

Purchasing Long-Term Care Insurance: Ten Key Considerations for Consumers



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This educational brief, produced by the MetLife Mature Market InstituteSM, defines long-term care and offers key considerations to help people make an informed decision when purchasing a long-term care insurance policy. Long-term care refers to services for people who need assistance with activities of daily living (ADLs) — functions such as eating, dressing, bathing, toileting, transferring or continence. Individuals with cognitive impairment or chronic conditions may need long-term care services. These services may also be rehabilitative in nature, helping someone regain function that was lost as a result of an injury or surgery.

There are nearly 10 million people in the United States who are in need of long-term care. While the risk of needing long-term care increases with age, the need is not limited to older Americans. In fact, 37% of those who require long-term care are under the age of 65.¹

Owning a comprehensive long-term care insurance policy can help finance long-term care services received at home as well as services received in facilities such as nursing homes, assisted living facilities or adult day centers. It can help individuals remain independent, and to receive services in the location of their choice.

Here are ten things to consider when purchasing a long-term care insurance policy:

1) Don't Assume You Have This Coverage

Long-term care is generally not covered by health insurance policies or disability insurance. Medicare pays limited amounts for skilled care (not custodial care) following a hospital stay with many restrictions on coverage. Access the Web site of the Centers for Medicare and Medicaid Services, www.cms.gov, for details.

2) Educate Yourself

Visit the Web sites of reputable organizations that focus on aging and long-term care issues, or read related articles in consumer or personal finance magazines.

3) Discuss Your Long Term Care Plans with Your Family

Consider whether or not your spouse, children, or other family members could provide care if you need it and the extent to which you want to depend on them.

4) Consider a Range of Care Options

Decide if you want a policy that includes coverage for a range of care options including home care, community-based services (like an adult day center), assisted living facility and nursing home care or facilities-only care.

5) Don't be a Penny Wise and Pound Foolish

Many times the least expensive plan is not the wisest choice because coverage may be limited and/or provide few options. You may be better off spending more on a plan that ensures you have more choices about the level and type of care you may one day need.

6) Buy Only the Coverage You Need

You don't need to purchase insurance to cover all anticipated costs if you can pay part of them from your income or assets. For instance, most people don't need a policy that covers nursing home care for many years because an average stay is 2 1/2 years. Consumers should research the current cost of care for their area to help estimate the coverage levels they might need.

7) Buy at a Young Age

Long-term care insurance rates are based on your age when you first purchase the coverage. Those who buy in their 40's and 50's can have the advantage of selecting rich plan designs for a fraction of the price they would pay if they waited to buy later. Individuals also have the advantage, generally, of better health at a younger age. If you develop a serious medical condition, you may be unable to obtain coverage.

8) Ensure Your Coverage Keeps Pace with Inflation

You may not need to use your benefits for many years but meanwhile, the costs for long-term care will generally increase. Be sure your plan benefits are protected against inflation so they can adequately meet your future needs.

9) Don't Overlook Your Employer or an Affinity Organization

More and more employers and affinity organizations are offering long-term care insurance. These plans are usually carefully researched and may offer cost savings.

10) Purchase from a Financially Stable Company

Check ratings of companies to be sure that they have consistently high ratings and a proven track record so that if you need services in the future, you'll know the company will be in business. Also, ask about their history of premium increases.

You can find the ratings of companies that offer long-term care insurance on such Web sites as www.moodys.com, www.ambest.com, or www.standardandpoors.com, the leading raters of insurance companies.

¹ Fact Sheet: *Who Needs Long-Term Care?*, Georgetown University, Long-Term Care Financing Project, May 2003.
<http://ltc.georgetown.edu/pdfs/whois.pdf>

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