

Long-term Care Conundrum

02.13.2007

By: [Mickey Goodman](#)

I've been blessed—or cursed—with great genes, all depending how you look at it. My parents and grandparents all lived well into their 90s. But those longevity genes will only be “great” if my health and money hold out.



As my parents crossed over that ninety-year-old threshold and needed increasing care, I watched their life savings disappear at a dazzling pace. They were adamant about staying in their own home and remaining independent as long as possible. I was in a constant state of panic that they would live longer than their resources.

It was a call to action. My husband and I began exploring Long-Term Care (LTC) (coverage that pays when an elderly person needs care at home, an assisted living facility, or nursing home). It was a good move. According to the *New York Times*, 70 percent of those over sixty-five will need LTC at some point in their lives. With genes like mine, the odds are much higher.

Getting insurance for my husband Phil was a piece of cake. The top rated company by A.M. Best (the gold standard for corporate ratings) accepted him without hesitation. But my same “great genes” that bestowed the gift of longevity also imparted osteoporosis. Five years ago, the common condition was the kiss of death to LTC providers.

One agent finally found a “B” rated company that said “yes.” Reasoning that any coverage is better than none, I enrolled before they could change their minds. Five years and several premium increases later, I checked A. M. Best again. This time, my company’s rating was in the toilet. It had slipped to a “D.”

I was horrified. Had I thrown away five years of premiums on a failing company? On the advice of Judy Darby, executive director of ElderCare Connections, which provides geriatric care services and specializes in financial matters, I contacted an independent insurance agent. “They represent more than one company and can tailor a policy to meet your needs,” Darby said. “This is very complicated insurance made more difficult because no one knows what their needs will be in the future.”

This time around, I fared better. The good news? I was accepted by an A++ company and an A+ company. The bad news? I was five years older and the premiums had gone up exponentially. Also, the osteoporosis—even though greatly improved—further bumped up the premiums.

The Experts Weigh In

It was clearly time to call in the experts. My first call was to my original agent who told me I had nothing to worry about. “If your company folds, the Georgia Life and Health Guarantee Association will step in and guarantee your policy,” he said cheerfully.

I wasn't convinced.

My next call was to the Georgia Insurance Commissioner's office where two investigators gave me conflicting information. One agreed with my insurance agent. The other said unequivocally, "No way. Your company is no longer licensed to sell policies in Georgia."

Call three was to the Georgia Guarantee Association, where Executive Director Mike Marchman carefully straddled the bridge. The agency "will guarantee outstanding benefits in accordance with our statutes," he said. But the statutes are extremely complex and narrow. Since my company's license had been revoked, I could easily fall into the chasm. "The one thing to look for when buying long-term care is the A.M. Best rating of the company," he chastised.

Clark Howard, a consumer advocate who appears daily on radio stations across the country, agrees. "Only use companies that have been rated A++ or at the very least, A+," he advises on his [Web site](#). He also suggests that people purchase policies in their late 50s or early 60s and select a lifetime benefit rather than one with limited years of coverage. Individuals who are either wealthy or have limited assets should not consider LTC. Those at the top end can handle their own needs and people without assets will likely be covered under Medicaid.

Points to Ponder when considering a plan:

How many activities of daily living are required for eligibility? Policies generally require needing help with two activities of daily living—such as bathing, dressing, eating, or toileting—for benefits to be provided. A doctor must concur that you need this help.

How long is the elimination period before the benefits kick in (generally sixty to ninety days)? An elimination period is the number of days a patient is responsible for before receiving LTC benefits. Medicare pays for up to one hundred days following a hospital stay.

Is the policy limited by a time period (i.e. three years, the average time LTC is needed) or a "pool of money" (computed by the selected payment per day times the number of years, for example, \$100 a day for three years or \$109,500) as many years as the money holds out?

How much coverage will you need based on pricing in your community?

Does the policy include automatic compounded inflation protection?

Does it cover home care, an adult day care center, nursing home and assisted living (all must-haves because you don't know what your situation will be)?

Will the premiums fit your budget now and after you retire?

There are no easy answers, no "apple to apple" comparisons, so this time around, I'm relying on the experts.

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