 table provided, you can see that there is a pretty significant spread in annual cost for services depending on location in the state and the type of LTCI benefits covered. This chart reflects what a person would be paying completely out-of-pocket if they had no long-term care insurance (also known as "self-pay") clients.

Kansas Long Term Care Costs – 2017 (Annual)

Region	Nursing Home (private room)	Nursing Home (semi-private room)	Assisted Living (private room)	Home Health Aide (44 hours/wk)
Kansas State Median	\$74,004	\$66,613	\$51,000	\$48,048
Lawrence	\$68,620	\$61,320	\$57,306	\$44,044
Manhattan	\$66,430	\$62,050	\$52,536	\$57,200
Topeka	\$83,695	\$77,362	\$53,100	\$42,328
Wichita	\$69,872	\$65,700	\$51,000	\$45,760
Rest of Kansas	\$72,088	\$64,605	\$40,350	\$46,332

The choice is entirely up to you. You can hope that you won't need any form of long-term care, you can pay for all expenses completely out-of-pocket for your long term care, or you can buy an LTCI policy.

If you want insurance, start looking in your 50s or early 60s, before premiums rise sharply or worsening health rules out robust coverage. There is a direct correlation between the rise in your age and the rise in premium costs. Initial premiums at age 65, for example, are 8 to 10 percent higher than those for new customers who are 64.

If you are interested in exploring the LTCI market, there are a few things you might want to do before you reach out to a company for quotes.

- 1) Contact the Kansas Insurance Department (www.ksinsurance.org) for a list of approved long-term care insurers licensed to sell policies in Kansas.
- 2) Download or request a copy of the Kansas Insurance Department's "Long-Term Care Insurance Guide" (<http://www.ksinsurance.org/documents/department/publications/longterm-care-ins-shoppers-guide.pdf>) In that guide you will find a 2-page comparison worksheet where you can take notes of the various features and benefits of the top 3 companies you are considering.

- 3) Research the financial stability of the companies you are considering by use of a rating service such as Standard & Poors (www.standardandpoors.com), A.M. Best (www.ambest.com), or Moody's Investors Service (www.moody.com).

It is not necessary to buy more than one policy. Not only is the cost prohibitive, it does not ensure you will have better or more coverage. Take your time in make your LTCI decision. It is likely that you will be paying premiums for many years and you want to make sure you are getting the most for what you anticipate your needs to be at an affordable cost.

Keep track of your payment history along with the original printed policy you will receive. Make your checks payable to the company and consider keeping a copy of each premium's cancelled check in a large envelope along with your printed policy.

If you get bogged down in the process, call our Kansas Insurance Department (1-800-432-2482: KS only) and request assistance to better your understanding of the financial decision you are about to make. If you are considering a move to live in another state, you should check with that state's insurance department to make sure your policy will work in your new location.

Too many times, consumers overlook the asset protection provided by Long-Term Care Insurance but it is important to consider as you get closer to retirement age.

For more information on family financial decision-making, you can contact me at the Geary County K-State Research and Extension office at 785-238-4161. Until next time, keep living resourcefully!