

## **The Myths about Long-Term Care**

Long-term care issues have been everywhere in the news lately – from stories of people needing these services to how the government is responding. But there is also a lot of conflicting, and even mistaken, information. Misconceptions may have prevented you from including long-term care planning into your retirement portfolio. But long-term care planning can be a critical component to any comprehensive retirement plan. So now is the time to dispel these myths.

### **Myth #1: I'll never need long-term care.**

Most people can't imagine themselves needing long-term care services. But, the U.S. Department of Health and Human Services indicates that people age 65 face at least a 40% lifetime risk of entering a nursing home sometime during their lifetime<sup>1</sup>. Living a long life may increase your risk of needing long-term care. Isn't it better to insure against what that risk may do to your family and your financial plans?

### **Myth #2: Long-term care is only for the elderly.**

Actually, a surprising amount of long-term care services are provided to younger people. The U.S. Government Accountability Office estimates that 40% of 13 million people receiving long-term care services are between the ages 18 and 64<sup>2</sup>. The unexpected need for long-term care could arise at any age for any number of reasons, including illness, or an accident.

### **Myth #3: I'll pay for my own long-term care.**

In 2007, nursing home costs averaged over \$76,000 a year nationally, but in some regions these costs are sometimes twice that amount<sup>3</sup>. How long can you pay for these expenses without jeopardizing your financial plan or exhausting your savings? It may make good sense to transfer this financial risk just like you do with your homeowner's insurance or auto insurance. Even if you can afford to pay for long-term care services out of pocket, why would you want to when you can transfer the cost to an insurer for premiums that may total a fraction of the cost of care?

### **Myth #4: Medicare will cover my long-term care expenses.**

Medicare does pay for nursing home care, but only for a maximum of 100 days and if the 3-day qualifying hospital stay requirement has been met. In addition, Medicare will only pay as long as you are showing progress towards recovery. Once your condition becomes stable, even if you are not fully well or back to a completely healthy state of being, Medicare rules indicate that benefits will stop. Also, Medicare does not pay for individuals to attend an adult day care or for the room & board expenses at an assisted living facility.

### **Myth #5: Medicaid will cover my long-term care expenses**

Medicaid was developed partially to cover long-term care costs for Americans of any age who need help paying for those services. Medicaid is currently the largest payer of long-term care costs in the United States, primarily for care in nursing homes. However, Medicaid focuses on helping people with limited or minimal income and assets, and in order to qualify for benefits,

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<sup>1</sup> Health Insurance Association of America. A Guide to Long-Term Care Insurance. 2007. Page 3.

<sup>2</sup> Health Insurance Association of America. A Guide to Long-Term Care Insurance. 2007. Page 3.

<sup>3</sup> New York Life Insurance Company. Survey of Nursing Home Costs. 2007.

you have to demonstrate a financial need for help. Qualifying means spending nearly all of your own money on your own care before the government will step in to help.

**Myth #6: My family will take care of me.**

The financial, physical and emotional stress that full-time care-giving may place on families can be overwhelming. Many families have struggled to provide care for parents or siblings only to eventually realize that the care required is more than they can provide. The truth is, sometimes the best way for a family to take care of a loved one needing long-term care is to make sure that they have access to professional care. With the advances in home care services, many people needing long-term care are actually able to stay at home, with or near families, and still get the professional care they need.

**Myth #7: Long-term care insurance covers only nursing homes.**

Everyone wants to stay at home. Long-term care insurance can offer valuable benefits that may keep you at home for as long as possible. Long-term care insurance can also help cover the cost of care in other locations, such as adult day care centers, assisted living facilities and hospice care.

With long life comes long-term planning. Make a plan for you and your family today. For more information on long-term care insurance, please contact [Agent Name,] Agent, New York Life Insurance Company at [Agent Phone Number].

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