

LIVING LONGER LIVING BETTER

*Insuring a Longer, Stronger,
Healthier, Wealthier Life Span*

*Compliments of
Steven M. Cain and the
Long-Term Care Solutions Network
Marsh Affinity Group Services
a service of Seabury & Smith, Inc.*

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INTRODUCTION

You may have heard about the Supreme Court's ruling on company retirement benefits. This ruling gives employers the green light to reduce—or even eliminate—the pension plan of retired workers. Even if you're not on a company plan, you face a very real threat:

What if you suddenly need cash to cover a big health bill? It's now likely.

At retirement age, you face a 70 percent probability of needing Long-Term Care and a 40 percent probability of entering a nursing home. These are not wild projections. They come from the nonprofit American Society on Aging and the Health Insurance Association of America.¹ The hard fact is:

We're living longer than ever . . . facing potentially massive healthcare bills in years ahead . . . bills that our regular medical insurance will not cover . . . that Medicare won't cover . . . even as inflation drives up the cost.

Suddenly, staying healthy and knowing your options . . . matters!

So we have joined with Marsh Affinity Group Services to produce this special briefing for you. Consider this briefing a tool to help you:

1. Assess the financial threat you face.
2. Calmly review your options.
3. Make the best decision for you and your family.

As you read along, if you have any questions, don't hesitate to give us a call. See how our Long-Term Care Solutions Network can work for you.

CALL 1-800-358-3795.

You have our full support and best wishes.

Marsh Affinity Group Services

I. HEALTH OPTIONS

With so much conflicting advice, how do you lead a *simply healthy* lifestyle?

Thanks to improved preventive care, technological advances in treating heart diseases and cancer, and better medical care, Americans are living longer and healthier lives than ever before. Our average life expectancy is now 78, and millions of us are living years longer.²

This means we'll have more time to enjoy the good life: traveling, golfing, visiting family and everything else we've looked forward to. But as we also enjoy a longer life, we must realize that the older we get, the more likely we are to develop a chronic condition. In fact, 80 percent of older Americans are living with at least one chronic condition, and 50 percent have at least two chronic conditions that impact quality of life.³

Understanding the Chronic Conditions

Heart disease, stroke, hypertension and other circulatory diseases

These are the leading cause of death and disability in older Americans. Risk of heart disease and stroke are higher in men than women, while the risk of hypertension and other circulatory diseases are higher in women. Overall, nearly one in three of us will develop a circulatory disease limiting our lifestyle.⁴ The American Heart Association says the six key warning signs of heart disease are:

- Tightness, pressure or pain in the chest, throat, upper abdomen or arms (angina)
- Shortness of breath
- Swelling of ankles, usually at the end of the day (edema)
- Forceful, rapid or irregular heartbeat
- Fatigue
- Fainting

And five key warning signs of stroke:

- Sudden numbness or weakness in the face, arm or leg (especially on one side)
- Confusion, trouble speaking or understanding
- Blurred vision or trouble seeing in one or both eyes
- Dizziness or loss of balance and coordination
- Sudden severe headache with no known cause

Cancer

Cancer is a leading cause of death, disability and impairment, especially among men. According to the American Cancer Society, men have a little less than a one-in-two lifetime risk and women have a little more than one-in-three risk.⁵ The American Cancer Society recommends that you see your doctor if you notice any of these warning signs:

- Change in bowel or bladder habits
- A sore that does not heal
- Unusual bleeding or discharge
- A lump in the breast or other part of body
- Chronic indigestion or difficulty swallowing
- Obvious change in wart or mole
- Persistent coughing or hoarseness

Diabetes

Diabetes can limit the ability to perform activities. Risk of diabetes in general is declining but is slightly more common in men than women. According to the American Diabetes Association, nearly 21 percent of Americans age 60 and older have diabetes.⁶ The American Diabetes Association says these are the warning signs to watch for:

- Frequent urination
- Excessive thirst
- Extreme hunger
- Unusual weight loss
- Increased fatigue
- Irritability
- Blurry vision

Arthritis

Arthritis is a leading cause of disability because it affects the joints, surrounding tissues and other connective tissues. It is more common among women, and nearly 50 percent of Americans age 65 and older show x-ray evidence of arthritis in one joint.⁷

