

Expected rising costs make long-term policy attractive

VINTAGE VISIONS

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Given the condition of our nation's economy, it's understandable that buying another insurance product may be the last thing on a consumer's mind. However, even Oklahomans who consider themselves "insurance poor" are finding peace of mind in buying long-term care insurance. They view it as asset protection for their hard-earned nest eggs. For some, it is a necessity considering the market losses of the past few months.

The insurance industry is trying to educate Americans on the merits of having a plan in place to care for themselves as they become frail or disabled. We basically have three options from which to choose:

→Self-insure.

→Spend down assets to become poor and qualify for whatever [Medicaid](#) program may be available.

→Privately insure the risk.

A long-term care policy covers what the industry calls custodial care. Simply put, this is care that assists a person with everyday activities such as bathing, toileting, feeding oneself and dressing. It also covers care for someone needing substantial supervision due to a reasoning impairment such as with Alzheimer's. Many people are surprised to learn that [Medicare](#) and health insurance do not cover these needs after skilled medical care ends.

The risk of not being prepared for the physical, emotional and financial burden of caregiving is real. The cost in [Oklahoma](#) averages from \$3,600 to \$6,000 a month.

It is now commonplace to buy coverage in mid-40s to mid-50s. This is because premium costs are based on age and health. Therefore, younger buyers often qualify for preferred health discounts. The amount of coverage purchased will depend on individual needs and budgets.

Statistically, about 40 percent of the people who require long-term care services are younger than 65! Debilitating diseases such as multiple sclerosis, Parkinson's, early onset Alzheimer's and catastrophic accidents can require custodial care at younger ages.

Those who reach age 65 have a 70 percent chance of needing custodial care at some point. Doing a "break-even analysis" will usually show that a consumer who buys long-

term care insurance and pays for it over a 25-year span, for example, will recoup every dollar paid in premiums within less than six months of care. This is because care costs are expected to triple over the next 20 years, while the insurance to meet those costs is available for pennies on the dollar.

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