

Welcome To SeniorBridge's September Continuing Education Seminar

# Paying for Long Term Care



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# Paying for Long-Term Care: An Introduction



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Director of Client Services  
SeniorBridge

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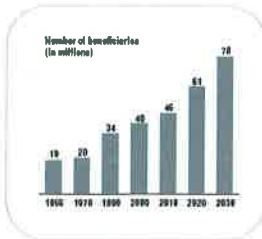
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## People are Living Longer



### Population of 85+ is fastest growing population segment

- Represent 1 in 8 adults age 65+
- Projected to account for 1 in 4 seniors and 5% of all Americans by 2050
- Today's 100,000 US centenarians (those aged 100 or more) predicted to grow to one million by 2050



Source: U.S. Commerce Department, Bureau of the Census

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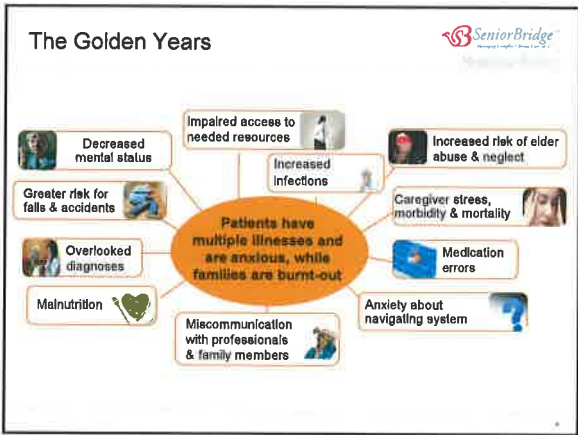
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### The Needs of Elderly Cannot Be Addressed by Family Members Alone

#### Sandwich Generation Challenges

- 22% of family caregivers say they need help communicating with physicians
- Six in 10 family caregivers are employed
- Half report family conflicts
- 3 in 4 wrangle with dependent's resistance to help & inability to communicate
- Two-thirds are caregiving from a distance
- 80% report difficulties in coordinating resources

The number of long distance caregivers will double over the next 15 years

Source: SeniorBridge survey, 2010; Caregiving in the United States; National Alliance for Caregiving in collaboration with AARP; November 2009

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### Longer Life Leads to More Chronic Illnesses

**Care for 65+ costly, complicated to treat**

- 1 in 5 have 5+ chronic conditions
- 2 in 5 will require long-term care

**Vulnerability increases for 85+**

- 50% have Alzheimer's
- 50% need personal assistance for everyday activities

#### Percent of 65+ with selected conditions, 2003-2004

Condition	Male (%)	Female (%)
Heart Disease	37.2%	37.7%
Hypertension	48.1%	54.7%
Stroke	10.1%	8.5%
Cancer	23.8%	26.1%
Diabetes	18.3%	11.1%
Arthritis	42.9%	53%

Source: U.S. Commerce Department, Bureau of the Census

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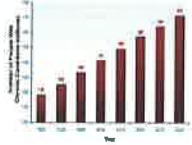
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## With Age Comes Increased Disability

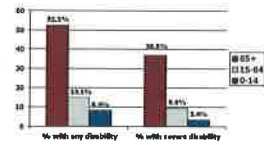


### Prevalence of chronic conditions is increasing



The Robert Wood Johnson Foundation and John Hopkins University Chronic Conditions. Making the Case for Ongoing Care 2010

### Multiple chronic illnesses increase the likelihood of disability



U.S. Census Bureau, Older Americans Update: Key Indicators of Well-Being, 2006

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## Without Adequate Support Seniors with Complex Needs End Up in the Hospital



**Seniors account for Half of US Hospital Bill**



Kaiser Family Foundation, Congressional Budget Office 2009

**1 In 5 seniors are rehospitalized within 30 days**



Janda, N Engl J Med. 2009



**Many hospitalizations can be prevented with adequate support, education and care coordination in the home**

✓ People with multiple chronic medical illnesses report receiving conflicting advice from doctors

✓ More than half of people with serious chronic conditions have 3 or more physicians

✓ Only 1/2 see a doctor or get self care instruction after discharge

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## Warning Signs of Decline



### Mood

sadness, anger, irritability or suspiciousness



### Appearance

dirty or unchanged clothing, body odor



### Ability to Manage

medical care, bill payment, daily life



### Physical Status

weight loss, incontinence, falls



### Social Status

impairment or loss of spouse, conflict with friends or family, isolation



### Health status

new diagnosis, hospital admission, discharge, medication reaction




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## With Increased Disability, People Require Help With Activities



### Activities of Daily Living (ADL) Limitations

- Meal Preparation
- Shopping
- Housework
- Managing Money
- Telephoning
- Transportation
- Managing Medications



### Instrumental Activities of Daily Living (IADL) Limitations

- Bathing
- Dressing
- Eating
- Transferring
- Walking
- Toileting




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## What Are Your Options?