Common warning signs of arthritis include:

- Pain in joints that is ongoing or intermittent
- Joints may feel stiff or hard to move
- Skin over joints appears swollen, red or hot to the touch
- Fatigue

Osteoporosis

Osteoporosis has become a common ailment among older people. Hip fractures are a common result of osteoporosis and can be disabling. According to the National Osteoporosis Foundation, one in two women and one in four men older than age 50 will have an osteoporosis-related fracture in her/his remaining lifetime.⁸

People may not know they have osteoporosis until their bones become so weak that a sudden strain, bump or fall causes a fracture or a vertebra to collapse. Collapsed vertebrae may initially be felt or seen in the form of severe back pain or loss of height.

Alzheimer's Disease

Alzheimer's is a growing concern because of the terrible way it robs our ability to perform daily activities. According to the Alzheimer's Foundation of America, an estimated one in eight persons aged 65 and older are affected.⁹ The Alzheimer's Association says there are 10 early warning signs:

- Memory loss
- Problems with abstract thinking
- Difficulty doing familiar tasks
- Misplacing things
- Problems with talking or writing
- Changes in mood or behavior
- Confusion about time and place
- Changes in personality
- Loss of judgment
- Loss of motivation

Simple Ways To Safeguard

There are simple steps you can take to increase the probability that you, or loved ones, will not face these six debilitating conditions. There are no "silver bullets" yet; genetics and lifestyle still play the largest role in determining the health we'll have. But we can impact that health *positively* in five specific ways:

Exercise your mind.

When you exercise your mind, you can help keep memory loss, Alzheimer's and dementia away. An active brain produces new connections between nerve cells that help them to communicate with each other. This helps your brain easily remember more information, regardless of your age.

There are several ways to keep your mind sharp:

- Learn a new musical instrument, foreign language or computer skill.
- Play games like Scrabble, crosswords, sudoku and chess.
- Socialize with others.
- Start a new hobby such as painting, birdwatching or knitting.
- Volunteer at libraries, hospitals and other places with social interaction.
- Stay informed about what's going on in the world around you.

Exercise your body.

Regular exercise reduces the risk for heart attack, cancer, diabetes and high blood pressure and may reduce the risk for stroke. It also helps to:

- Control weight
- Strengthen bones, muscles and joints
- Reduce falls among older adults
- Relieve the pain of arthritis
- Reduce symptoms of anxiety and depression

Physical activity does not need to be strenuous. We can all benefit from moderate physical activity, such as 30 minutes of brisk walking several days a week.

If you have a chronic disease or injury, you may think your exercise must be limited. However, with the right doctor-supervised exercise program, activity has been found to help control chronic disease and provide a better quality of life.

Feed your body.

People who are obese are at increased risk for heart disease, high blood pressure, diabetes, arthritis-related disabilities and some cancers. A healthy diet should balance calorie intake with calorie needs. Government guidelines for healthy eating include:¹⁰

- Eat two cups of fruit and 2½ cups of vegetables per day for a 2,000-calorie intake, with higher or lower amounts depending on calorie level.
- Select from all five vegetable subgroups (dark green, orange, legumes, starchy vegetables, and other vegetables) several times a week.
- Consume three or more ounce equivalents of whole-grain products per day.
- Consume three cups per day of fat-free or low-fat milk products.
- Consume Vitamin B12 in its crystalline form (fortified foods or supplements) so it's more easily absorbed.

In addition, the American Heart Association says omega-3 fatty acids benefit both healthy people and those at high risk of, or who have, cardiovascular disease. They recommend eating fish at least two times a week. Mackerel, lake trout, herring, sardines, albacore tuna and salmon are high in two kinds of omega-3 fatty acids—ideal for a healthy heart.

Don't pollute your body.

