

Long-Term Care Script

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Welcome, everyone! Thanks for attending this chapter [Summit Chapter] Educational Event.

For those of you who aren't currently members of Modern Woodmen of America, we're glad you're here. Educational programs are just one of the many ways Modern Woodmen gives back to the community. Please see me after this program if you'd like to learn about our many other member benefits. I'd be glad to give you some information.

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A 2010 survey done for Home Instead Senior Care revealed the top five fears of those 65 and older:

5. Death of a spouse or family member.
4. Not being able to live at home.
3. Running out of money.
2. Declining health.
1. Loss of independence.

Ninety percent of those surveyed feared losing their independence. [Today/Tonight] we'll raise the uncomfortable subject of long-term care. We'll discuss what it is, what options are available and how to pay for it.

Source: Wieberg, Dan. "Senior Fear Factors: What Aging Americans Fear Most." PRWeb, 3/24/10.

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As we begin this discussion, here are some statistics to think about:

- 70 percent of people over age 65 will need long-term care at some point, for an average of three years.
- 35 percent of those over age 65 will require nursing home care.
- Long-term care is not just for the elderly. Nearly 40 percent of long-term care patients are younger than age 64.

You may need to consider long-term care if you:

- Come from a long-lived family. The longer you expect to live, the more you may need long-term care.
- Have a family history of Alzheimer's, heart disease, cancer, stroke and other diseases.
- Live alone.
- Are a woman. As you may know, women usually live longer than men.
- Have unhealthy eating and exercise habits. Poor nutrition and lack of exercise now may lead to compromised health later, increasing your risk of needing long-term care.

Sources:

- "How Much Care Will You Need?" LongTermCare.gov
- "Selected Long-Term Care Statistics." Family Caregiver Alliance, National Center on Caregiving, 1/31/15.

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There are three categories of long-term care:

- Skilled care.
- Intermediate care.
- Custodial care.

Let's take a closer look at each of these.

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Skilled care helps a patient recover from an illness or injury and is:

- Ordered by a doctor.
- Performed by nurses, physical therapists and other licensed professionals.
- Medically necessary care, like injections and wound treatment.

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Intermediate care also treats those recovering from an illness or injury, but isn't provided on a daily basis. It's:

- Ordered by a doctor.
- Performed by nurses, therapists and nurse's aides.
- For those who are medically stable but not physically and/or mentally independent.

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Custodial care provides help with daily living activities. By enlisting this type of help, people may be able to remain in their homes as long as possible. Custodial care is also provided through assisting living or nursing facilities. It includes:

- Help with activities like bathing, eating and dressing.
- Companion and homemaker services.

Custodial care is not covered by Medicare but is covered by long-term care insurance.

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Long-term care covers:

- Home health care, which includes help with dressing, eating, bathing, etc., as well as shopping, housekeeping and preparing meals.
- Respite care, which provides relief to caregivers.
- Hospice care for those who are terminally ill and have less than six months to live. This care includes medical support, counseling and homemaker services.
- Adult day care, which provides opportunities for interaction, meals, exercise and entertainment.
- Nursing home care, which provides 24-hour-a-day skilled medical care by licensed professionals.
- Care in assisted living facilities that offer assistance with daily living needs.
- Care management, which evaluates a person's needs and monitors services that are provided.

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Payment for long-term care can be made through:

- Personal resources.
- Medicare.
- Medicaid.
- Long-term care insurance.

Let's take a closer look at each of these.

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As you think about your personal resources, consider that:

- The current national median for one year of nursing home care is \$91,250 for a private room. This figure is rising steadily each year.
- The average nursing home stay is about 2 1/2 years.
- An average nursing home resident's stay costs approximately \$167,000, depending on the state.
- The average cost of in-home care from a licensed home health aide today is about \$20/hour, or more than \$450 a day.

Sources:

- Keim-Morrison, Amanda. "Number of the day: Median nursing home bill runs \$91,250. United Health Care, 4/11/15.
- "How to Pay For Nursing Home Costs." *U.S. News & World Report*, 2/26/13.
- "Costs of Care." LongTermCare.gov.
- Absher, Clare. "What Does Home Care Really Cost in Comparison to Assisted Living?" CarePathways.com.

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To pay for long-term care, you can use cash reserves, as well as reverse mortgages, life insurance and annuities.

A reverse mortgage is a loan made using a house as collateral. Loan interest accrues over time, but the loan does not need to be paid back until the house is sold or the homeowner moves out. But a reverse mortgage only provides a portion of the home's assessed value. And it incurs high fees and interest.

Hybrid life insurance policies contain riders that allow long-term care expenses to be deducted from the death benefit.

Longevity insurance is a type of deferred annuity. Payouts usually begin at age 85 and can be used toward long-term care. But if you don't live to the payout period, your heirs get nothing. And inflation can erode the payout.

