The Balancing act

Addressing the Realities of Long-Term Care

California
Department of
Health Services

The conversation

The first step in safeguarding your future and the welfare of a parent or loved one is to sit down and have a conversation. We all have expectations about our future and the role we'll play in each other's lives.

Misunderstandings can breed anger, disappointment, guilt and confusion. All of these can be avoided by airing expectations honestly and completely. Don't be afraid to ask a parent or loved one what are understandably sensitive questions — the answers will be vital to your planning process.

- Where and how do they want to spend their retirement years?
- What are their wishes regarding the type of long-term care they may need?
- What role do they expect you, your siblings, their spouse and other loved ones to play?
- What role would you hope you, your spouse and siblings would play?
- If they need long-term care, what kind of setting would they prefer?
- Are their plans realistic given family resources?
- What financial resources or insurance coverages are in place or might be put in place?

Since the cost of long-term care insurance is lower and the possibility of qualifying for coverage is greater when your parents are younger and healthier, you need to schedule this conversation sooner rather than later.

In addition to talking to family and friends, speak to trusted professionals about options. Rely on their expertise to wisely guide you in your planning process. Some sources might include:

- Financial Planner
- Insurance Agent
- Accountant
- Estate Lawyer
- Doctor
- Clergy

Given the pace of your busy life, taking on yet another responsibility may seem overwhelming. Pressure at work, mounting bills, demands from the kids, a busy social schedule — they all stretch you thin. Now imagine adding an ill parent to that equation, especially if that parent needs care for a long period of time.

Are you ready? Too few of us are, and the financial, emotional, physical and time costs associated with caring for a parent can be devastating. Fortunately, with open communication and advance planning you can prepare yourself to successfully address these challenges.

Are You ready?

Long-term care is the assistance needed over an extended period of time to manage, rather than cure, a chronic condition, such as arthritis, stroke or dementia, or the frailties of aging or accidents. Caregiving can include help with eating, dressing, bathing and other personal care.

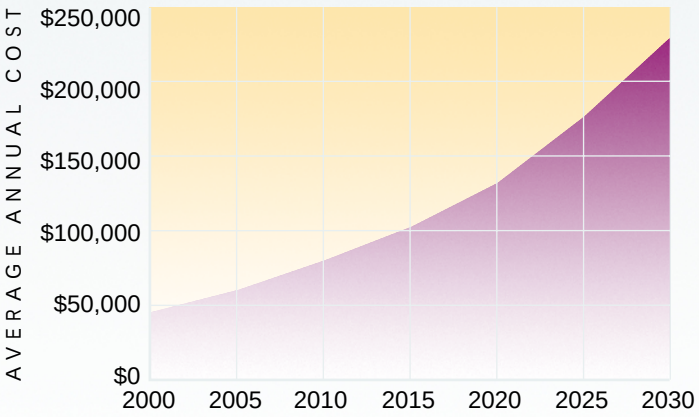
A Quick primer

There are three things you should know about long-term care: it's expensive; odds are your parents, elderly family members and friends are going to need it; and you may be providing the direct care. According to the U.S. Department of Labor, the typical caregiver is a 46-year-old working woman who spends an additional 18 hours per week caring for her 77-year-old mother who lives nearby.

As Californians enjoy unprecedented longevity, we're also seeing an increased demand on the facilities and individuals that provide long-term care. An increase in demand leads to a corresponding jump in prices, highlighting the need to work with your parents, family members and loved ones to develop a plan that meets this reality head-on.

- Half of all Americans age 65 and older will require some long-term care[1]
- In California, nursing facility costs average $51,100 a year in 2002, a cost that is expected to average $55,000 in 2003[2]
- 35 percent of individuals who enter a nursing facility will stay between one and five years[3]
- 21 percent of individuals in a nursing facility will remain longer than five years[3] at a cost of at least $255,000[2]

Average Projected Cost of Nursing Facilities



Source: 2002 California Partnership for Long-Term Care projections based on data from the California Office of Statewide Health Planning and Development and a 5% annual increase.

