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State of Colorado Division of Insurance: Your Odds of Requiring Long Term Care are “Surprisingly High”

The follow is excerpted from the State of Colorado Division of Insurance’s Web site:

Who Pays for Long Term Care?

Long term care is expensive, Home based, non-medical services average about \$15 to \$20 an hour. In the Denver metropolitan area, the average nursing home cost is about \$5,200 a month, approximately \$165 a day. Twenty-four hour home care can cost more than nursing home care, up to \$240 a day...Expenses add up quickly, especially if the need for care is an extended one. How do individuals and families pay for this care, especially over a long period of time? There are 3 ways:

- ❖ Long Term Care Insurance
- ❖ Private Pay
- ❖ Medicaid

Long Term Care Insurance

Nursing home or long term care insurance can pay all or part of nursing home costs. How much of these costs are paid depends on each individual policy’s benefits...Some policies have home care and assisted living benefits, as well as nursing home coverage.

Private Pay

Private pay refers to payment of home health care or nursing home expenses from an individual’s own personal funds.

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Medicaid

Medicaid is a combined federal and state administered program that provides payment for home based services or nursing home expenses if an individual meets certain physical and financial requirements. Three requirements must be met:

- ❖ Medical need for home care or nursing home care
- ❖ Income below a specified amount
- ❖ Resources below a specified amount

What are my Odds of Needing Long-term Care Services?

The odds of needing services are surprisingly high.

The most authoritative study looked at 1980's data. This study by Kemper and Murtaugh in 1991 found that 22% of 65 year old men and 41% of 65 year old women could expect to have a nursing home stay longer than 3 months. Fourteen percent of men and 31% of women could expect to have a nursing home stay longer than 1 year. Only 4% of men were likely to be in a nursing home longer than 5 years, but fully 13% of women could expect a stay that long.

These figures reflect only nursing home stays, many more people need assistance but get by with help from family and friends, or get paid services in the home, at adult day care centers, or in assisted living facilities. In 1987, nearly 6 million persons used home health services (Altman and Walden, 1993). Formal home health services generally supplement care provided informally by spouses and family members.