Critical Conversations about Financing Long Term Care
Facilitator’s Guide

Overall Purposes of Curriculum:
1. Increase awareness of the need to plan for changing health and independence as a later life event impacting financial security
2. Help consumers identify and communicate strategies to manage the risk of long term care
3. Change behaviors and practices regarding long term care risk management

Objectives: At the end of this program participants will:
1. Be able to define long term care
2. Recognize their risk of needing long term care
3. Understand possible long term care costs and potential financial implications
4. Understand the importance of sorting out later life financial goals and expectations
5. Identify long term care financing alternatives
6. Recognize factors to consider when selecting financial alternatives
7. Discover credible resources and tools to help make more informed decisions
8. Understand the benefits of taking action now, versus waiting until a crisis occurs

Target Audiences:
♦ Individuals making plans for later life/retirement
♦ Baby Boomers (born between 1946 and 1964) who are:
  • looking toward later life
  • planning for changes in work/retirement
  • dealing with aging parents

Opportunities for Educators:
✓ Provide knowledge-based messages
✓ Offer objectivity and credibility in financing messages
✓ Present holistic picture of issues/decisions
✓ Offer “plain language” tools
✓ Focus on individual and family decision making processes
✓ Address legal, financial, and social/emotional dimensions of the decision situation

Length of Session:
One hour + (depending on use of interactive exercises and discussion).

Available Participant Materials:
• PowerPoint presentation handout - “Critical Conversations About Financing Long Term Care”
• “Are You at Risk of Needing Long Term Care?” worksheet
• “Critical Conversations About Financing Long Term Care: Common Myths and Facts” handout OR Separate Myths Quiz and Facts handouts
• “Identifying Financial Security Goals for Later Life Critical Conversations” worksheet

Maintaining Curriculum Credibility and Integrity:
In order to maintain the research-based credibility, users should not adapt or revise the title, content, or images in this curriculum. All wordmarks and authorship credit must remain present and intact on all components of the curriculum.
State Specific Additions—Permission is Granted and Users are Encouraged to Add the Following:

- State or local identities
- Specific state/local information about programs and resources related to risk, costs, financing alternatives and consequences (Slides 10, 11, and 28, and others as appropriate)

  **Risk:**
  - Add specific language and/or definitions used to refer to “long term care” in your state
  - Make any needed changes on the fact sheets

  **Costs:**
  - Contact state agencies and identify existing research studies to determine state and local costs for skilled nursing care, assisted living, adult day care, home health aides, etc.
  - Make any needed changes on the fact sheets

  **Financing alternatives:**
  - Identify reputable and quality sources of information on state specific financing alternatives including:
    - Long term care insurance (State Insurance/Commerce Departments)
    - Medicaid Program Eligibility
    - Long term care partnership programs offered by your state
    - State Board on Aging/Area Agency on Aging
    - Reverse mortgage counseling/programs
    - Additional state/local financing options/services

♦ If state specific information is added, the following credit line is appropriate to use: “State specific information was added by xxx from xxx.”

“Critical Conversations About Financing Long Term Care”
Content Outline and Suggested Activities

Critical Conversations About Financing Long-Term Care
Slide 2 - Introduction to Issue and Purpose of Session

Most people say that being financially secure is an important goal at all stages in their life.

This session focuses on a risk that can affect a family’s ability to achieve financial security . . . that is, the risk of changing health and independence, or the risk of needing long term care.

Facing the risk of needing long term care is a topic that most people would like to ignore, or hope they can avoid. This workshop will help you understand if you are on the best route to protect your financial security against the risk of long term care.

Slide 3 - The risk of long term care and how to best protect yourself presents many dilemmas and decisions for today’s families. If you haven’t started your planning, or if you are waiting to take action—you are not alone!

Too often individuals in their 80’s and 90’s are surprised at the need for long term care . . . they “never thought it would turn out this way”. (Share the first two quotes).

Individuals of all ages often think that they won’t personally be affected or that they’ll be the exception . . . and that someone else will pay.

Studies suggest that most individuals are misinformed or lack sufficient information to make informed decisions about financing LTC.

Slide 4 - There are no magical answers for financing long term care; but understanding some key factors can help you make more informed decisions.

You can protect your later life financial security by:
- Recognizing your risk of long term care
- Understanding potential long term care costs
- Understanding who really pays for long term care and various private and public financing alternatives
- Determining what’s right for your situation
- Taking action now before a crisis!

