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free audio CD!

Ohio: Own Your Future



Planning guide for long-term care

- Planning Options for your Future
- Resources Available for More Information
- Understand Long-Term Care Financing
- Healthy Aging and Staying at Home

To learn more about long-term care planning,
go to www.longtermcare.gov



TED STRICKLAND
GOVERNOR
STATE OF OHIO

Dear Fellow Ohioan:

Congratulations on taking the first step to own your future. In this Planning Guide for Long-Term Care, you will find a wealth of resources from basic information to financial and legal considerations as you plan your long-term care future.

In addition to the Planning Guide, Ohio offers you many resources to own your future. For example, through our network of Area Agencies on Aging, we are pleased to offer Ohioans, regardless of age, a free, in-person consultation. This consultation is conducted by professionals — either a nurse or a social worker. During the consultation, our professional consultant will help you assess your long-term care needs and will offer information about specific services that are available in your local area to meet these needs. Should you desire a consultation, please call 1-866-243-5678 to arrange a home visit at no cost to you.

Another valuable resource is the Ohio Department of Aging's website, www.goldenbuckeye.com, which contains a variety of materials and links that can answer your specific questions about long-term care.

While no one can predict the future, the "Own Your Future" Planning Kit is an important first step to achieving peace of mind and maintaining control over your own life.

Sincerely,

Ted Strickland
Governor

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The audio CD provided with this guide has stories of people who have started planning for long-term care. The CD helps you hear first hand about some of the many planning options available to you. The best way to plan for long-term care depends on your personal and family circumstances, your finances, and your preferences. So listen to these personal stories and consider which options are best for you. Please turn to page 32 for a list of tracks on this audio CD.

This kit is a valuable tool for helping you prepare for the years ahead so that you can meet the future with more independence, control and dignity.

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A note about the symbols used in this guide:



Means a computer website address.



Means a telephone number.



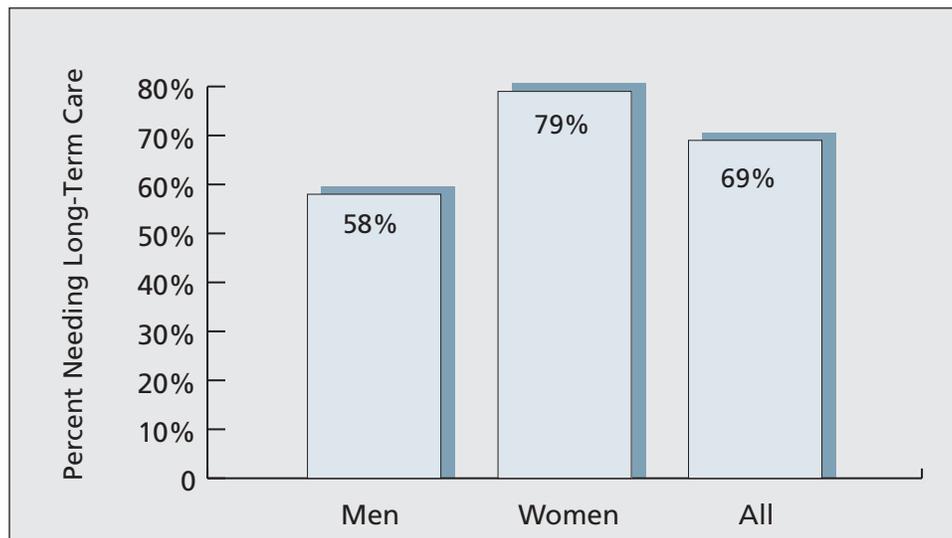
Means the audio CD that accompanies this planning guide

Understanding the Risks of Long-Term Care

Most of us learn about long-term care the hard way – when we or a loved one need care. That’s when we find out that:

- The risk of needing long-term care is high. Almost seven out of ten people turning age 65 today will, at some point in their lives, need long-term care.

Risk of Needing Long-Term Care for Men and Women Turning 65 in 2005



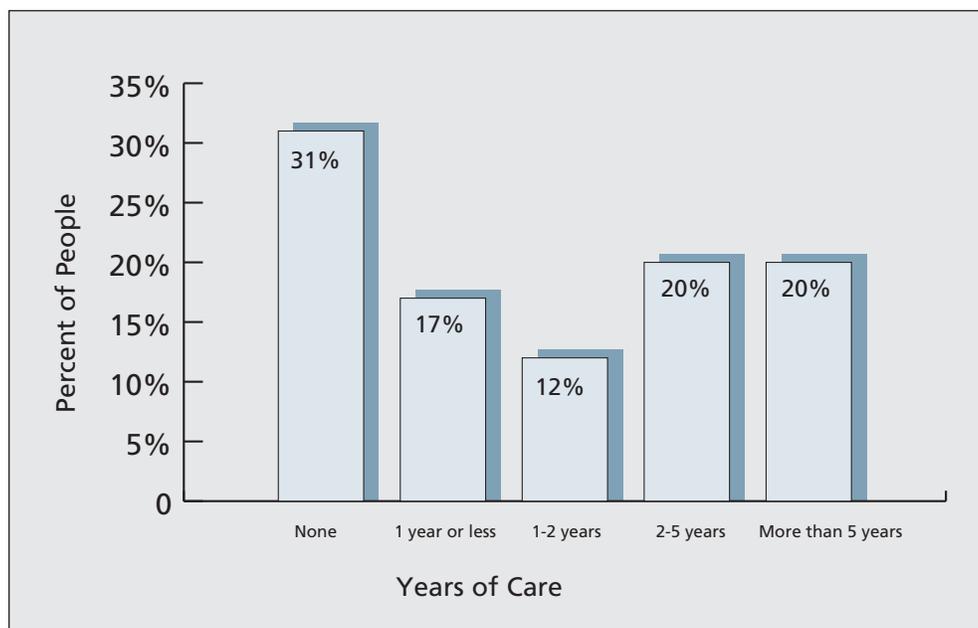
Source: Kemper, Komisar, Alexih. Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect? Inquiry 42:335-350, Winter 2005/2006.