- 53 percent of those needing long-term care assistance are working-age adults (18 to 64 years of age), while 47 percent are age 65 and older[4]
- Medicare pays little, if any, long-term care

Before entering a care facility, many individuals will have struggled for years with the cost of long-term care in their own homes with paid and unpaid caregivers.

But these numbers only tell half the story. Don't ignore the costs you'll face in managing a loved one's care. Managing a parent's finances, providing their care, making tough decisions, arbitrating between family members — all of these exact a toll in time, finances, emotions and even health. Ask yourself these questions:

- How will I deal with conflicting obligations between my immediate family and a loved one?
- If I become the primary caregiver, can I afford to miss time from work and the associated lost earnings?
- Do I have siblings who can help with the demands of day and night caregiving?
- Am I prepared to bathe and dress my parents as a caregiver? And to what extent?
- Can I balance what's best for my parents and the economic realities of their budget?

For the well-being of your parents, as well as for your own peace of mind, you and your family need to have a plan in place that deals with the very real possibility of long-term care.

[1] *Health Care Financing Administration 1997 Statistics*
[2] *California Partnership for Long-Term Care*
[3] *National Center for Policy Analysis, "A Long-Term Solution to a Medicaid Problem," November 17, 1995*
[4] *Medi-Cal Policy Institute, "Understanding Medi-Cal: Long Term Care," 2001*

The Partnership solution

The complexity of long-term care issues, in addition to the varying personalities, personal resources and cultural values of every Californian, dictates a host of different approaches to this important subject.

One solution, supported by the California Department of Health Services, is the California Partnership for Long-Term Care (the Partnership). Established in 1994, the Partnership is a revolutionary program designed to help Californians successfully address long-term care issues.

The Partnership works with select private insurance carriers, who meet stringent standards set by the State of California, to develop unique insurance policies that can help protect you and your parents from the devastating costs and hardships associated with long-term care. All policies approved by the Partnership contain vital features necessary for high quality long-term care insurance coverage. Some of the policy features required to be in all Partnership policies include:

- Built-in automatic inflation protection of 5 percent annually to keep up with the rising cost of long-term care.
- Care coordination and monitoring by licensed health care professionals independent of the insurance company to develop a plan of care based on individual needs and resources.
- Once in a lifetime deductible, so that if your parents stop using policy benefits and then need to use them again, they will not have to pay a second deductible.
- Waiver of premium for all days your policy pays for care in a nursing or residential care facility.
- Flexibility on the use of home and community-based benefits.
- Medi-Cal Asset Protection to ensure a portion of their assets are protected should they need to rely on Medi-Cal. This feature can make the insurance more affordable.

When selecting your Partnership policy, you have the choice of purchasing a comprehensive policy that provides coverage for care at home, in a nursing facility or in a residential care facility, or a policy that provides care in a facility only.

The Next step

Call the California Partnership for Long-Term Care today. The Partnership can provide you with information key to long-term care planning. A comprehensive brochure detailing special Partnership policy features is available free of charge. To receive a copy, call the California Partnership for Long-Term Care at (800) CARE-445 or contact a Partnership-authorized long-term care insurance agent. The brochure is also available online through the Partnership Web site at www.dhs.ca.gov/cpltc.

The following is a list of private participating insurance companies and CalPERS that provide Partnership-certified long-term care policies:

Bankers Life and Casualty
(888) 2828-BLC

GE Financial Assurance
(800) 354-6896

John Hancock Life Insurance Company
(800) 377-7311

New York Life Insurance
(800) 224-4582

CalPERS Long-Term Care Program*
(800) 205-2020

**All California public employees, retirees and their spouses, siblings (age 18 and older), parents and parents-in-law are eligible to apply. Call CalPERS for application period dates.*

California Partnership for Long Term Care
California Department of Health Services

MS4100 P.O. Box 997413
Sacramento, CA 95899-7413
1-800-CARE-445
www.dhs.ca.gov/cpltc

The California Department of Aging's Health Insurance Counseling and Advocacy Program (HICAP) has trained, impartial volunteer counselors available to meet with you to discuss your long-term care needs and to help you with questions you may have. You may call HICAP at (800) 434-0222. Appointments and consultations are free of charge.

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