Combo policies are deferred annuities that allow tax-free withdrawals for long-term care. Any funds remaining after death are distributed to your heirs.

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After a three-day hospital stay, Medicare only fully covers the first 20 days of skilled nursing home care. A portion of the cost is covered up to Day 100. Coverage may end if professionals determine the patient isn't improving.

Medicare provides home health care only in cases of illness or injury.

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Medicaid is jointly funded by the federal and state governments and administered by states. It's only available to those in financial need.

- Before Medicaid can begin, individuals must "spend down" assets and income to just \$3,000.
- After death, Medicaid can make a claim against an estate to recover costs.
- Medicaid coverage differs by state.

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Before you purchase long-term care insurance, consider that:

- The older you are when you apply, the higher your premiums will be.
- People in good health pay less for long-term care insurance.
- Long-term care insurance is expensive and you'll need to pay premiums until you need the benefits. This may be difficult if you'll be dependent on Social Security in retirement. If you have few assets, long-term care insurance is probably not worth the money.
- You may need to use money you've set aside for travel and other pursuits to pay long-term care insurance premiums.

Keep in mind:

- If you itemize on your tax return, you may be able to deduct a portion of your long-term care insurance premiums as a medical expense.
- You can use money in a Health Savings Account (HSA) or some types of annuities to pay long-term care insurance premiums.

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You may be able to buy long-term care insurance through your employer. If you leave the job, you can continue paying premiums to keep the policy in force.

You can also buy long-term care insurance on your own. Modern Woodmen provides long-term care insurance plans through other quality companies.

Your plan could be a "per diem" or "pooled benefits" policy. A per diem policy pays a **fixed dollar amount** per day, week or month, up to a maximum dollar amount or certain amount of time. A pooled benefits policy provides a **total dollar amount**, up to a daily, weekly or monthly limit.

Long-term insurance benefits usually begin when someone is unable to perform activities like dressing, eating and bathing, or has cognitive impairment.

Be sure any policy you purchase covers Alzheimer's disease and at least one year of care. See if there's a maximum lifetime benefit and if benefits differ by where care is provided. To protect yourself, find a policy that has a 30-day "free look" period so you can cancel for any reason and receive a refund of your initial premium.

And remember, no insurance policy covers *all* long-term care expenses.

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Read your long-term care insurance policy carefully! Pay special attention to wording about:

- How and when premiums could increase. Research the company to find out how often it has increased its rates.
- Coverage for pre-existing conditions (medical conditions you already have when you apply for insurance).
- The “elimination period,” the time between when you’re eligible for benefits and when coverage begins. Ninety days is common.
- Requirements for coverage. For example, your policy may require you to receive care in a hospital before it covers a nursing home stay.
- Inflation protection. This is especially important if a policy holder is unlikely to file a claim for 15-20 years or more.
- Guaranteed benefit increases. This states the policy holder may increase coverage without providing additional evidence of insurability.

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Long-term care insurance partnership programs are between Medicaid and long-term care insurers. They provide special eligibility rules under Medicaid.

Under these special rules, if long-term care benefits are exhausted, an equal amount of estate assets is sheltered from the state’s Medicaid “spend-down” requirement and from estate recovery.

These policies offer inflation protection and are often honored from state to state (*state reciprocity*).

You may be able to exchange your current long-term care policy for a partnership-qualified policy.

To find more information on the partnership program, as well as complete information about long-term care insurance, go to NAIC.org and type “long-term care insurance” in the search bar.

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Think about the following questions. Discuss your answers with your loved ones and take any action steps needed.

- Do you plan to stay in your current home? If so, what modifications will you need to make as you age?
- Do you have friends and family nearby who will help you remain at home as long as possible, or will you need to relocate?
- Is your community senior-friendly? If not, would a retirement community be a better option for you?
- Would you say you currently have good nutrition and exercise habits? If not, are you willing to make some lifestyle changes to stay healthy as you age?
- Is long-term care insurance a good option for you? If so, how will you pay for it?

We can't control the future, but we can prepare for it as best we can.

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Before we wrap up, does anyone have any questions or comments about long-term care? [Open up the discussion for Q & A.]

It's important to work with an organization that understands your unique needs. Modern Woodmen can help you as you make important decisions that will impact your life as well as the lives of your loved ones. We've been working with members since 1883, and you can depend on our financial strength.

If you do need assistance, I'd [your local Modern Woodmen representative would] be happy to sit down with you to discuss your unique situation and goals. Feel free to see me [call or email him or her] after this meeting to set up a time that's convenient for you.

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Thank you again for joining us today. We look forward to seeing you at our next chapter [Summit chapter] event! (Offer the time and place.)