- While most people who need long-term care are in their 70s and 80s, young people also can require care. Nearly 40% of those currently receiving long-term care are between the ages of 18 and 64.
- Paying for care on your own is expensive – on average, a year in an Ohio nursing home costs over \$60,000. A year of care at home in Ohio costs on average about \$38,000, and that assumes that you have family or friends who are helping out with some of your care needs.

- Medicare and Medicare supplemental insurance (Medi-gap) generally do not pay for long-term care services.
- Long-term care can be a huge financial burden on your family, particularly if a family member needs to leave his or her job to care for you.
- Medicaid only pays for long-term care for people with limited financial means. Many people qualify for Medicaid only after the costs of long-term care have wiped out virtually all of their financial resources.
- Relying on Medicaid for long-term care reduces your choices about the care you receive. Your options for where you live, from whom you receive care, and according to what schedule, may be more limited.

While many people need long-term care services for only a short time, some require care for many years. The chart below shows the expected length of time that people will require long-term care services over their lifetimes. This includes all types of care that people might receive – both care provided by family or friends, as well as paid services like home health care from a nurse or personal care aide, or care in a nursing home or an assisted living facility.

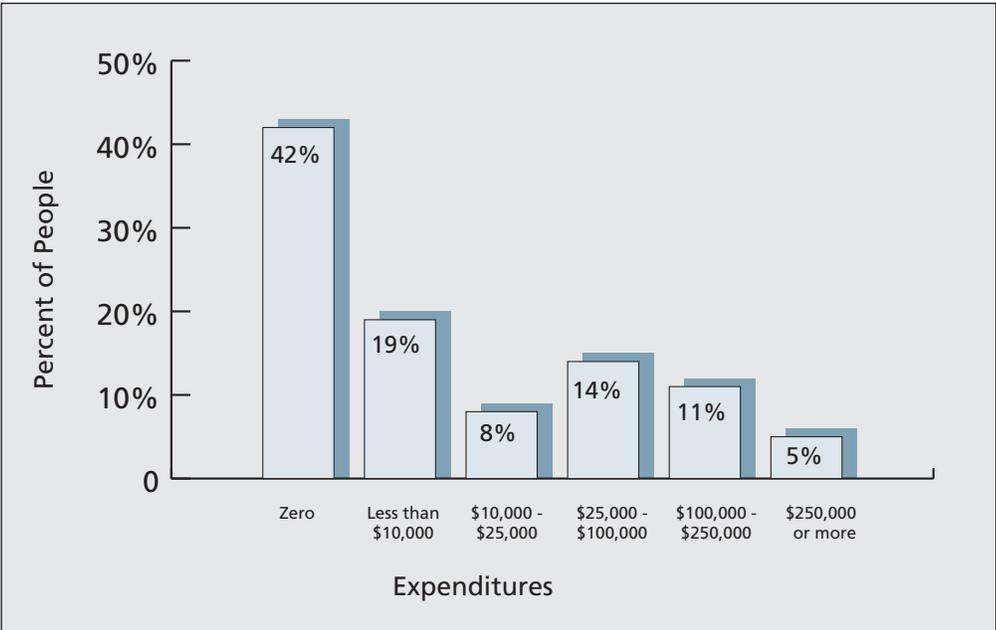
Lifetime Use of Long-Term Care for People Turning 65 in 2005
(Includes Both Paid and Unpaid Care)



Source: Kemper, Komisar, Alexih. Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect? Inquiry 42:335-350, Winter 2005/2006.

Obviously people want to know, if I need long-term care, how much will it cost? Many people with long-term care needs receive care from both family members and from paid providers. While long-term care provided by family members is often not considered a “cost,” there is truly a cost on family caregivers that should be taken into consideration in long-term care planning. However, not counting the “cost” of unpaid care, the average lifetime expenditure for paid care is \$150,000 for those who need long-term care. The chart below shows how much you might expect to pay for long-term care over your lifetime.

Lifetime Long-Term Care Expenditures for People Turning 65 in 2005



Source: Kemper, Komisar, Alexih. Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect? Inquiry 42:335-350, Winter 2005/2006.

Where Should I Start?

Many people don't plan for long-term care because they don't know where to begin. Many people don't start planning until they are close to the time they need long-term care, and that is not the best way to plan.

How you plan for long-term care depends on your age and life situation. While each person's situation is different, here are some basic guidelines for long-term care planning for different age groups:

If You Are Between 40 and 60 years of Age...

- Learn about long-term care. Talk to friends and relatives who are currently facing long-term care for a loved one. Or talk to someone who is receiving long-term care. Everyone's experience is different, but you can learn a lot just from talking to people who have direct experience.
- Learn more about the risks of lifestyle behaviors and their effects on healthy aging. Talking to your primary care physician is a good place to begin.
- Learn about the financial risks of long-term care, and the financial options for planning ahead. Learn what long-term care can cost you. Ask your friends and relatives if they have bought a long-term care insurance policy and what their experiences were. Investigate whether your employer offers long-term care insurance as a voluntary benefit. Assess whether long-term care insurance might be right for you. As explained later in this Guide, it costs far less to buy long-term care insurance when you are young.

"I knew I should start thinking seriously about how I would be cared for in my old age, but I kept putting it off. The truth is: I didn't know where to begin."



