How Will You Pay for Long-Term Care?

If you're like most adults you haven't given this subject much attention. Why? Because it's not something most people want to think about. It's right up there with giving consideration to making a Last Will and Testament or deciding whether you want to be buried or cremated (or both, i.e., burial of cremated remains).

But now that we have your attention, let's give the subject some thought. There are only a few ways of funding long term care: out of pocket, which means pay out of your assets and/or income; Veteran's Benefits, if you qualify; Medicaid, once again if you qualify; and utilizing long term care insurance.

Some people think, "I have Medicare, I'm covered." Not so. Medicare may pay a short term stay in a nursing home if you need rehabilitation but there is no long term care benefit with Medicare.

"But, I'm not going to go to a nursing home." A lot of people like to say the same thing, but drop by a nursing home around lunchtime and ask for a show of hands for those who planned on being there and you wouldn't see many hands. The U.S. Department of Health and Human Services claims that more than 40% of people over 65 years of age will need care in a nursing home.

Nevertheless, let's assume you end up in a nursing home environment someday, as many of us will. How will you pay for it?

We encourage those who can still meet the age and health criteria and who can also afford it to consider buying a long term care policy.

The average cost of a nursing home semi-private room is $5,500 a month in Harris County and it can easily go up to six, seven and $8,000 per month.

You may wish to insure for the entire amount or insure partially. What does that mean?

Well, let's assume you were going into a nursing home which has a current cost of $5,500 a month for a semi-private room.

You could get a long term care policy which insured for that $5,500.

Now let's assume that you want to get your premium lower. You could consider insuring for the difference between your direct income of Social Security and/or pension income and the projected private rate.

So if your Social Security is $1,800 net, you would insure for $3,700 now and make sure to pay for an inflation rider to keep the policy insuring at a rate in the future which is commiserate with the rate now.

Or, you could come up with an option that blended the first two examples.

You insure for $4,500 a month and plan on using $1,000 of your Social Security income, with a plan to use $800 of the Social Security for other monthly expenses.

Other things need to be taken into consideration as well. If there is a spouse at home, it may be better to insure for more, therefore leaving more of your Social Security check for your spouse.

You should consider obtaining at least a five year policy. The average life expectancy is about 2.8 to 5 years once in the nursing home depending on your source statistics. You could consider Medicaid if you outlive the policy.

If you can afford a lower policy and Medicaid is not something you want to rely on, then buy as long of a policy as they will sell you.

Check to see if your employer provides this type of benefit you may purchase through them. If they do, it should cost you less.

Whatever you decide, at least take the time to give it some thought.

You may email your questions to education@wrightabshire.com or visit our website at www.wrightabshire.com. Wesley E. Wright and Molly Dear Abshire are attorneys with the firm Wright Abshire, Attorneys, P.C., with offices in Bellaire, the Woodlands, and Carmine. Both Wright and Abshire are Board Certified by the Texas Board of Legal Specialization in Estate Planning and Probate Law and are certified as Elder Law Attorneys by the National Elder Law Foundation. Nothing contained in this publication should be considered as the rendering of legal advice to any person's specific case, but should be considered general information.