Tobacco use is the leading cause of preventable death and is a high risk factor for developing cancer, cardiovascular disease and diseases of the lung. According to the Centers for Disease Control, after a person smokes that last cigarette the body begins a series of changes that continue for years:¹¹

- Twenty minutes after quitting, heart rate drops.
- Twelve hours after quitting, carbon monoxide level in blood drops to normal.
- Two weeks to three months after quitting, heart attack risk begins to drop and lung function begins to improve.
- One to nine months after quitting, coughing and shortness of breath decrease.
- One year after quitting, added risk of coronary heart disease is half that of a smoker's.
- Five years after quitting, stroke risk is reduced to that of a nonsmoker's.
- Ten years after quitting, lung cancer death rate is about half that of a smoker's and risk of cancers of the mouth, throat, esophagus, bladder, kidney and pancreas decreases.
- Fifteen years after quitting, risk of coronary heart disease is back to that of a nonsmoker's.

Get regular wellness exams and screenings.

Many chronic diseases can be treated if they are detected in time, but only one-third of older adults are getting all recommended screening measures.¹² It's important to be aware of routine screenings that can help prevent chronic diseases and ailments. Below are some helpful recommendations¹³—*although always consult your physician.*

Prevention of	Tests	Recommendation
Colon Cancer	Fecal Occult Blood	Annually for both men and women
	Sigmoidoscopy	Every 3 to 5 years (or colonoscopy or barium enema every 5 to 10 years) for both men and women
Breast Cancer	Mammogram	Women should have one every 1 to 2 years through age 69; every 1 to 3 years age 70 and older
	Clinical Breast Exam	Annually for women
Cervical/Uterine Cancers	PAP Test	Women should have one every 2 to 3 years after 3 negative annual exams; can decrease or discontinue after age 69
Prostate Cancer	Digital Rectal Exam and PSA Serum Level	Annually for males with a life expectancy of 10+ years
Other cancers: Skin, mouth, thyroid, testicles, ovaries and nodes	Varies	Annually for both men and women
Hypertension	Blood Pressure	Every medical exam; at least 1-2 years
Diabetes	Glucose	Annually starting at age 65
Obesity/Malnutrition	Height and Weight	Annually for both men and women
Osteoporosis	Bone Density Measurement	Once after age 65 for women
Vision Loss	Vision Screening	Annually starting at age 65 for both men and women
Hearing Loss	Hearing Assessment	Annually starting at age 65
Influenza	Influenza Vaccine	Annually starting at age 65
Pneumonia	Pneumococcal Vaccine	Once at age 65 or older (booster shot every 10 years)
Tetanus, Diphtheria	Tetanus-Diphtheria Booster	Every 10 years

Knowing the health challenges you face in the future is the first step. Taking action to forestall or even prevent chronic illnesses is the next step. Doing so will help ensure that your golden years will be quality years for you. But should something happen to you or to a loved one, you will need to take another step. That's our next focus.

II. CARE OPTIONS

If you need care, what will suit you best— home care, assisted living or nursing home?

We begin this section with a simple but important question: What will you value most in the years ahead?

- Preserving control of your life?
- Not burdening your children?
- Freedom of choice?
- Financial security in retirement?

Surely you've spent some time thinking about these values, and it would be good to revisit them and drill down some more. Your values will drive your decisions on the important questions ahead.

Should the time come that you, or loved ones, are no longer able to carry out the activities of daily living, you have three real options. Just make sure those options remain open to you. That requires planning now. This story shows why:

Like most couples, we hadn't done much in the way of financial planning. But a sudden accident hit us and now we needed a nursing home, because my wife needed help I couldn't provide.

I had no idea how expensive it was to pay out of pocket.

I had no idea our major medical insurance wouldn't pay.

And now that my wife had a preexisting condition, she couldn't qualify for the Long-Term Care insurance she needed. So there I was, stuck with monster bills to pay, and our retirement nest egg slipping away.

It is common to “put off” thinking about the physical challenges we're likely to face in our later years. It is simply not the most inviting subject. Many of us would rather file it away for another day than deal with it head-on. But you have this briefing in hand. That means you are aware of the *decisions and costs* you could be facing:

Home care—\$10,000 to \$50,000 a year

Assisted living—\$25,000 to \$45,000 a year

Nursing home—\$60,000 to \$120,000 a year

And with inflation, these costs will probably be much higher when you face them. So let's look at the options that will be available to you.

Staying In Your Home

For many people, the desire is strongest to remain in their home and bring the caregiving to them, rather than the other way around. This can usually work, unless you require medical equipment that cannot be reasonably provided in your home.