If You are Between 60 and 70 years of Age...

- Talk to your children about your plans for retirement and old age. Will any be nearby if you need care? Since long-term care planning is often about protecting your finances, be direct with your children about their expectations for inheritance and the potential costs of long-term care.
- Think about where you want to live. If you want to stay in your current home, begin thinking about home modifications that may let you stay at home longer.
- Get your legal affairs in order. Establish an Advance Directive that expresses your desires for medical treatment should you not be capable of making decisions on your own.
- Assess your finances and your ability to pay for future long-term care costs, as well as your living expenses for your retirement years. Talk to a financial planner to get expert advice.
- If long-term care insurance is right for you, and you haven't bought it yet, know that premiums will escalate as you age. The monthly premium cost for a new policy is based on your age when you buy it, and increases dramatically if you buy at age 70 instead of at age 60.
- Regardless of whether you decide to buy long-term care insurance or not, increase the percentage of your income that you allocate to savings. Most people are not saving enough for their older years. The new adage is "don't outlive your money!"

If You Are Over 70 Years of Age...

- You are most likely retired. You should have a long-term care plan in place. Your children should be aware of your plans and preferences.
- If you haven't bought long-term care insurance by now, it may be too expensive, but maybe not. Explore other financing options. Have a financial expert evaluate your financial situation and assess whether you have adequate financial reserves for your remaining life span. If not, you may have to reduce your monthly living expenses, and save more for later.
- If your home is your primary financial asset, consider using your home equity to pay for your future long-term care needs. Assess whether a reverse mortgage is potentially a feasible option for paying for your future long-term care needs.

- Stay active, physically and mentally. Walk more, drive less. Participate in a local community program for a regular exercise regimen, or join a gym.
- Have the legal documents in place that reflect your wishes regarding medical treatment in case of disability or loss of the ability to make your own decisions.
- Think about where you want to live in your later years. If you want to stay in your current home, start making home modifications that will help you stay in your home longer.
- Most communities have private care managers. Consider hiring a care coordinator to learn about what long-term care services are available in your community, even if you have no immediate need for care.

Long-Term Care Planning is a Continuing Exercise! Own Your Future!

Lifestyle Planning

The scientific evidence is overwhelming. If you adopt a healthier lifestyle, your risk of disability in older age declines dramatically. Even if your lifestyle habits up until now have been less than ideal, it is never too late. Of course, not every disease or disabling condition can be prevented, but even small changes in your daily regimen can improve functioning and delay the time that you will need long-term care services.

People who get regular exercise, don't smoke, and eat a healthy diet have 50% lower rates of disability than those who do not follow a healthy lifestyle.

Modest, regular physical activity helps to control weight, contributes to healthy bones, muscles and joints, reduces falls and helps to relieve the pain of arthritis. Physical activity also reduces symptoms of depression and stress, improves brain functioning, and can even reduce the risk of developing Alzheimer's disease.

Good nutrition lowers the chances of getting many life-shortening chronic diseases, such as heart disease, stroke, some cancers, diabetes, and osteoporosis.

Everyone recognizes that changing lifelong habits is not easy. Participation in a structured program of healthy aging has a higher chance of achieving permanent change than trying to do it on your own.



“You don’t have to be an Olympic runner. Walking is an excellent form of exercise for older people. The trick is to walk for at least 30 minutes, and at a healthy pace.”

Steps you can take now

- Take advantage of health prevention benefits offered by Medicare and/or private health insurance, such as cancer screening tests, diabetes screening, comprehensive eye exams and blood pressure tests. Ask your doctor whether you should get a flu shot every fall.

- Exercise your brain. Read, play cards and board games, do crossword puzzles, adopt a new hobby or attend an adult education class.
- There are many community programs to help you stay physically active, care for a chronic illness, reduce falls maintain proper nutrition, stop smoking, lose weight or manage substance abuse problems. In Ohio, you can find out about programs in your area by calling **1-866-243-5678** which will connect you to your local Area Agency on Aging.
- Contact your local senior center, community hospital, community center, parks and recreation facility or gym to find out what types of health-related and social activity programs they offer.
- If you take medications, manage your medications safely. Make a list of all your medications, when you take them and the condition for which you are taking them. Discuss the list with your doctor or pharmacist.
- Take steps to prevent falls. Use the checklists and information at the website link mentioned below. You may want to take part in a community program that addresses “fear of falling” – a common risk factor for falling.
- Stay active! Avoid isolation by getting together with friends or family, participating in community events, joining social or religious organizations, volunteering, continuing or returning to work part-time.



For more information, consider the following websites with tips on Healthy Aging:

- National Institute on Aging’s Age pages: www.healthandage.com
- Exercise: A Guide from the National Institute on Aging: www.niapublications.org/exercisebook/exercisebook.asp
- Center for Disease Control’s “Strong for Life”: www.bu.edu/hdr/products/stronglife/items.html
- First Step to Active Health: www.firststeptoactivehealth.com
- Medication Record Template: www.seniorcarepharmacists.com/record
- Tips on Using Your Medicines Wisely: www.seniorcarepharmacists.com/tips
- Learn how to avoid falls: www.cdc.gov/ncipc/duip/fallsmaterial.htm
- Ohio Department of Aging: www.goldenbuckeye.com
- Healthy Ohio: www.healthyohioprogram.org

Legal and Estate Planning

Putting your legal affairs in order will give you peace of mind and make sure your wishes are followed. Many people don't take the few very simple steps needed to manage their legal affairs for the future.

Think about what you want while you have time to think through the options. Discuss your preferences with your family. You should put your wishes in writing, just in case you cannot speak for yourself or lose the ability to make decisions on your own.

