

Long-Term Care 101

It's harder and harder to avoid the topic of long-term care these days. Almost everyone has a parent or relative who is receiving, or has received, long-term care. Almost everyone has a story to recite about the unexpected high cost of long-term care. And, although people are reluctant to broach this topic, many are concerned about their own long-term care. Will I need it? Will I be able to afford it? Will the cost of care wipe out my savings? Who will take care of me or my spouse?

We're Getting Older

There's good reason to be asking these questions.

First, we're getting older. Individuals aged 65 and older currently make up about 12.4 percent of the population, but based on projections this figure is expected to increase to about 19.6 percent by 2030.² Furthermore, while only 1.6 percent of the total population is over age 85 today, this percentage is expected to more than double by 2030.³

The increase in the percentage of seniors is due, in part, to the aging of the baby boom generation. It is also attributable to increases in life expectancy. In 1950 life expectancy was only 68.2 years. By 1975 it had increased to 72.6 years and by 2002 life expectancy for all individuals had risen to 77.3. For those aged 65, life expectancy was 18.2 years in 2002 as compared to just 10 years in 1950.⁴

The longer we live, the greater the risk of requiring some form of long-term care in our lifetime. According to the United States Department of Labor, the elderly population requiring long term care services will more than double in the next 30 years to more than 70 million.⁵

Usage of LTC services is increasing

Second, while improvements in healthcare have made sudden death from acute diseases less likely, the chances of incurring a debilitating disease that may require long term care has increased.

Changing cause-of-death trends are reflected in changes in nursing home usage. In 1999 there was an estimated 1.6 million individuals in nursing home care.⁶ Even with the use of

alternatives such as home health care and assisted living, more and more of us will require at least some nursing home care before we die.

We are entering nursing homes at later ages. In 1999, 52 percent of nursing home residents were age 85 and older as compared to only 45 percent in 1985.⁷

No doubt, as the baby boom generation continues to age and as aging boomers live longer, the system may strain to deliver the needed services. As demand outstrips supply, costs can only be expected to rise.

What is Long term Care?

Although the term long term care encompasses a broad spectrum of services provided to individuals suffering from chronic illness or other disabling conditions over a prolonged period of time, it usually includes assistance with:

- basic functions, such as bathing, getting dressed, getting out of bed, going to the toilet, continence and eating;
- household chores, such as cleaning and preparing meals;
- life management, such as shopping, money management, and taking medications; and
- transportation.

The need for assistance in one of these areas is often diagnosed by assessing one's ability to perform

Activities of Daily Living (ADL). Researchers agree that the inability to perform some or all of the following six core ADLs best describes either physical or cognitive impairment.

- Bathing--turning on water faucets, setting temperature and water level, transferring into tub or shower, washing the whole body, transferring out of the tub or shower, drying off completely, and emptying the tub;
- Dressing--getting clothes from the closet and drawers, dressing self, including fasteners, braces, and prostheses;
- Transferring--changing the body from one surface or plane to another, such as from bed to chair, chair to standing;
- Toileting--moving self to bathroom when the urge to void occurs, arranging clothes, transferring to toilet, cleansing self, transferring off toilet, rearranging clothing, washing hands, and moving out of bathroom; and
- Eating--getting food and drink from a container into the body for nourishment, including cutting meat, buttering bread, and using fingers and utensils.
- Continence --the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag.)

Three-quarters of current residents required assistance with three or more activities of daily living (ADLs). Most residents received help with bathing (94 percent) and dressing (87 percent), more than half (56 percent) received help using the toilet room, and almost half (47 percent) received help with eating. 8

How much will it Cost?

Some of the concern we share about long-term care centers around how much it will cost. The cost depends on the level of care received. Nursing home facilities, licensed by the state and certified by the federal government for Medicare and Medicaid payments, provide the broadest range of services.

Residential community care facilities, also known as assisted living facilities, adult family/foster homes, congregate homes, continuing care retirement communities, and board and care homes, are a growing segment of the long-term care delivery system. Although typically licensed by the state, regulation of such facilities is less stringent than for nursing homes because fewer medical services are provided.

Home-and-community based services are designed to provide the minimal level of care to enable individuals to remain in their own homes. Examples include senior centers, adult day care, and "meals on wheels," transportation, therapy services, and homemaker/chore services.

Nursing home care is by far the most expensive with annual nursing home costs around the country averaging \$66,000 in 2003.⁹ The costs of types of care vary significantly depending on the level and duration of care.

Paying for Long-term Care

Many of us mistakenly believe that Medicare or Medicaid will pay for our long term care needs. There are some important things you should know about these programs. Medicare mainly covers skilled care after you have been in the hospital for at least three days and generally does not cover personal or home care services. Medicare was not designed to pay for extended long term care and it should not be counted on as a resource to meet this need.

Medicaid is the federal/state health insurance program designed to pay for nursing home care for those who are very poor. Medicaid dictates the type, amount and location of care. If you

have assets to protect, Medicaid is generally not for you.

Some people believe they can rely on their own personal resources to pay for their long term care needs. This is called self insurance. Unfortunately, many people underestimate the cost of long term care and end up using savings that they have built up over a lifetime. Others may have to sell assets, such as their home.

Another Option: Long-Term Care Insurance

Instead of depleting their assets, relying on the government for help, or burdening loved ones, many people are turning to long-term care insurance to help cover the costs of extended care. This type of policy covers services such as nursing home, assisted living, home health, and adult day care.

If you believe you're too young to begin thinking about long-term care, consider that many people who require long-term care are working-age adults between the ages of 18 and 64. Plus, the premiums for long-term insurance are much lower the younger you are when you purchase the policy.

1 Estimates of the Resident Population by Selected Age Groups for the United States and States and for Puerto Rico: July 1, 2004, <http://www.census.gov/popest/states/asrh/tables/SC-EST2004-01Res.pdf>.

2 Projected Population of the United States, by Age and Sex: 2000 to 2050, July 2004, <http://www.census.gov/ipc/www/usinterimproj/natprojtab02a.pdf>

3 Ibid.

4 National Vital Statistics Reports, Vol. 53, No. 6 , United States Life Tables 2002, November 10, 2004, http://www.cdc.gov/nchs/data/nvsr/nvsr53/nvsr53_06.pdf.

5 Report, Findings, and Recommendations of the Working Group Studying Long-Term Care, United States Department of Labor, November 14, 2000, p. 5

6 Jones A. The National Nursing Home Survey: 1999 summary. National Center for Health Statistics. Vital Health Statistics 13(152), 2002.,

7 Table 99. Nursing home residents 65 years of age and over, according to age, sex, and race: United States, 1973–74, 1985, 1995, and 1999, US Department of Health and Human Services, Health, United States, Chartbook, 2004.

8 Jones A. The National Nursing Home Survey: 1999 summary. National Center for Health Statistics. Vital Health Statistics 13(152), 2002.

9 The MetLife Market Survey of Nursing Home and Home Care Costs, 2003.

Availability of long term care insurance varies by carrier and state.