If the home option appeals to you, begin looking at your home with a longer-term perspective, making sure it meets your needs not only now, but also in the future.

You can also retain an “aging-in-place” specialist who has been trained in the design and construction of barrier-free homes.

Design and construction considerations:¹⁴

Bathroom

Will it be safe when your needs change?

- Does the door open out? Can it be unlocked from the outside?
- Is the toilet 17 inches from the floor, with 42 inches of floor space all around?
- Does the tub have a flat seat on the side, or is the shower a walk-in? Do both have grab bars firmly in place?
- Is the sink 34 inches from the floor, with knee space beneath? Is there one handle to control hot and cold water? Is the medicine cabinet right at hand?
- Is there a phone that can be reached handily?

Doors, Floors, Hallways

Can you get out of a car and into any room in your home without running into anything?

- Is there a 36-inch wide, not too steep, smooth and well-lit path from the curb to your house?
- Can any steps be replaced with a ramp that has a 60-inch landing on each end, level side-to-side, and 18-inch high guardrails?
- Is there is a handrail on the front steps?
- Do all the floors have nonslip surfaces?

Are the washer and dryer on the same floor as your bedroom?

- Are all doorways at least 32 inches wide, with thresholds that are flush with the floor?
- Does the front door have a keyless locking system? Is the front door area well lit, so you can see visitors before you open the door?
- If you have a garage door opener, does it have rolling code technology?
- Are the stair treads 11–12 inches deep, and about 36 inches wide?
- Do stairways and steps have a handrail about 34 inches from the floor, and able to support 250 pounds?

Safety & Lighting

Is your home well lit and safe?

- Is the closet clothing rod about 36 inches above the floor, and are the drawers and shelves full-extension?

- Are electric outlets about 27 inches from the floor?
- Are all appliances located within 6 inches of an outlet?
- Are you using the highest wattage incandescent bulbs allowed for each light fixture? Are there nightlights in parts of your house where you go after dark, and outside lights that turn on automatically?
- Do you have a smoke detector on each floor of your home—one that runs on battery, one on electric current?

Kitchen

Will you be able to use your kitchen safely as you get older?

- Are the countertops no more than 36 inches from the floor, with knee space underneath?
- Do the appliances have touchpad controls?
- Is the sink no more than 6½ inches deep, and can you control hot and cold water with a one-lever handle?
- Do you have a side-by-side refrigerator, with shelves that slide in and out?
- Are your cabinets no higher than 48 inches from the floor?
- Can you replace your cooking range with a separate cooktop and oven that sits on a counter 32 inches from the floor, with knee space below?

Who provides home health care?

Home health care is provided by home health agencies, hospices and independent providers. The term “home health agency” often means that a provider has been Medicare certified; it has met federal minimum requirements, and Medicare and/or Medicaid will pay for covered services.

People who need skilled nursing services usually receive care from a home health agency. Skilled nursing includes wound care, giving injections and other care that cannot be performed by a nonmedical person.

Home health agencies can also coordinate a “team of caregivers” to provide services. They hire and supervise the workers who come into your home, taking full responsibility for care.

If you need help full-time in your home, or at the home of a loved one, there are two types of agencies to consider:

1. **Homemaker services**—to help with household duties and nonmedical tasks such as preparing meals, bathing, dressing, getting around. In some states, these are licensed providers.
2. **Health and medical care**—including nurses, home health aides and physical therapists. These agencies are licensed at the state and federal levels, and are often Medicare/Medicaid certified. The agencies can get paid by these programs for providing home health services.

If you are considering hiring an agency, begin by identifying what types of services you need. A doctor or hospital discharge planner can help you.

Contact the home health agencies in your area. Ask some initial questions about their services, costs and certification. Then if you are pleased at this initial screening step, set up an appointment to ask additional questions. Some suggestions:

- Is the agency licensed by the state?
- What is the cost of services? How does the agency bill for costs?
- What services does the agency provide?
- Are services available 24/7?
- Are staff members bonded through the agency?
- What is the procedure if a staff person does not report to work?
- Can a different staff person be requested if you are displeased?
- Does the agency have references you can call?
- Is the agency inspected by a third party? Can you review the reports?
- Is there a written care plan, and can family members contribute to it?

