



Many people believe their long-term care needs will be paid for by government programs or private health insurance. In fact, much of it isn't covered.

RETIREMENT

Continuing Care at Home: An Innovative Approach to Long-Term Care Planning

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While many people purchase life insurance to provide for their loved ones following death, few have made plans for their own long-term care needs.

The majority of older adults express a desire to age at home, but few understand how to pay for long-term care and where to turn for help for retirement and financial planning. Membership in a continuing care (or life care) at home program addresses these issues and provides reassurance that your needs will be met and your financial assets will be protected.

What is long-term care?

Long-term care is primarily non-medical care that focuses on personal care needs. Frequently referred to as activities of daily living (ADLs), these needs include basic tasks such as bathing, dressing, eating, using the toilet, transferring, and caring for incontinence.

Long-term care may also assist with instrumental activities of daily living (IADLs), or non-personal care duties, which support independent functioning. IADLs include tasks such as taking medication, performing household chores, and paying bills.

Long-term care costs

Consumers are often surprised by the costs associated with long-term care services. A number of factors can impact the overall cost, including geographic region and specific care needs.

Estimated care costs

Type Of Long-Term Care

Average Annual Cost Of Care

Type Of Long-Term Care	Average Annual Cost Of Care
Four hours of daily home care	\$25,000 – \$35,000
Assisted living and memory care support	\$40,000 – \$60,000
Skilled nursing	\$80,000 – \$100,000

Many people mistakenly believe their long-term care needs will be paid for by government programs or their private health insurance. In fact, Medicare and private health insurance do not provide for custodial (long-term) care and typically cover only short-term skilled care for improving conditions. Medicaid also cannot be accessed until income and assets fall below state established limits.

Having to pay unexpectedly for long-term care can derail otherwise solid financial planning, and for couples, funding long-term care for one spouse can leave the other in a difficult financial position.

What does continuing care at home mean?

Continuing care at home programs are life care membership programs that offer the security and services provided to retirement community residents, but to consumers who want to live at home. Members pay an up-front fee (typically ranging from \$15,000 to \$50,000) and monthly service fees (ranging from \$300 to \$600) for guaranteed access to a comprehensive package of future care and services.

Through this service package, which addresses the holistic needs of the member, continuing care at home programs support members to remain at home as their care needs increase. Comprehensive continuing care at home programs provide an additional level of protection by allowing members to transition (without additional fees) into facility-based personal care, memory support, or skilled nursing if it becomes unsafe or economically infeasible for the member to receive care at home.

During the late 1980s, grants from the Robert Wood Johnson Foundation and Pew Charitable Trusts enabled a joint venture of Pennsylvania Quaker organizations to explore continuing care at home as a means of supporting participants as they age in place. Continuing care at home programs have evolved and are now offered in various forms by over 30 senior living providers across the country.

Benefits of continuing care at home

Continuing care at home programs offer the following:

- Members enjoy a personal relationship with a knowledgeable care coordinator who proactively manages the member’s care needs, assisting the member to live independently and secure the necessary care to maintain independence as the member ages.
- Consumers exert greater control and autonomy in decisions about their care and are free from the worries associated with becoming a burden to their children.
- A large portion of the fees may be considered an itemized tax deduction for prepayment of future health care expenses.
- Benefits are frequently portable, allowing members the flexibility to relocate to be closer to loved ones.
- Services can be accessed on a temporary or permanent basis.
- Programs can be integrated with long-term care insurance, either through providing care that is not covered by the insurance or by using the insurance to reimburse program fees (once the long-term care insurance qualification is met).
- Members can choose from multiple contract options to best meet their needs and personal financial

Will you need long-term care?

According to the U.S. Department of Health and Human Services, more than two thirds of individuals over the age of 65 will need some type of long-term care. The average duration of care varies with age, gender, medical history, and living arrangements, but on average, women will need care for 3.7 years as compared to 2.2 years for men. Government estimates indicate that one in five persons 65 and older will require care for more than five years.

How we can help

CliftonLarsonAllen financial advisors and tax professionals can assist you with planning for your long-term care needs. Our wealth advisory professionals can also help you understand more about continuing care at home and direct you to existing programs in your area. Together, we can evaluate which of many available long-term care options may be best for your situation. We can help you understand the provisions of your long-term care insurance and how continuing care at home can supplement that coverage.



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