Geriatric Care Managers are experts at helping families navigate the healthcare system



Home with Family Caregivers

Home with Paid Caregivers



Independent Living Facilities

Assisted Living Facilities

Sub-Acute Rehabilitation Facilities



Nursing Homes

Rehabilitation Facilities

Certified Medicare Agencies




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## But There is No Long-Term Care System in the US



**Medicare only pays for acute, episodic, rehabilitative and some preventive care**  
(MD and other skilled provider visits, hospitalizations, testing, procedures)

**Medicare does NOT pay for custodial or long-term care**  
(personal or companion care, care coordination or wellness care)

### Medicaid is based on financial need:

- Will provide home care if deemed clinically "necessary"- no look back
- Will cover nursing home care - 5 year look back
- Will rarely cover assisted living




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 We'll help you get there.

Massachusetts Mutual  
 Life Insurance Company  
 Long Term Care Insurance

CPIC1204-1028

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The information provided is not written or intended as tax or legal advice and may not be relied on for purposes of avoiding any Federal tax penalties. Massachusetts Mutual Life Insurance Company (MassMutual), its employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

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**Maintaining financial security**

- Retire comfortably
- Care for loved ones
- Weather financial storms

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It can happen to anyone...

- An accident
- A sudden illness
- A chronic disease
- Severe cognitive impairment

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Long term care needs may affect the whole family

- Time caring for aging parents
- Disabled spouse or civil union/domestic partner
- Caring for own children and family's needs
- Financial concerns

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Long term care defined:

- Long term care is a variety of services and support to help meet personal care needs over an extended period of time. Long term care may involve non-skilled personal care assistance, such as help performing everyday Activities of Daily Living (ADLs).

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### Activities of Daily Living (ADLs)

- Bathing
- Dressing
- Using the toilet
- Transferring (to or from bed or chair)
- Caring for incontinence
- Eating

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### Maximize independence

- Long term care services may help you maximize your independence and functioning at a time when you are unable to be fully independent.

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### Where do people receive long term care?

- In their homes
- Community-based care
- Adult day care centers
- Assisted living facilities
- Nursing homes

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**Long term care costs:**  
National averages

Nursing home (private room)	Home health aide
\$83,585/year	\$21/hour
\$6,870+/month	
\$229/day	

Source: 2010 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs, October 2010

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**How will you pay for care?**

- Health insurance?
- Disability income insurance?
- Government programs?
- Medicare
- Medicaid

\* For more information regarding benefits provided by Medicare or Medicaid, visit [www.cms.hhs.gov](http://www.cms.hhs.gov). Medicaid guidelines vary by state. Contact your local Medicaid office for details.

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**More considerations:**  
How will you pay for care?

- Savings?
- Liquidate accounts or assets?

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SeniorBridge  
Simplifying Retirement

## How to Maximize Long Term Care Insurance Claim Benefits



**Vivian P. Gallo, CLU, CSA, AEP, CLTC**  
*Long Term Care Planning Specialist  
 Long Term Care Claims Consultant  
 Independent Broker*

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SeniorBridge  
Simplifying Retirement

**Everyone needs to plan for long term care because of the:**

- Emotional and physical consequences of your needing care over a period of years on yourself and those you love
- Consequences an illness will have on your best thought-out retirement plan



**Next 15 Minutes:**  
**What you need to know and do to maximize your long term care claim benefits**

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Simplifying Retirement

### What is Long-Term Care (LTC)?


**Long Term Care (also called extended care)** generally refers to assistance a person with a chronic illness (a medical condition that can be managed but not cured) needs to get through the day.

**A cognitive impairment** is a marked deterioration in your intellect making it difficult if not impossible for you to safely interact with your environment

Both require **"Custodial Care"** such as assistance with personal hygiene, dressing, eating and transferring from one place to another.

**Where is long term care provided?**

- **at home**
- **in an adult day care center**
- **in an assisted living facility**
- **in a nursing home**

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**None of us can predict the future**



But have you thought about the consequences to those you love if you ever did live a long life and needed care over a period of years?



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**Everyone needs a plan!**



Plans have 2 objectives:

1. **To allow you to remain in the community** while preserving the emotional and physical well-being of loved ones
2. **To preserve your retirement plan** so it can execute for the purposes you intended which generally include:
  - a) Generating income to support your lifestyle
  - b) Minimizing taxes
  - c) Insuring the financial viability of your surviving spouse



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**During your working years an Insurance Portfolio is created & funded to provide for your retirement:**



Asset Portfolio & Income	Protection Portfolio
Automobile	→ Auto insurance
Family	→ Life & health insurance
Wealth	→ More life insurance
House	→ Home owner's insurance
Salary	→ Disability income



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**The Question at Retirement Becomes:**



**What is protecting your retirement portfolio which will be generating income?**



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**Case Study**



**Lifestyle**

- Modest credit card debt
- Purchase a car every 5 years
- Belong to a club
- Daughter is in private school
- Son is in college



**Alan & Camille  
Age 43**

**Assets**

- Combined annual income: \$150,000
- Home value: \$600,000.
- Mortgage: \$150,000
- Retirement portfolio: Just under \$500,000



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**Scenario 1**



**Alan dies suddenly of a heart attack**



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What has been allocated from the retirement portfolio and/or equity in the house to pay for the continuing obligations his wife will face?

