https://www.unionleader.com/news/business/money_sense/marc-a-heberts-money-ense-long-term-care-insurance-can-be-an-expensive-choice/article_725ee7ed-d854-548f-a04f-5d2bd7af16ae.html

Marc A. Hebert's 'Money $ense': Long-term care insurance can be an expensive choice

Oct 17, 2020

LONG-TERM care includes a range of services that helps people with chronic illnesses or disabilities. It can include both medical and non-medical needs.

For example, long-term care can involve the ability to perform certain basic tasks such as feeding oneself, bathing, dressing, transferring and toileting.

This type of care can be referred to as custodial care, which is care designed to help one perform activities of daily living, such as those mentioned above. It is usually supervised by a physician but can be provided by someone without professional medical skills.

It should be noted that Medicare and other forms of health insurance do not cover custodial care, which is often very expensive.

This leaves few alternatives for payment. Among them are the individual's own assets, Medicaid and long-term care insurance (LTCI).

LTCI can pay for the necessary care as well as protect the assets for loved ones, but it can be an expensive choice. Before buying LTCI, it is a good idea to review whether the premiums can be paid now and in the future. During your retirement years, income may decrease substantially, making the premium costs tough to pay.

Given the cost, just what are the pros and cons of purchasing long-term care insurance?

The first pro is that LTCI does subsidize long-term care costs. We all age, and needing help to function is a potential issue we all face. LTCI can give peace of mind in this regard since at least some of the cost of this care may be paid for by the insurance. It may also give the individual a choice as to where that care is received. Some nursing homes limit Medicaid beds, so if a person is relying on Medicaid to pay the cost, the choice of care may be more limited.

LTCI also allows for some asset protection. Medicaid, which is a government insurance program for low-income and needy people, has certain asset and income levels that need to be met before it will step in and pay for care. Medicaid also has certain rules regarding the transfer of assets to others. Long-term care insurance can pay for care while these transfer rules play out.

There are some cons to LTCI. The first is expense. Depending on age, chosen benefits, insurer and other factors, it can be very expensive. The premiums need to be paid each year to keep the policy in force and can increase for a group of insureds. Premiums may be paid for care that a person will never need. Or, if care is needed, it may not be required until a very long time into the future. Plus, the premiums paid are reducing the assets heirs could potentially receive.

There might be other planning tools available. Reviewing the situation with an elder care attorney may provide options other than LTCI if the need for care is nearer rather than further down the road.

If, after all the considerations, LTCI seems to be the answer, then compare policies and check the financial security of the companies offering coverage. Select a company that has received a rating of A or A+ from A. M. Best.

Next, review the policy's provisions and read the fine print. Consider what is affordable. Investigate policies for couples. Make certain the quoted policy offers the required features. Among the factors to consider are inflation protection, the duration of benefits, waiting period and exclusions for pre-existing conditions. Also, consider whether the policy is a "qualified" LTCI policy.

This means the benefits are not taxed and are treated as excludable benefits received for personal injury and sickness to the extent that such benefits do not exceed a per diem limitation. The premium may be a deductible medical expense. Lastly, make sure someone you trust knows about the policy and your plans.

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