

# Long-Term Care Insurance

## What is Long-term Care Insurance?



Long-Term Care Insurance is coverage designed to pay for personal care needs and services for individuals who are limited in daily living activities, such as eating, bathing, dressing, grooming, and toileting, or who are cognitively impaired. These types of policies can pay benefits for long-term care services provided in a nursing home, an assisted living facility, or even your own home.

## Why do I need Long-Term Care Insurance?

Because a health event can seriously impact a family's finances, a comprehensive financial plan often includes a long-term care assessment as part of its insurance analysis or risk management review. It is essential to consider the financial risks of unforeseen events, such as disability or prolonged illness, that could require some level of long-term care. The overall wealth effect on a family from a nursing home stay can be significant.

## What does Long-Term Care Insurance Cover?

Many policies cover skilled, intermediate, and custodial care in state-licensed nursing homes as well as home care, assisted living, and adult day care services. All policies have conditions, limitations, and exclusions that differ from contract to contract. For example, certain policies may pay a fixed dollar amount for each day you receive long-term care services or cover actual charges up to a maximum daily benefit.

## Factors to Consider

### Benefit Period and Amount

Some policies provide benefits for a stated period. So even if you collect less than the maximum per period, benefits stop when the period is over. In comparison, some policies offer a pool of money approach so that if you collect less than the maximum benefit per period, the policy will extend beyond the original coverage period until you collect the maximum pool of money.

## More Factors to Consider

### Different Benefit Types

Some policies offer different benefit amounts for different types of care, such as skilled nursing home care or home health care. Make sure you understand specifically which types of care are covered by your policy.

### Benefit Sharing

Some policies allow for sharing benefits between policies (or from one joint policy) between a couple. This can provide a beneficial level of added flexibility.

### Taxation of Benefits

Policies can be classified as qualified or non-qualified. Qualified policies have fully or partially deductible premiums and tax-free benefits. Non-Qualified policies do not provide tax-deductible premiums, and the current taxation of benefits is complicated. These policies, however, might offer other better terms and conditions.

### Did You Know...?

Someone turning 65 today has almost a 70% chance of needing long-term care services and supports in their remaining years.

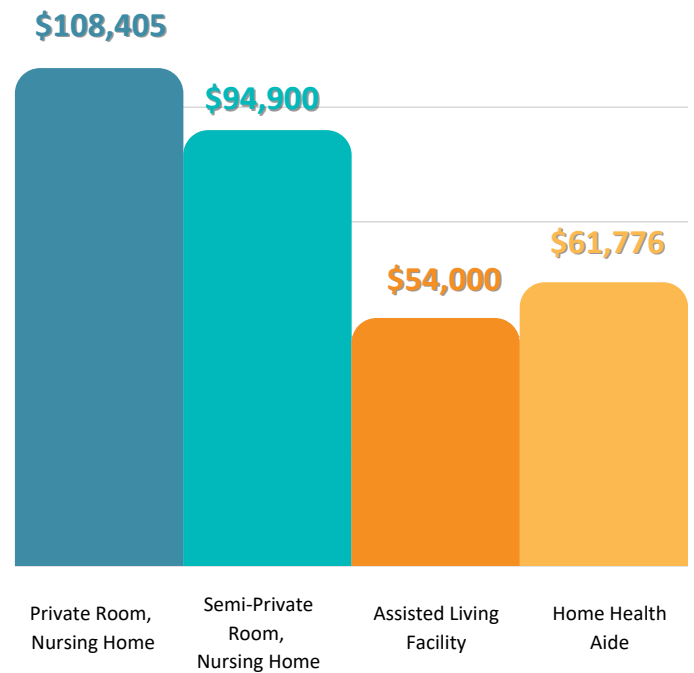
*U.S. Department of Health & Human Services*

## What is the cost of Long-Term Care?

The cost of long-term care can vary significantly based on the exact services needed and the region where care is being provided. The following are national averages.

According to the Genworth Financial Cost of Care Survey 2021:

- The median annual national cost for a private room in a nursing home is nearly \$108,405, and a semi-private room is over \$94,000
- A one-bedroom unit in an assisted living facility has a median annual cost of \$54,000
- The cost of a home health aide, which includes “hands-on” personal assistance with activities such as bathing, dressing, and eating, has an annual median cost of over \$61,000



## Will the government pay for my Long-Term Care needs?

Generally, Medicare doesn't pay for long-term care. Medicare pays only for medically necessary skilled nursing facilities or home health care; even those services will be provided only if certain conditions are met and for a short period. Medicaid is a federal program administered by the states that pay for certain health services and nursing home care for people with low incomes and limited assets. Medicaid payments are not available until one is indigent. As a result, many families must rely on their own money and/or privately purchased insurance to pay long-term care expenses.

## How Can Fort Pitt Capital Group Help?

At Fort Pitt, we believe insurance is an integral part of a holistic financial plan, so we offer our clients in-house risk mitigation solutions. Our clients benefit by receiving advice through our fiduciary role, which means we will act in your best interest and only recommend products based on your needs.

Talk to your advisor today to find out if long-term care insurance can benefit you.

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