Paying for in-home care

There are three ways to pay for in-home care services:

1. Out of your own pocket
2. Through Medicare/Medicaid
3. Through long-term care insurance

Choosing Assisted Living

Assisted living facilities provide a housing option with the level of assistance we need as we age. The idea is to retain as much independence as possible. Perhaps we only need help with the shopping. Or we don't want to cook anymore. Or perhaps we want help with all of our daily activities from eating and dressing to housekeeping. But if intensive medical or nursing care becomes necessary, assisted living facilities will no longer suffice.

Services vary greatly among facilities, but you usually get three meals a day, housekeeping, transportation, laundry, help with dressing and grooming, and some assistance with medications. Meals are often served in a restaurant-like setting, often with menus and salad bars.

If chosen carefully, an assisted living facility—whether it's a single apartment, a campus of townhomes, or a high-rise—can feel just like home. Think of it as a halfway point between home and a nursing facility.

Pre-visit due diligence

Here are some key questions to ask:

- How many living units are in the facility?
- What activities are available for various levels of physical capability?
- How does the facility bill for services (many advertise a base unit price and then charge dearly for separate bedrooms or a full kitchen)?
- How does the facility protect its residents' privacy and independence?
- What rights do residents have?

Visiting the facility

If your initial questions are satisfied, and you wish to follow up with a visit, then be prepared with a second list of questions for on-site:

- What is the quality level of the staffing?
- What different sizes and types of units are available?
- Is the facility clean, attractive to your tastes, and well lit?
- Is the floor plan logical and easy to follow?
- Are rooms large enough for a resident's needs?
- Are the rooms as private as you would like?
- How frequently are meal services provided?
- If you want a kitchen or kitchenette, are they to your liking?
- Does the facility offer special care units (i.e., for Alzheimer's)?
- Are additional services available at the site if your needs change?
- Can you choose your own doctors, therapists and pharmacies?
- Is there a written care plan for each patient, and can you contribute to developing that care plan?
- Under what conditions would a resident be required to leave?
- Do rooms have handrails, call buttons, safety locks, security and fire safety systems, and other safety measures in place?
- Is there an emergency generator or alternate power source?

Legal questions

If you are interested in the facility, get a copy of the contract and review with your attorney the key provisions and the impact this contract could have on your life in the years to come. Key items to review:

- Admission fees
- Monthly rent
- Security deposit
- Refund policy on deposits
- Utilities included
- Additional fees for services

Services vary greatly from place to place; it's important to ask questions.

Finding The Right Nursing Home

The selection of a nursing home for a loved family member is one of the most sensitive, uncomfortable and difficult decisions of life. It is quite common to go into denial, and refuse to talk about it, even putting off a decision until events force themselves upon us. One must be courageous and brave throughout this process.

Early-stage preparation

As early as possible in the decision-making process, begin talking about what it will be like living in a nursing home. Talk with other family members. Talk with trusted doctors, nurses and healthcare professionals. Talk with nursing home employees. Talk with your clergy.

The federal government sponsors a national database of nursing homes to help in your evaluation. Visit: [www.medicare.gov/Compare Nursing Homes In Your Area](http://www.medicare.gov/CompareNursingHomesInYourArea).

Plan to visit at least three nursing homes so you begin to see the differences and can make thoughtful comparisons. Talk to staff, residents, and other families. Taste the food and observe the activities. If a home interests you, be sure to return "unscheduled" at an odd hour so you see how the home runs normally.

Visiting the Home

Here are some questions to ask to help choose the right nursing home:

- Is the home clean, safe, well lighted?
- Do the hallways have handrails?
- Do rooms and bathrooms have grab bars and call buttons?
- Are there safety locks on doors and windows?
- Are there security and fire safety systems?

