

From the Minneapolis Star & Tribune Long Term Care is Alive and Well!

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In Denial About Long-Term Care?

Many baby boomers don't put much thought into the cost and need for long-term-care insurance until a family member goes into a nursing home.

Ten years ago, my dad brought together my two older brothers, my older sister and me for a family meeting. Dad had recently placed Mom into the Alzheimer's unit in a nursing home after wrenching years of forgetfulness, wandering, incontinence, anger and fear.

"It costs \$35,000 a year," he said. "I don't know if she's going to be there for 10 months or 10 years, but there's a good chance you kids will never see an inheritance."

After that meeting, we watched as Mom and our parents' life savings declined each year. Mom slowly lost her ability to walk, speak, feed herself or recognize anyone but our father. Dad tried to buy nursing home insurance for Mom before her dementia worsened. She never got it.

After seven years in the nursing home, she died in December 2005. The bills came to \$361,000. Dad paid all of it out of their life savings. He told us to plan for our own future. So this year I will become one of the small number of Minnesotans with long-term-care insurance.

Most Americans don't have a clue about how much such insurance costs, and if they do need long-term care, they think the government will pick up the tab, according to the AARP. Only about 180,000 Minnesotans are covered by nursing home insurance, according to the Department of Commerce. The average age of those policyholders is 56, the median age about 60.

Since 9/11, sales of long-term-care insurance have declined. Many baby boomers are disinterested or confused about long-term-care insurance and who pays for it, according to Ecumen, a Shoreview provider of nursing homes and care for the elderly.

So who's buying long-term-care insurance? Those of us who have watched a parent, relative or friend slowly die in a nursing home and watched a family's life savings eaten away month by month, year by year until little or nothing was left.

There's a good chance this scenario could happen to you. About one in three of us who live to age 65 will spend time in a nursing home, according to the American Health Care Association. Half of people over age 85 will require help with daily life. In Minnesota, the average annual cost of a nursing home is about \$55,000. Nationally, the figure might exceed \$75,000 annually in some areas.

By contrast, spending \$2,000 a year in your 40s or 50s may not seem like so much. But if you're young and healthy, who wants to spend money on something you hope you'll never use? Consider this: The average stay in a nursing home is about three years. (Alzheimer's patients average about nine years.)

It's a difficult choice to make.

Will You Need Long-Term Care?

The chances of any one person going into a nursing home are unknown, but several factors merit a look. Women are more likely to enter nursing homes (52 percent) than are men (33 percent). Thirteen percent of women in that group and 4 percent of the men will have nursing home care for five years or more, according to an analysis in the New England Journal of Medicine.

Those with parents or grandparents who lived into their 80s or 90s have a greater chance of living longer and therefore may need some form of long-term care.

For 97-year-old Dr. John Gridley, a retired physician, nursing home insurance is a gamble that he is unwilling to take. Like many people with comfortable assets, Gridley, of Golden Valley, figures he has enough assets to pay for long-term care out-of-pocket.

His wife, Phyllis, feels otherwise. She bought nursing home insurance five years ago when she was 77. She talked to their adult children about it when she realized that because they live on the coasts and lead busy lives, they won't be in a position to care for her. But what made the biggest impression was watching what happened over the 12 years her mother was in a nursing home. The expenses exhausted the mother's estate and she had to be placed on medical assistance, Gridley said.

"It scared me because the cost of care for disabled patients is staggering," said Phyllis, a former nurse.

Cornell Moore, 67, of Edina, knows the sting of the cost of nursing home care. He has two aunts in assisted living now, and provided financial assistance to his mother and father before they died. People teeter back and forth on the brink of financial independence, becoming dependent on relatives, or having assets depleted to qualify for medical care. In order to qualify for Medicaid, which pays for nursing home care, "You've got to be broke before they'll pick up the yoke," he said. Most Medicaid recipients are not eligible until assets have been spent down to \$3,000.

Moore and his wife each have long-term-care insurance (about \$4,800 per year for both) because, as he bluntly puts it, "my kids aren't going to want to change my diapers."

Buying Peace Of Mind

Although the cost may be prohibitive, those who buy it, including Moore and Gridley, talk about the peace of mind that coverage provides.

My family's experience with Alzheimer's and nursing homes made my decision for me. After my mom died, my dad was fortunate to still have a fraction of his savings left. At 82, he's still happy and independent in his own home. Knowing that he has long-term-care insurance gives my siblings and me some comfort.

And if the day comes that he can no longer afford the premiums, we'll be glad to pay them.

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Who Needs Long-Term Care?

PLANNING FOR LONG-TERM CARE

Buy before age 60. Anyone who has had Parkinson's, strokes, diabetes, kidney dialysis, memory or even mobility problems may have difficulty getting long-term-care insurance. People with family histories of such ailments must weigh the risks of waiting against the likelihood of being shut out if they develop symptoms before they apply.

Budget for the long term. Many people who qualify for coverage might be unable to afford it. Even if a working couple or individual can afford annual premiums of \$1,500 to \$6,000 while they're working, it's more important to be able to afford the premiums in retirement.

Not everyone qualifies for Medicaid. People with limited liquid assets (excluding home and auto) of under \$35,000 usually meet long-term-care needs through Medicaid. In most cases, you don't need to give up your home to qualify for Medical Assistance.

Home health care can be costly. Bringing an aide into the home three times a week for two to three hours per visit to help with dressing, bathing, preparing meals and other chores can cost \$500 to \$900 per month at an average hourly charge of about \$22.

When to buy. Buy long-term-care insurance only after you've paid for expenses such as medical, life and disability insurance.

JOHN EWOLDT

Sources: Author and financial consultant Suze Orman; Berg Financial in Golden Valley; Minnesota Department of Commerce.

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**The Minneapolis Paper Has Never Been Proactive Regarding
Long Term Care**

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