You buy insurance to prepare for moments you hope will never happen – doing so helps make sure you and your family are financially prepared. Advance directives offer a similar peace of mind that your preferences about life-sustaining treatments will be honored.

Ohio law recognizes three types of advance directives:

- A **living will** describes the types of medical treatments you would or would not want if you become seriously or terminally ill.
- A **durable power of attorney for health care** names someone to make health care decisions for you and becomes active any time you are unconscious or unable to make medical decisions for yourself.
- **Do-not-resuscitate (DNR)** orders allow you to choose to what extent medical personnel may go to resuscitate you in the event of terminal illness or a cardiac or respiratory arrest.



You can combine the different directives above for maximum control over your care. Visit www.ohpco.org/living_will.htm to download the forms and instructions you will need to create your advance directives. Contact the Office of the State Long-term Care Ombudsman toll-free at **1-800-282-1206** for assistance and to request a copy of “Conversations that Light the Way,” a booklet that asks questions about how you want to live and how you want to receive care if needed.



“We both have strong feelings about what type of treatments we would want, but we’d never bothered to put those wishes in writing or talk to our kids about it. Now that we have completed the necessary legal documents, our kids and our doctors won’t have to guess about what we want and don’t want, just in case we can’t speak for ourselves. We hope that never happens, but it is always best to be prepared.”

Steps you can take now



- Get detailed information about Advance Directives at:
www.nlm.nih.gov/medlineplus/advancedirectives.html



- Obtain printable advance directive and living will forms, listed by state at:
www.uslivingwillregistry.com/forms.shtm



- Another website with forms and additional definitions and information about living wills and medical power of attorney forms is:
<http://www.nlm.nih.gov/medlineplus/ency/article/001908.htm>

- Simplify things for yourself and your family by gathering all of your important documents, such as your health care proxy, your will, a list of financial accounts and institutions, and keep them in one place. Leave copies with your attorney and with at least one friend or family member.
- Make sure you have a living will, durable power of attorney for health care or health care proxy that expresses your wishes in the event that you become seriously ill or disabled.
- If you live in a community with a law school, find out if there is a free legal clinic or contact your local community legal aid (Look in the Yellow Pages under Legal Aid.)



Listen to the track on “Establish clear legal directions” on the enclosed audio CD.

Staying at Home

Most people prefer to remain in the familiar surroundings of their own home for as long as possible when they get older, while recognizing that there may be a time when it is no longer possible to do so. There are several things you can do to help to stay at home as long as possible, even if you do need care.

Make sure your home remains a good fit.

Homes that are easy to live in at age 40 or 50 can present problems later in life. Some changes can help you remain safely at home and also can be inexpensive, like removing scatter rugs, making sure that smoke detectors are in working order, or replacing doorknobs with ones that are easier to use. Bigger changes may include adding railings to outside steps or replacing floor coverings with slip-resistant carpet.

Home modifications can help you stay in your home longer.

Modifying your home is an important option that can improve your safety and help you safely perform daily activities such as bathing and cooking. Home modifications range from grab bars and improved lighting in the bathroom to handrails and wider doorways for wheelchair access, or even adding a bathroom or relocating to a bedroom on the first floor of a two-story home for someone no longer able to climb stairs. Many home modifications may also actually increase the value of your home.



“Making changes to our home throughout the years has made our lives a lot easier and safer. In addition, the value of our home has increased as a result.”

Sometimes moving to a more suitable environment is the better option.

Perhaps moving to a new home will best help you meet your future needs. Consider the variety of options such as moving to a house, condominium, or apartment that is all on one level, or that has elevators instead of stairs. Perhaps you would prefer a small, easy-to-care-for apartment with basic modifications already in place.

Steps you can take now



- Start making small changes to your home to keep it safe in the years ahead.
- Some people living alone have a device to call for help in the case of a medical situation or other emergency. Think about whether an emergency response system might be appropriate for you at some point in the future. For information on various types of emergency response systems, go to www.ftc.gov/bcp/online/pubs/services/pers.htm



- Find out about various assistive devices and in-home technology that you can include in your home to help you adapt to physical and mental challenges or aging, illness or disability. The site also tells you how you can pay for these types of devices: www.eldercare.gov/eldercare/Public/resources/fact_sheets/assistivetech.asp



- The following website has a “checklist” of items to review to determine how suitable your current living situation is to meet your current and future needs: www.eldercare.gov/eldercare/Public/resources/fact_sheets/home_mod.asp



- For help in locating a local contractor trained in counseling about home modification, call the National Association of Home Builders at **1-800-368-5242**.



Listen to several tracks on the enclosed audio CD. They include:

- *Make sure your home remains a good fit*
- *Low income options for home modification and repair*

Financial Planning for Long-Term Care

The most important part of long-term care planning is knowing how you are going to pay for the care you may need in the future. There are many ways to pay for care, and you should decide what financial plan works best for you.

Financial planning for long-term care also involves knowing what kind of coverage is provided through government programs, such as Medicare and Medicaid, and what costs you will have to pay for yourself. In addition to Medicaid, many states have other programs that may be able to help you. However, unless you qualify for Medicaid, most of the costs of long-term care will have to be paid directly by you.

This section covers financial planning for long-term care, with a more detailed explanation of long-term care insurance. There are many different products available and you need to decide which product best fits your situation. There are also other ways to plan ahead for long-term care, other than buying long-term care insurance.

The most important consideration is to start planning when you are relatively young. If you wait until you are 70 or 80, it will be difficult to put aside the funds you need to protect yourself from the high costs of nursing home care and home care. So make a plan today!

What Does Medicare Cover?

Medicare does not cover long-term care services. That is why people need to take steps to protect themselves from the potentially catastrophic costs of long-term care. Medicare does cover some skilled nursing facility care, hospice care, and home health services, but only as described below.