- What is the resident-to-staff ratio, especially the nurses?
- Do staff interact well with residents and treat them with respect?
- Are the residents allowed to make choices about daily routine?
- Can residents keep personal articles in their rooms?
- Are the current residents clean and well groomed?
- Are residents participating in activities and exercise?
- Does the staff respond quickly to calls for help?
- Does the food look and smell good, and are choices offered?
- Is physical therapy available to residents who need it?
- Does the staff have special training to deal with dementia?
- Are there special units for needs such as Alzheimer's?
- Is the home located where family and friends can visit?
- Does the facility meet cultural, religious or language needs?
- Are there outdoor areas for residents to spend time?
- Is the home Medicare certified?
- Has the home ever had its license revoked?
- Will there be a waiting period for admission?
- Are thorough background checks conducted on staffers?
- Will the home drive residents to visit their doctor?
- Can you attend care-planning meetings at convenient hours?
- What is the facility visiting policy?
- What is the facility discharge policy?

Cost of a nursing home

Nursing homes are expensive—from \$40,000 to \$120,000 a year depending on the facility and location. Paying for it is a challenge.

One way to pay is out of your pocket. About one-third of nursing home residents pay all of their nursing home costs themselves. But extended nursing home care can eat up a life's savings quickly. Many people run out of money before they run out of health.

Increasing numbers of people are seeing that the only way to afford nursing homes with our longer lives is to acquire Long-Term Care Insurance. Read on.

III. INSURANCE OPTIONS

Is Long-Term Care insurance your best option?

Living longer affords us more years to enjoy our lives and accomplishments. But the flip side of that is: more risk of serious health problems. Those problems could quite literally cost all of our remaining life's savings. A Long-Term Care insurance policy helps you pay for these services and keep control over your life.

Ordinary health insurance won't cover.

Many people are surprised to learn that their standard major medical insurance policy *does not* cover Long-Term Care needs.

Medicaid won't cover until you're destitute.

People are also under the impression that Medicaid will pay for Long-Term Care costs. Medicaid *does not* pay for long-term care *unless* you've already spent through all of your savings. And then when Medicare does pay, it is only for a limited time period.

Medicaid is welfare. It is not intended for the average working American, but instead is for the poor and destitute. The following is a story of a couple¹⁵ that was forced into the Medicare trap, against their wishes:

Jim and Sheila Harris were a typical upper-middle class couple. Their house was worth \$400,000. They had two cars, a fishing boat, and \$250,000 in 401K retirement accounts. But they did not have Long-Term Care insurance in place when Jim suffered a stroke that left him unable to work, and requiring care.

Without insurance, they had to pay for Jim's care out of savings. The skilled nursing care that he needed cost \$70,000 per year . . . which meant that their savings were exhausted in just three-and-a-half years. And Sheila was left with nothing but their property.

By selling off the second car and the boat, Jim was then eligible to apply for Medicaid. (Medicaid lets you keep your house, your car, and a few other noncash assets.) When Jim accepted Medicaid, a lien was placed on the house for collection at a future date.

Jim became a ward of the state, consigned to a low-quality nursing home far away. Sheila had to take a part-time job to pay her everyday expenses.

This is a terrible story, but one to learn from. You may now be in a position similar to Jim and Sheila before Jim's stroke: Everything is fine now. But what will the future bring? And how should you prepare?

You have two options when faced with the prospect of paying hundreds of thousands of dollars in annual costs: Pay out of pocket or acquire Long-Term Care insurance.

If you have upwards of \$500,000 in retirement savings and no concerns about leaving an inheritance to children, you may wish to pay for possible expenses out of pocket. But for most of us, Long-Term Care insurance is the only way to protect against the financial, physical and emotional misery of extended long-term needs.

Where may care occur?

Good policies pay for care in your own home, in an assisted living facility, or in a nursing home—your choice. Benefits are paid in daily amounts, with a lifetime maximum. Some policies pay half as much per day for in-home care as for nursing home care. Others pay the same amount, or have a “pool of benefits” that can be used as needed.

When is the right time to buy a policy?

Traditionally, people didn’t think about long-term care until their 70s or 80s, when their health began to fail. But then something happened:

A lot of people started living into their 70s and 80s—millions more than ever before—and they found their health fast slipping away in those later years. They couldn’t qualify for the very insurance they suddenly needed. Or if they could qualify, the premiums were unaffordably high.

So they learned that the best time to buy long-term care insurance is in your 40s and 50s. This is the time when we have the highest likelihood of being eligible for a policy and, just as important, when monthly premiums are much lower.

