

QUICK QUIZ:

If you need long-term care someday, who will pay for it?

- 1 The government
- 2 My health insurance
- 3 Me, out of my pocket

Who'll foot my bill when I'm older?

Okay, in reality, there's no simple answer, but rather a growing need to consider every option. The stakes in getting the answer wrong are high, given costs for long-term care.

Defining "long-term care"

It refers to any part-time or full-time service that provides supportive or medical care to people who can no longer provide for themselves due to health conditions. Today's care providers include nursing homes, rehabilitation centers, home health services and adult day care centers.

Below is a summary of current payment options for long-term care for elders.

Medicare

Many people assume that this federal health insurance program will pay for long-term care. But Medicare benefits are limited and based on certain conditions. Medicare will pay for 100 days of post-acute care (such as that required for a fractured hip or a stroke) in a nursing home or rehabilitation center if the person was hospitalized for three days immediately prior to entering the facility. It will also cover some part-time rehab or skilled nursing services at home when directed by a physician.

Medicaid

This federal and state program also comes with restrictions – primarily financial. Applicants must have relatively low incomes and marginal personal assets (such as savings accounts or investments) to qualify. Medicaid benefits cover the cost of services in nursing homes, rehab centers and assisted living facilities. Other limits: payment for home health services varies by state and occasionally some private nursing homes don't accommodate Medicaid recipients.



Long-term care insurance

Long-term care insurance plans cover at least a portion of nursing home, assisted living facility and adult day care costs. These plans are rarely meant to cover all the costs of long term care, but rather to offset costs or bridge a gap until you are eligible for Medicaid benefits. Policies can be individually tailored, but meaningful coverage is usually expensive. Premiums can cost thousands per year, depending upon coverage and age.

Private payment

The cost of a nursing home stay ranges from \$6,000 to \$12,000 per month or more. Home health nursing services can easily exceed \$50 per hour. Private payment can be painful, but could be the only option if a person does not qualify for Medicare or Medicaid, or has not purchased long-term care insurance.

The wisdom of planning ahead

In view of the realities, and because no government long-term care plan is likely to be established, long-range planning makes sense. One thing is certain – more people will need to plan for long-term care because the 65-plus population is destined to grow by 31 million in the next 20 years.