- Medicare covers skilled nursing facility care (only after a 3-day prior inpatient hospital stay for a related illness or injury) for up to 100 days in a benefit period.

- To qualify for Medicare coverage in a nursing facility, you must need skilled care. Medicare does not cover personal care or custodial care (such as help with activities of daily living, like bathing and dressing) if that is the only kind of care you need.
- If you qualify, Medicare pays the full cost of nursing facility care for the first 21 days. In 2008, you must pay \$128 per day for every day of coverage between days 22 and 100, and Medicare pays the rest.
- Medicare covers hospice care for people with a terminal illness who are expected to live 6 months or less. Coverage includes drugs, medical and support services from a Medicare-approved hospice, and other services not otherwise covered by Medicare (like grief counseling).
- Hospice care is usually given in your home (or other facility where you may live). Medicare may also cover some short-term inpatient stays (for pain and symptom management) and inpatient respite care (care given to a hospice patient so that the usual caregiver can rest).
- Medicare coverage of home health services is limited to reasonable and necessary part-time or intermittent skilled care, or a continuing need for physical, occupational, or speech therapy. If you need constant skilled care or only personal care, the Medicare home health benefit does not cover you.
- Medicare coverage of home health services is determined by your doctor. Home health care services can also only be provided by an agency specifically certified by Medicare.



“We always thought Medicare would pay for long-term care in case we needed it, but then we found out it didn’t. And we don’t want to have to rely on Medicaid. We feel strongly about leaving something for our kids and grandkids.”

What Does Medicaid Cover?

The Medicaid program is a major funding source for long-term care services. In FY 2006, the Medicaid program spent approximately \$100 billion to support elderly and non-elderly people with long-term care needs. Ohio spent more than \$4 billion for long-term services and supports.

- Medicaid is a program that is jointly financed by the federal government and the states. It is a program designed to provide medical and long-term care services to people who cannot afford to pay for their own care.
- To qualify for Medicaid, you must have limited resources. When you apply, you will be asked to document your current finances, including both your income and your assets. The state will then decide whether you qualify for Medicaid coverage.
- If you are not married, the financial criteria for Medicaid eligibility are quite strict. In Ohio, you cannot have more than \$1500 in countable assets (not including your house). If you are married, the financial criteria are less strict.
- Many people, when they start paying for long-term care services, do not qualify for Medicaid. After they spend whatever resources they have, they then apply for Medicaid coverage.
- Most states provide a relatively broad package of long-term care benefits, including nursing home care, and home and community-based services. Also, Medicaid almost always requires that people in nursing homes share a room.
- Not everyone on Medicaid necessarily gets all of the services they need. Many states have waiting lists for home and community-based services, and/or limit the number of hours of personal care that people can receive due to limited state budgets.



- Ohioans age 55 and older who receive Medicaid-funded long-term care services may have the cost of all Medicaid-funded services recovered from their estates. For more information on estate recovery, go to http://www.ag.state.oh.us/business/estate_recovery.asp

Understanding Long-Term Care Insurance

Whether to buy a long-term care insurance policy is an important decision. It can help pay for many types of long-term care, but it is not for everyone.

Long-term care insurance covers care in a nursing home, an assisted living facility, personal care at home, and community services such as adult day care. You can choose the type of coverage that is appropriate for you. Many policies also pay to provide training for family caregivers, and offer respite care so that family members can have a break from caregiving. Some policies provide you with a cash payment for each day that you are disabled which gives you the flexibility to use the payment to purchase any type or amount of care you prefer.



“I’m glad I chose the assisted living benefit on my insurance policy. When I couldn’t live on my own any longer, I moved in here, and my policy pays for over half the cost. If I didn’t have insurance, I wouldn’t have been able to move to a place this nice.”

How Does it Work?

Generally, you receive benefits from the policy when a licensed health care practitioner (doctor, nurse or social worker) determines that you are eligible. You would qualify for benefits when you need help from another person with two or more Activities of Daily Living such as bathing, dressing, using the toilet, eating and moving in or out of a bed or chair. A severe Cognitive Impairment, such as Alzheimer's disease, will also qualify you for benefits.

Once eligible, there is often an elimination period (like a deductible) before the policy will begin paying benefits. Most policies require that you satisfy this elimination period only once during the lifetime of your policy. The policy continues to pay for your care up to the benefit amounts and lifetime maximums that you selected at the time of purchase.

Choosing the Coverage That Is Right for You

When you buy a policy, you choose how much coverage you want. Obviously, the more coverage you buy, the more the policy will cost. The coverage amounts you choose can help keep your policy affordable.

Policies generally pay for a maximum amount for each day (or month) of care. The lower the daily benefit, the lower the cost of the policy. For example, if you choose a policy that pays \$100/day for nursing home care instead of one that pays \$150/day, the policy would cost about 30% less. However, if your daily benefit amount is less than the cost of care, you will have to make up the difference from other sources.

You also decide how long you want coverage for, once your need for care begins. Choices can range from as little as one or two years of coverage to lifetime coverage, or as long as you continue to need care. Most policies pay a lifetime maximum amount derived from the length of coverage and the daily benefit amount. For example, a "3-year" policy paying \$100 per day, would pay benefits up to a lifetime maximum of \$109,500 ($\$100/\text{day} \times 365 \text{ days} \times 3 \text{ years}$). The higher the lifetime maximum amount, the higher the cost of the policy.

Most people choose an elimination period (during which benefits are not paid and you are responsible for your costs of care) of about 45 days, but if you choose a longer period (e.g., 100 days), your premiums will be lower.