ELIGIBILITY—Once our health declines, we may become *ineligible* for Long-Term Care insurance. In some cases, we may develop a condition that some insurers classify as a “preexisting condition” and for which they may deny coverage. In many cases, that is the very condition (for example, ongoing early memory loss) that may later necessitate Long-Term Care. Therefore, it is smart to buy Long-Term Care insurance while we are relatively healthy, and before we have the bad luck to experience a disabling accident.

COST—The younger the applicant, the lower the premium for a given set of benefits. Once the premium is set, it remains locked-in for the life of the policy.

The National Association of Insurance Commissioners recommends that you keep the premium for your long-term care insurance policy to 7 percent of your income at the most. Of course, you should adjust this calculation to your expected income in retirement, since that’s the income from which you’ll be paying premiums.

Another factor to consider is the unexpected: What if Long-Term Care is needed earlier in life? It may surprise you to learn that more than 13 million Americans, or 40 percent of the people now receiving Long-Term Care, are ages 18 to 64. They are victims of accidents, strokes or major illnesses such as multiple sclerosis.¹⁶

“People need to prepare before it’s too late.”

- American Society on Aging

Key policy issues to consider:

You can select from a wide range of features and benefits to create the Long-Term Care insurance policy that anticipates your future needs as best as possible.

Policy Coverage

You can choose to cover only one type of care, or you can opt for coverage that allows a choice of home care, assisted living or nursing home. You can also set up your policy to have a family member or friend care for you in your home.

The policy should state which medical conditions must be met for the coverage to begin. Generally, coverage begins when your doctor confirms you are unable to perform two or three of the basic activities of daily living without help. These activities include bathing, dressing, eating, toileting or moving about.

Most policies cover stroke, Alzheimer's and Parkinson's, but other forms of mental incapacity, such as dementia, may be excluded. If you have a family history of a certain illness, be sure the policy includes that illness.

Benefit Period

You can choose any length period benefit—typical periods range from two years to lifetime. You can keep premiums down by electing coverage for three to four years—longer than the average nursing home stay.

You also determine what dollar amount is paid by the insurance company for each day you are covered. If the daily cost of care exceeds this benefit cap, you will have to pay the remainder out of pocket.

Waiting Period

Most policies have a “waiting period” that begins when you first need long-term care. During this period, the policy does not pay benefits. If you recover and your health stabilizes before the end of this period, the policy does not pay for any expenses incurred. This period could last anywhere from 0 to 100 days. The longer the waiting period, the lower your premiums.

Indemnity vs. Reimbursement

You can elect to obtain either an indemnity policy or a reimbursement policy depending on which you prefer:

INDEMNITY—If you have a \$150 per day benefit, the policy pays \$150 per day as long as you need and are receiving Long-Term Care services, regardless of the actual outlay.

REIMBURSEMENT—If you have a \$150 per day benefit but spend only \$130 per day, the policy will pay \$130. The remaining \$20 goes into a pool of unused funds that can be used to extend the length of the policy.

Inflation Protection

Healthcare costs are rising faster than inflation, and the care you may need in a couple of years will probably be much more expensive. So it is generally wise to include “inflation protection” in your policy. Without this protection, even 3 percent annual inflation will in 24 years reduce the purchasing power of a \$150 daily benefit to just \$75. There are two main approaches to inflation protection: the right to add coverage at a later date; and automatic increases in coverage pegged to the CPI.

Nonforfeiture Benefit

You can elect the nonforfeiture benefit and your policy will continue to pay for your care even if you stop paying premiums. However, this policy feature greatly increases the cost of insurance.

Additionally, make sure your Long-Term Care policy:

- Clearly explains when you will be eligible for coverage, and how eligibility will be determined.
- Does not require a hospital stay before commencing benefits.
- Will be renewed for as long as you pay the premiums.
- Allows you to stop paying premiums if/when you begin receiving benefits.
- Has only one deductible for the life of the policy.
- Allows the right to cancel the policy for any reason within 30 days of purchase and receive a refund.

The value of a using a “Solutions Network”

There are clearly many issues to consider in Long-Term Care—many are complex on their own, and are made even more so by the fact that we are planning for our own demise, or the demise of a loved one. In this situation, we must try to make decisions calmly, slowly, without pressure.

