

## LONG TERM CARE

### How will you pay for it? You have three choices, but two will likely deplete your retirement income and savings.

Seven in 10 Americans will need some kind of long term care, most likely in their later years. In 2012, the average annual rate of nursing home care was \$81,030 (semi-private room) and the rate of assisted living care was \$42,600. Annual home health care and adult day services were somewhat more reasonable, at an average of \$21,840 and \$18,200, respectively (MetLife, 2012). View [Table 1: Survey of National Findings](#) to see costs by type of care and the [full report](#) for state-by-state cost comparisons.

Have you thought about how you will pay for long term care? Well, you will have three choices:

**1. PAY FOR IT OUT OF YOUR POCKET.** If Bill Gates ever needs long term care, he'll probably just hand over his debit card. Unfortunately, most of us can't do that; and even if we could, it would likely deplete our retirement income and savings.

**2. APPLY FOR MEDICAID.** Medicaid is the government program that will pay for certain health services and long term care needs for low-income Americans. Medicare and private health insurance only cover medical care, e.g., doctor visits, hospitalization, medication, etc. Long term care encompasses so much more that is not covered by Medicare or health insurance, including daily living and supervision (bathing, toileting, moving around, dressing, eating, and more). If you

plan to tap Medicaid for your long term care needs, there are three things you should know.

- Your assets will pay for your care first. Medicaid is a “payer of last resort” and eligibility is based on income and personal resources. Once you have almost depleted all of your resources, you can apply for Medicaid. According to a recent article in the *New York Daily News*, in order to receive Medicaid coverage while in a nursing home, an individual can have no more than \$14,400 in countable resources (Krooks, 2013).
  - Your choices in where to receive care will be significantly reduced and you will only be able to access services and providers that are government-approved.
  - The rules and eligibility criteria around Medicaid can change at any time. There is no guarantee you will be able to access the program when you need it.
- 3. HAVE LONG TERM CARE INSURANCE.** Long term care insurance policies pay for a range of services and support over a long period of time. With long term care insurance, you can



plan for the unexpected, protect your assets and maximize your independence. As with other types of insurances (car, home, health), there are a variety of coverage options available with long term care insurance and you can choose benefit levels and premium amounts that best work for you and your budget.

Beacon Financial offers discounted long term care insurance for law enforcement professionals in New York. For more information, visit [www.beacon-financial.com](http://www.beacon-financial.com).

#### References:

MetLife. (2012, November). *Market survey of long-term care costs*. Retrieved November 5, 2013 from [www.metlife.com/mmi/research/2012-market-survey-long-term-care-costs.html](http://www.metlife.com/mmi/research/2012-market-survey-long-term-care-costs.html).

Krooks, B. (2013, September 23). Money pros: Understanding Medicaid planning and the five-year look-back rules. *New York Daily News* [online]. Retrieved November 5, 2013 from [www.nydailynews.com/new-york/money-pros-understanding-medicaid-planning-five-year-look-back-rules-article-1.1464721](http://www.nydailynews.com/new-york/money-pros-understanding-medicaid-planning-five-year-look-back-rules-article-1.1464721).