You can essentially tailor the coverage in your policy to match what you can best afford. However, if you have less coverage from your policy, your out-of-pocket costs at the time you need care will be higher. So consider which you prefer – paying more in premium for a “richer” policy, or keeping premiums lower and paying for more of the costs on your own, should you need care.



“We’re glad we took our time shopping for a policy. There were a lot of options out there, and we had a lot to learn. But we ended up with a policy that provides us good coverage, with a monthly premium that won’t make us cut back on our lifestyle. I just wish we had bought earlier!”

What Does Long-Term Insurance Cost?

Insurance premiums are based on your age when you buy the policy. The younger you are at the time of purchase, the lower your monthly premium. The premium you pay when you first buy a policy is designed to remain level over the lifetime of your coverage. Insurers can raise premiums only if they can demonstrate that their original pricing was too low to cover their costs across “like” groups of policyholders. Some insurers have raised premiums on their current policyholders, others have not.

The chart below provides examples of how premium costs vary according to the age of purchase and coverage options. To keep it simple, the chart only changes one feature at a time.

Plan A provides the most coverage. It provides:

- Comprehensive coverage (facility and at-home and community care)
- Facility care daily benefit of \$150/day
- Home health care benefits paid at \$112/day (75% of the facility care amount)
- A 30-day elimination period during which you pay for the cost of care
- Lifetime coverage maximum of just under \$275,000
- Automatic 5% Compound Annual Inflation Protection

Example of Long-Term Care Insurance Monthly Premium Costs Based upon Age at Purchase and Coverage Options

Age at Purchase	Plan A	Plan B	Plan C	Plan D	Plan E
40	\$90	\$60	\$79	\$74	\$24
50	\$130	\$86	\$114	\$107	\$43
60	\$195	\$130	\$170	\$160	\$83
70	\$324	\$216	\$282	\$267	\$179
75	\$520	\$347	\$299	\$427	\$327

Note: These premiums are based on the Federal Long-term Care Insurance Program (www.ltcfeds.com). Premium costs from other companies will, for a variety of reasons, vary from premium costs shown here. You can also use the premium calculator at www.ltcfeds.com to see how other coverage options impact rates, or to explore rates for other age groups.

Plans B through E show different ways to reduce premium costs compared to the coverage described in Plan A.

Plan B: Pays benefits at \$100/day for facility care and, correspondingly, \$75/day for home care. All other elements remain the same.

Plan C: Same as Plan A, except the elimination period is 90 days instead of 30 days.

Plan D: Same as Plan A, except the lifetime maximum is reduced to just under \$165,000.

Plan E: Same as Plan A, except it does not include Compound Annual Inflation Protection. Instead, each year you can elect to increase your coverage by a set amount (generally 5% of the prior years' benefit amount) and you would pay for that additional amount at the time you elect it.

Another option to consider is a new type of long-term care insurance program called a Partnership policy. You may be able to save money by buying a Partnership policy with a smaller total dollar amount of coverage, while still having some additional "asset disregard" from Medicaid if you continue to need care and also qualify for Medicaid. Ohio's Partnership for Long-Term Care Insurance is between the state of Ohio and private insurance companies. Here's how the Partnership works. In cases where benefits are paid by a Partnership policy approved by the Department of Insurance, Medicaid workers exempt assets equal to the amount of the benefits paid by your policy. For example, Ohioans who receive \$100,000 in benefits from their Partnership policy could potentially obtain Medicaid coverage and still retain an additional \$100,000 of their assets.

Partnership policies provide an enhanced level of inflation protection which must be included for persons of certain age. Additionally, the Ohio Department of Insurance must approve insurance products and rate filings as well as monitor company and agent conduct. These safeguards are in place to ensure the products meet partnership policy requirements. Training is also required for agents and/or brokers who sell and market partnership policies.



For more information on Ohio's Partnership for Long-Term Care Insurance, please go to: www.ltc4me.ohio.gov.

Is Long-Term Care Insurance Right for Me?

This is a very personal decision. Generally, financial planners recommend considering long-term care insurance if you:

- own total financial assets of at least \$75,000 (not including your home or your car);
- have annual retirement income of at least \$25,000 to \$35,000 for an individual or \$35,000 to \$50,000 for a couple;
- are able to pay premiums without financial difficulty. While premiums are designed to remain level based on your age at the time you buy, think about whether you would be able to afford premiums if there should be an increase in the future; and
- if one of your major financial goals is to leave an inheritance to your children, grandchildren, or other heirs.

Some people buy long-term care insurance for reasons other than to protect income or assets. They also buy for peace of mind, greater independence, greater ability to receive care at home, and greater choice of care options. So these financial guidelines may not strictly apply if your reasons for buying insurance are more about care choices than about passing on financial resources to your heirs.

Be A Smart Shopper

If you are considering buying long-term care insurance, here are some important consumer tips and some references for more information.

- Long-term care insurance is not a product you want to buy based on price alone.
- Shop carefully. Don't be pressured into buying a policy or buy out of fear or emotion.
- Don't buy more insurance than you may need. You may have enough income to pay a portion of your care costs and may need only a small policy for the remainder. You may have family willing and able to supplement your care needs.

