

Suddenly, long-term care insurance is hot

Boomers consider the cost of their long lives

By MEG HECKMAN
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If Dick Clough has his druthers, he'll become a spry old man who will never need a nursing home bed. But after watching his mother-in-law spend her last decade, and much of her savings, in assisted living, Clough, 64, isn't taking any chances: He signed up for long-term care insurance.

"People can live longer with more ailments," said Clough, of Concord. "Whereas before, you just plain died."

Long-term care insurance, sometimes called nursing home insurance, has been available for nearly 40 years. Once a slightly obscure niche of the industry, it's growing more popular as Baby Boomers, lawmakers and recent retirees such as Clough contemplate the cost of living the longest lives in human history.

The connection between longevity and extended medical care usually dawns on 50- and 60-somethings when a parent or other elderly relative falls ill. Families realize that private health insurance and Medicare don't cover extended nursing home stays, assisted living centers or regular home nursing visits. Long term care insurance, on the other hand, pays for at least a few years of these services.

Meanwhile, some New Hampshire lawmakers say that increasing long-term care insurances sales could help lessen the burden on Medicaid, a program that uses state, county and federal money to pay for poor residents' health care. Roughly 70 percent of nursing home patients rely on Medicaid, and lawmakers fear that, someday soon, the state won't be able to afford their care.

"Why we all haven't thought about long-term care insurance is beyond me," said Senate Majority Leader Bob Clegg, a Hudson Republican. "It hasn't been on the radar screen."

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Clegg and other State House leaders have touted long-term care insurance in recent years as part of an effort to overhaul Medicaid, which covers long-term care when all of a person's savings are gone. They plan to take advantage of new federal regulations allowing states to reward long-term care policy holders by permitting them to protect more of their assets should they ever require Medicaid.

"It's not an intellectual exercise anymore," said Rep. Neal Kurk, a Weare Republican. "It's not the future, it's suddenly right there staring them in the face because mom is in a nursing home."

Plans and premiums vary widely depending on the local cost of care, inflation, the kinds of services covered and, sometimes, an applicant's health. In most cases, long-term care insurance will pay for nursing homes, visiting nurses, adult day care and assisted living for a set number of years or the duration of the policy holder's life. Some plans also cover high-tech gadgets such as computerized pill dispensers and home monitoring devices. Hospital stays, prescription drugs and doctors visits aren't included.

Policy holders can pay monthly premiums or buy a plan with a single payment. Younger adults in their 30s or 40s can often find basic plans that costs less than \$20 a month, while older people must pay far more.

Clough cashed in a \$150,000 annuity when he bought his plan last year, and he pays a small monthly premium.

Clough spent six months comparing plans, wavering over whether or not he needed one. He finally decided to buy when he realized he didn't want to depend on others as he aged.

"I thought I should be self sustaining and determine my own welfare," he said.

"People think someone is going to take care of them. Well maybe, but maybe not. I don't want to go into a facility and end up on Medicaid. I just don't feel that's right. Someone else has to pay, and the level of care I might get might not be sufficient."

Some companies are beginning to offer long-term care insurance to their employees. Few contribute to the premiums, but choosing a plan is easier if someone else has narrowed the options. The McLane law firm has been offering plans to its employees in Concord, Manchester and Portsmouth. Director of Human Resources Bettina Caminati says 17 of the firm's 165 staff members have signed up. Most are in late middle age and, Caminati suspects, motivated by experiences with elderly relatives.

"That kind of thing isn't something people readily subscribe to," she said. "They recognize its value, but nobody really wants to buy into their own mortality."

Insurance experts warn that long-term care policies aren't for everyone. The National Association of Insurance Commissioners says anyone with precarious finances should avoid buying a policy. You may fall into this category if your only source of income is Social Security, you have trouble paying your bills each month or you couldn't afford the policy's premiums. Certain chronic diseases, such as Parkinson's and Alzheimer's, are usually uninsurable.

Kathleen Belanger, director of consumer services for the state insurance department, says anyone considering a policy should talk to several different brokers and perhaps consult a lawyer.

"This is really a financial planning tool, and it's not right for everybody," she said.

"For other people, it's ideal. But folks should ensure they know what they're buying before they buy it. . . People need to do their homework, and it does take some time and effort,"

For more information, go to the consumer section of nh.gov/insurance.

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