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**Nothing...**

- Alan purchased life insurance
- Alan didn't think he would die during working years. In fact, statistically he was correct
- He knew, however, that even though the risk might be low, the consequences would be catastrophic to his family
- Alan purchased life insurance for the same reason everyone purchases life insurance... He loved his family

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**Scenario 2**

Camille and Alan make it to 78...



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## Updated Facts About Alan & Camille



### Lifestyle

- Alan is passionate about golf
- Camille rides horses
- Love to travel
- Have a house in Florida
- Helping to pay for 2 grandchildren's education



### Assets

- Home paid off, worth \$1,200,000
- Portfolio Value: \$1,500,000, generates \$75,000
- Income: \$100,000 per year (incl Social Security)



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## Camille is diagnosed with Alzheimer's Disease



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What has been allocated from the retirement portfolio and their income to pay for her care over the next 8 to 10 years?



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SeniorBridge  
Member of SeniorCare Systems

**All of it!**

**Where else can the funds come from?**

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**Are they protected if they need care over a period of years?**

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**Long Term Care Insurance**

Protects the family by:

- Allowing the spouse to maintain that relationship by supervising rather than providing care
- It provides a stream of income which pays for care
- And helps protect your family and retirement portfolio

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## LTCI Planning: What to Consider?



### Your Health History

- LTCI is a health qualifying product
- Insurance companies often use different criteria to determine insurability – not every company may be willing to insure you
- The younger you are when you purchase LTCI, the more likely you are to qualify, and the less it will cost you over your lifetime

### Working with a LTC Planning Specialist

- Familiar with appropriate companies, products and benefits
- Understands each company's underwriting guidelines
- Recommends benefit options suitable for your goals and budget



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## Understand the LTCI "Lingo"



LTCI companies use much of the same terminology, but definitions may be very different, which can result in major financial outlays at the time of claim.

### "Benefit Periods"

used to determine the total amount of long-term care benefits available in your "pool of money"

### "Elimination periods"

Basically deductibles but varying definitions such as Calendar day vs. Fee for service vs. Indemnity have financial impact at time of claim

### "Benefit Triggers"

Criteria required to be eligible to receive benefits



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## Other Benefit Options

*Most companies offer some, but not all of these options*



### Elimination Period Ranges

(e.g., 0, 30, 60, 90, 120, 180 or 365 days)

### Inflation Options:

- 3% or 5% Compound Inflation
- 5% Compound Inflation (2 x maximum)
- 5% Simple Inflation
- GPO – Guaranteed Purchase Option

### Daily vs. Monthly Home Care Benefit Options

### Shared Care Benefits for Couples

- Joint waiver of premium
- Survivor waiver of premium
- Enhanced survivorship benefit



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**So you have a LTCI plan, what's next?**



**Maximize Your Claim Benefits**



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**How the claim process works**



Most long term care claims occur decades after coverage is issued and are navigated by adult children who have little knowledge about:

- What the policy covers, what determines benefit eligibility or what current benefits may be payable
- Agent/broker who sold the policy
- Where the policy is kept

Research On Their Own

Work with a  
LTC Claims Consultant



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**Eligibility Considerations  
(A few examples)**



**Assistance with Activities of Daily Living (ADLs)**

- Number of ADLs with which you need assistance
- Policy definition of "types of assistance"
  - ◆ Hands-on vs. stand-by assistance
- Required medical documentation to establish claim eligibility

**Support for Cognitive Impairments**

- Clinical evidence of impairment
- Policy definition of "impairment"
- Policy definition of "substantial supervision"

**Home Health Care**

- Licensed vs. Unlicensed/through and Agency or independent
- Geriatric Care Managers who can help you understand the care that will be needed



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## How Can a Claims Consultant Help?



- ✓ Determine eligibility requirements and limitations
- ✓ Facilitate the initial claims filing process
- ✓ Help maximize claim benefits
- ✓ Coordinate who provides care needed with family
- ✓ Reduce family stress and chaos

Once the claim is filed and approved, and a new routine is put in place, life returns to a different but calmer norm.



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## Summary



Providing for the long term care needs of a loved one, is best managed as a team effort

Geriatric Care  
Manager

Financial  
Planner

Claims  
Consultant



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## Thank you



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