- Don't buy too little insurance either. Think about the impact of having additional care costs that are not covered by your policy. While you can usually decrease how much coverage you have at a future date, it is more difficult to increase coverage, especially if your health has declined.
- Look carefully at the policy you are considering. There is no "one-size-fits-all" policy. If the premium cost for the policy you are considering sounds "too good to be true" when compared to other plans, be wary. It may mean you are comparing "apples and oranges" or that a future rate increase is in store.
- Long-term care insurance is something you buy today and hope you don't need for many years. This means that it's important to ensure that your benefits keep pace with inflation. Be sure to ask how your benefits will keep up with rising long-term care costs and choose the method and type of inflation protection that you prefer.
- Choose a company with strong financial ratings, using A.M. Best or other rating service. Also, be sure to ask about the company's past rate increases.
- Carefully read the Outline of Coverage (summary of benefits and exclusions) that companies are required by law to give you before they take your application. Also, ask to see a "specimen" or sample of the actual policy. Be wary of companies that say you must first apply and be accepted before they will show you all the "fine print" of the actual contract.
- Beware of replacing existing coverage. If you already have long-term care coverage, it may not be in your best interests to switch, even if the new policy has some advantages. If you do decide to switch, NEVER cancel your existing policy until you are approved and issued coverage under the new plan.
- If you recently purchased long-term care insurance, your carrier is required by Ohio law to offer you the right to convert your existing coverage to one of the new Partnership Policies that qualify for special Medicaid treatment.
- If you decide to buy, complete the application carefully. If you leave out or mistake any medical information requested, coverage could be cancelled, reduced or denied.
- Carefully read your policy after you receive it. You have a 30-day "free look" period. If you aren't satisfied with your coverage, you can return it for a full premium refund within this 30-day time period.
- Make sure your family or friends know where your policy is, when premiums are due and how to submit claims. You will be asked to name at least one person beside yourself who is to receive notice of cancellation for nonpayment of premium. This is an important protection for you.

Steps you can take now

- When and if you begin shopping, consider policies from at least three different companies that are licensed in your state.
- Talk with others you know who have bought policies to learn more about why and what they bought. If someone has had experience with filing a claim, find out from them what that process was like and if the company they used handled their claim professionally and promptly.



- Use the Policy Comparison Checklist available from the National Association of Insurance Commissions (NAIC) to evaluate and compare the policies you might be considering. It is available by order form:

http://external-apps.naic.org/insprod/Consumer_info.jsp



- Contact the Ohio Senior Health Insurance Information Program toll free at **1-800-686-1578** or go to www.ohioinsurance.gov. OSHIIP counselors can help you understand how long-term care insurance policies work, make sense of terms and phrases used in long-term care and long-term care insurance, explain other options you may have to pay for long-term care, and provide counseling and information on other health insurance issues for people on Medicare.
- Ohio residents may be able to deduct the sum of the cost and/or premiums paid during the given tax year for a qualified long-term care insurance policy for the taxpayer, taxpayer's spouse, or dependents.
- Call your insurance agent or financial planner to discuss whether long-term care insurance is suitable for you.

Understanding Reverse Mortgages

If you expect to stay in your current home for several years, a reverse mortgage is another potential option for financing long-term care. A reverse mortgage can pay for both immediate needs, as well as preventive measures, so you can continue to live at home safely and comfortably.

Is a reverse mortgage right for you? It's a decision you should consider carefully since your home may be your most valuable financial asset.

How does a reverse mortgage work?

A reverse mortgage is a special type of home equity loan that is available to homeowners age 62 and older. You receive cash against the equity of your home without selling it. You choose whether you want to receive a lump-sum payment, a monthly payment, or a line of credit. There are no restrictions on how you use the money you get from a reverse mortgage.

Unlike a traditional mortgage, a reverse mortgage does not require an income or credit history, and you make no monthly payments. Instead, the amount you owe, based on loan payouts and interest on the loan, increases over time. You do not have to repay the loan as long as you continue to live in the home. The loan becomes due when you or the last borrower (such as the remaining spouse) dies, sells the home, or moves out of the home permanently. You or your heirs "keep the difference" if the home's sale price is greater than the reverse mortgage loan balance when it's time to repay the loan. Your heirs can also keep the family home if they repay the loan balance.

The total amount that you can borrow is based primarily on the age of the youngest homeowner, the value of the home, the type of reverse mortgage you select, and the current interest rate.

Reverse mortgages include many important consumer protections:

- You continue to own your home and can never be forced to leave as long as you maintain the home, and pay property taxes and homeowners insurance.
- You must meet with a reverse mortgage counselor before your loan application can be processed or you incur any costs.
- You (or your heirs) will never owe more than the value of the home at the time you sell the home or repay the loan, even if the value of your home declines.
- Payouts you receive from a reverse mortgage are not taxable. They also do not affect your Social Security or Medicare benefits.



“We love our home, and we put a lot of our savings into making improvements over the years. The way things worked out, our home is our primary financial asset right now. That’s why we started looking into a reverse mortgage as a way to pay for long-term care, should we need it.”

Is a reverse mortgage right for you?

One of the most difficult decisions you may face as you age is whether it is time to leave your home and move to a more supportive setting such as an assisted living facility or nursing home. Consider several factors as you decide whether staying at own home makes sense. Are you still able to maintain the home? Is your neighborhood a safe place for you as you age? Are there people nearby who can help you? For people who need a lot of help, moving to a place that offers more support may be the best option.

Sometimes a conventional home equity loan is a better option than a reverse mortgage, particularly if you are unsure how long you can continue to live at home.

Where do I shop?

Most people get a reverse mortgage through a traditional mortgage lender, like a bank. There are many reverse mortgage products available today, with different

features, costs, and interest rate choices. As with any major purchase, it is best to shop around for the best deal. Study your options carefully before making any decisions.

New, lower-cost reverse mortgages are likely to become available in the next few years. If you do not have an urgent need now, you may want to wait until you have more choices.

What else should I consider?