Indeed, the very idea of speaking to a commissioned insurance agent about Long-Term Care is off-putting to many. And as a result, rather than deal with this important financial matter, we delay and delay until it’s too late and we cannot get the insurance we now desperately need. It is for these reasons that Marsh Affinity Group Services offers a Long-Term Care Solutions Network.

This Long-Term Care Solutions Network is a service to help you:

1. Sort through the options
2. Become familiar with the terminology
3. Make the decision that is in your best interests

It is our hope that we can help you on each of these levels. Providing you with this initial briefing is the first step in this service. You now have a working understanding of the issues and challenges of Long-Term Care. You are now in the position to speak with one of the licensed insurance professionals in our Long-Term Care Solutions Network.

Using our network, you can avoid the high-pressure salesmen and instead get a “buying service” that helps you obtain the best coverage at competitive rates from a trusted source.

Summary of key points of this briefing:

- ❑ We are living longer than ever before, and we face a 70 percent probability of needing Long-Term Care in our lifetime. Indeed, Long-Term Care insurance is becoming the *first* insurance we should have.
- ❑ This is an insurance to acquire in our 40s and 50s because it becomes very expensive if we wait until our 60s and 70s. And if we become impaired before acquiring the policy, we may be denied coverage for a preexisting condition.
- ❑ The cost of a policy is small compared to the probable payout—think of it as less than 1 percent of assets to protect the other 99 percent of assets.
- ❑ We can choose the level of Long-Term Care insurance that best suits our needs and desires—these policies are very customizable.

You now have an opportunity to put the Long-Term Care Solutions Network to work on your behalf, to help make the very best decision. Take this opportunity to contact us today, and take care of this vital matter.

**CALL the Long-Term Care Solutions Network
1-800-358-3795**

IV. INFORMATION OPTIONS

To learn more about Long-Term Care Insurance:

Long-Term Care Solutions Network	1-800-358-3795
American Health Care Association	www.ahca.org
LongTermCareLiving.com	www.longtermcareliving.com
National Center for Assisted Living	www.ncal.org
Area Agencies on Aging	www.n4a.org
Eldercare Locator	www.eldercare.gov
National Association of Professional Geriatric Care Managers	www.caremanager.org

SOURCES

- 1 National Clearinghouse for Long-Term Care Information, March 14, 2008; Study by the U.S. Department of Health and Human Services, April 10, 2007
- 2 2005, U.S. Census Bureau, Current Population Reports, p. 23–209; NCHS National Center for Health Statistics, September 12, 2007
- 3 Centers for Disease Control and the Merck Company Foundation, as reported in WebMD Health News, March 8, 2007
- 4 Heart Disease and Stroke Statistics—2007 Update: A Report From the American Heart Association Statistics Committee and Stroke Statistics Subcommittee, Rosamond et al, 115 (5), www.americanheart.org
- 5 American Cancer Society, Cancer Facts & Figures, 2007. www.cancer.org
- 6 National Osteoporosis Foundation, Fast Facts on Osteoporosis, www.nof.org/. Viewed 2/6/08. Alzheimer’s Foundation of America, Statistics, www.alzfdn.org
- 7 National Arthritis Data Workgroup, as reported in Senior Journal, March 4, 2008
- 8 National Osteoporosis Foundation, Fast Facts on Osteoporosis, www.nof.org
- 9 Alzheimer’s Foundation of America, Statistics, www.alzfdn.org
- 10 Dietary Guidelines for Americans 2005, U.S. Department of Health and Human Services and U.S. Department of Agriculture, www.health.gov; USDA Food Guide updated to reflect 2006 DASH Eating Plan
- 11 Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office of Smoking and Health, “Within 20 minutes of Quitting,” www.cdc.gov
- 12 American Public Health Association, September 18, 2007
- 13 Senior Care: Recommended Screenings for Older Adults, www.uspharmacist.com
- 14 Adapted from websites with aging-in-place specialist information, including www.nahb.org, www.housingzone.com and www.aarp.com
- 15 Jim and Sheila Harris’s story is a composite to demonstrate the terrible decision most of us will have to make.
- 16 Eileen Tell, Sr. Vice President, Long-Term Care Group, Inc., May 16, 2007

