



Long Term Care



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An often-overlooked type of insurance is long-term care insurance. With a growing elderly population, there is an increasing need to cover the costs of aging.

Many people think their long-term care costs will be covered by health insurance. This is not generally the case. Private healthcare insurance does not usually cover a person if a chronic illness turns into a need for nursing home care.

Medicare is also not a great option, as it really only pays for short term care. You must have a medically necessary inpatient hospital stay of three consecutive days to qualify. Within 30 days of that stay, the patient needs to enter a skilled nursing facility. Medicare will pay for the first 20 days of a skilled nursing facility at 100%. Then, Medicare covers the cost with a daily coinsurance paid by the patient up to 100 days. After 100 days, the patient is responsible for the full cost of services and Medicare pays nothing.

There are a few methods for handling the cost of long-term care. You can choose to use your savings and handle all expenses with your own assets, you can use Medicaid, or you can use Long Term Care Insurance.

Paying for care out of your personal resources can be very expensive and comes with the risk that you will outlive your available assets. Medicaid will pay for long term care, but there is an income maximum, asset level maximum, and the patient must require a nursing home level of care. One of the best ways to cover long term care for a person with significant assets is long-term care insurance.

There are a few different types of long-term care insurance: traditional, hybrid, and rider. A traditional policy is a standalone policy that only covers long-term care. This is an older type of policy where you typically pay an annual premium for life. The hybrid policy combines a policy for long-term care expenses with a life insurance benefit. If you don't use this policy during life for long-term care expenses, it will pass to your beneficiaries as a death benefit. Finally, a long-term care rider is added to a life insurance policy so that a percentage of your death benefit can be used for those care expenses, if needed.

While most policies start paying benefits when a patient needs help with two or more activities of daily living (bathing, dressing, toileting, caring for incontinence, transferring/walking, and eating), the cost of long-term care policies depends on a number of factors:

- Age: Usually the younger you are and the less health problems you have, the less you'll pay when you get a policy.
- Gender: Because women usually live longer, their policies generally cost more.
- Marital Status: Premiums are generally lower for married people.
- Amount of coverage: The more coverage and benefits in the policy, the higher the cost.

There are many different reasons for choosing a long-term care policy. They help people afford a higher quality facility or make long-term care services more affordable, they protect assets for beneficiaries, they provide piece of mind when thinking about the future, and they give people options other than nursing home care if it is needed. Ask your advisor about your long-term care insurance options here at Bison Wealth, where we help you plan, protect, and prosper.



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