- A reverse mortgage usually has significant upfront costs. Therefore, if there is a good chance you will be moving out of the home soon (for example, for a health problem) it is not a good idea to buy a reverse mortgage.
- Reverse mortgage funds must first be used to pay off any existing mortgage or other debt against the home, and to make required home repairs. These expenses can greatly reduce the amount of the loan available to pay for long-term care costs.
- A reverse mortgage reduces your available home equity. A reverse mortgage with a large loan balance may limit your options if you decide you want to move at a later date.
- If you are the sole borrower and you leave your home for care in an assisted living or nursing facility for more than a year, your loan will become due and will need to be repaid.

Steps you can take now

- Understand who owns your home. If you add children or grandchildren to the title, you may not be able to qualify for a reverse mortgage, since all homeowners have to be at least age 62.



- You can find a detailed overview of reverse mortgage loans, including a guide on how to compare your options and a calculator to estimate how much you can get from this type of loan at: www.aarp.org/money/revmort.



- The National Reverse Mortgage Lenders Association offers consumer publications, and a website with a reverse mortgage calculator. They can also help you to find a reverse mortgage lender in your state: www.reversemortgage.org.



Listen to the relevant tracks on the enclosed audio CD:

- Introduction
- Focus on your finances
- Understand long-term care insurance

Planning For Your Care

Decide who you can count on for help.

Your family or friends may be able to care for you if you become ill or disabled. Care from family or friends can also supplement care from paid service providers. Some people prefer to receive care from family or friends, while others don't want to burden their loved ones with the responsibilities of caregiving. Give some thought to how you feel about relying on your family for care, and talk to your family members before you need care to understand their feelings about providing care.

If you plan on relying on family or friends for much of your care, be sure they receive sufficient training and support. Many communities have agencies that provide “caregiver training” so that your family can learn how to safely assist you with your everyday personal care. It is also important to plan time off for them so that they can have a break from caregiving from time to time. Some people arrange for paid services several weeks a year so that the family caregivers can take a vacation or just have some time off. For caregiver support programs in Ohio, call toll-free, **1-866-243-5678** to be connected to the Area Agency on Aging serving your community.



“After my wife died, I didn’t know what would happen if I needed help. I love my kids, but I don’t want to live with them, and they probably don’t want to live with me either. We all talked and agreed on a plan. Between the help they can provide, and paying for some outside help, I think I’ll be just fine. But I’m glad we talked through it.”

Learn what your community has to offer.

Skilled staff at your **Area Agency on Aging** can help you explore your options and develop a care plan that best fits your situation. A professional long-term care consultant (most often, a nurse or social worker) will meet with you and your family for a free in-home evaluation of your current situation and future options. He or she will explain services available, discuss eligibility requirements and financial resources required, and help determine your needs and preferences.



Call **1-866-243-5678** to be connected to the area agency on aging serving your community and ask for a free long-term care consultation.

Steps you can take now

- Talk to your family about what will happen if you need help with everyday activities. Share your concerns and preferences, where you may want to live and any medical history which may be important in making decisions.
- Think about whether moving in with other family members or sharing your home with someone else is a viable option for you.
- Learn about your community's services and programs and whether they are available at no or low cost. Explore resources in your local community to find out what is available.
- Contact your faith community to find out if they can help with future long-term care needs, such as transportation or in-home care.
- Contact the National Family Caregivers Association for more information on how to talk with family or friends about long-term care. You can reach them at **1-800-896-3650** or www.thefamilycaregiver.org. You can also call your local Area Agency on Aging at **1-866-243-5678** to help you learn more about the services in your community.



- For information on providing support to individuals who are caring for a friend or loved one, go to: www.eldercare.gov/eldercare/Public/resources/caregiver.asp
- Learn how to select a private care manager to help you at: www.ftc.gov/bcp/online/pubs/services/apact/apact08.htm
- Learn about services in your area: www.connectmeohio.org

Are they taking good care of you or a loved one?

Ohio's **Office of the State Long-term Care Ombudsman** advocates for people receiving home care, assisted living and nursing home care.

Ombudsmen do not “police” nursing homes and home health agencies. Instead, they work with providers, residents, their families and other representatives to resolve problems and concerns.

Ombudsmen are advocates who provide a voice to the needs and preferences of clients. They link residents with services or agencies, offer advice on selecting long-term care providers, inform consumers about their rights and provide information and assistance with benefits and insurance.



The Office of the State Long-term Care Ombudsman also administers the Ohio Long-term Care Consumer Guide (www.ltcOhio.org), an interactive resource that includes information about nursing homes and residential care facilities in Ohio, including the results of satisfaction surveys of families and residents of facilities.



Contact the Office of the State Long-term Care Ombudsman toll-free at **1-800-282-1206**.

For More Information

There is a new government website designed specifically to assist you with planning ahead for your long-term care needs. It has a variety of user-friendly tools including a map of the USA so that you can find out what long-term care costs where you live, a “savings calculator” so that you can see what it might cost you if you needed long-term care and how much you’d have to begin saving today in order to have enough to pay for your own care needs.

The website covers all of the topics addressed in this Planning Guide in greater detail.



You can find the website at www.longtermcare.gov.



The enclosed audio CD is a valuable resource with real-life stories about how people have planned ahead for their long-term care needs. The CD focuses on a wide range of planning options and people in very different life situations. A great time to listen to the CD is while you are driving in the car. We urge you to take the time to listen to it; people who have done so tell us it has been a very helpful supplement to this Planning Guide.

CD Index:

1. Introduction (2:17)
2. Focus on your finances (5:50)
3. Understand long-term care insurance (7:47)
4. Tips for buying long-term care insurance (7:01)
5. Establish clear legal directions (7:50)
6. Decide who you can count on for help (8:24)
7. Learn what your community has to offer (6:57)
8. Make sure your home remains a good fit (5:49)
9. Low income options for home modification and repair (7:39)
10. Concluding comments (1:49)



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