Today’s session will work through these steps and:
- Reduce misinformation and misperceptions about risks, costs, and alternatives
- Introduce you to worksheets proven to help family members talk about long term care financing expectations, goals and concerns. They will help you engage in critical conversations!
- Lead you to resources that can help you make informed decisions and take action!

Suggested activity: Ask participants to complete the “Do you know the facts” 21 item true/false quiz.

Note that answers to the quiz will be shared throughout the presentation. Handout “myths and facts” handout as a take home resource.
Slide 5 - To begin, let’s understand what long term care means. What comes to your mind when you hear those words? In reality, long term care is often much different than many people think it is. (Review the definition of long term care.)

Today long term care offers different choices than your grandparents may have needed. Long term care may include skilled nursing care or nursing home care; but it is much more than that! The vast majority of individuals who need LTC receive care in their own homes and it is provided by unpaid caregivers. LTC choices and options continue to evolve and change.

Slide 6 - Who is at risk of needing long term care? Long term care is not just an older person’s risk; it is a risk facing individuals across the lifecycle.

Of those receiving long term care today, 43% are below the age of 65; and 57% are over age 65.

Slide 7 - Obviously, it is impossible to predict any one person’s risk of needing long term care. Studies provide insight into what factors put individuals more at risk of needing long term care. How do you fare? How would other adults in your family fare?

Suggested activity: Complete the “Are you at risk of needing LTC?” worksheet to assess your own risk.

We do know that the rates of needing LTC are the highest for the 85+ year old population. This group is most at risk for the following reasons:

- Age
- Chronic health problems
- Lack of social support and unpaid caregivers
- More likely to be women vs. men (given longer life expectancies and outliving social support)
The risk of long term care clearly increases with age. Look at the differences in need between those 65-74 and 75-85. The longer you live, the greater chance that you’ll need some type of long term care. Keep in mind that there are big differences for those over 65. Beware of relying on statistics regarding long term care that group everyone together. Also, note that the vast majority of individuals 85 and over do NOT need long term care.

Recognize that the need for community/home care is much greater at all ages than the need for skilled nursing or nursing home care. This reinforces the fact that nursing home care and sources of paying for nursing homes is only a small part of the picture.

It is important to keep the risk of needing long term care in perspective as you do your financial planning. There is greater risk of needing LTC than many other life events that we tend to protecting ourselves against.

Most people underestimate the costs of long term care. LTC can be extremely expensive and easily put a strain on a family’s finances. Most families could not afford to pay for one year of any type of LTC.

In order to understand costs, recognize that:
- Costs vary widely across the country based on location,
- Costs vary by type of care, and
- Costs vary by the amount of care needed per day and over-time.

These variables make it challenging to present a typical picture of costs; averages can be deceptive!

It is important to recognize that bringing skilled care into one’s home can be very expensive. For example, paying for 24 hour skilled care for 7 days a week in your home can prove most costly than care provided in a nursing home.

Insert state specific cost info on slide 10 and slide 11. (Share variations in home care by need and type of service for the U.S. and your state from the slide.)
**Slide 11** – (Continue to share variations in LTC costs by type of care and location.)

Remind participants that these are averages.

**Slide 12** – Reinforce how geography or location impacts LTC costs.

**Slide 13** – How long does someone typically need LTC services?

As you would expect, there is a wide range from a month to many years.

On average, most who need LTC will need about 3 years of care. Only 20% will need care for more than 5 years.
Understand Financing Alternatives and Consequences

Yes—long term care can be expensive. So, how is it paid for? There are many myths and misunderstandings about who really pays. Let’s review some of the facts.

In reality, a majority of LTC costs are paid for by the individual needing care and their families. Individuals typically use several sources of risk protection including:

- Income and life savings
- Home equity
- Unpaid family caregivers

Long term care insurance policies currently pay for only about 5-7% of costs (primarily because only 10-13% of individuals have purchased policies).

Another key source of payment for long term care is Medicaid or Medical Assistance. Medicaid is a critical safety net when individuals are not able to pay. Regardless of need, Medicaid is not the same as Medicare, the health insurance for those 65 and over.

(Reinforce) With Medicaid:

- Income and asset rules apply
- Role of “spending-down” to be eligible
- Rules against giving away assets to make yourself poor enough to qualify; and
- Protection to prevent “healthy” spouse from living in poverty

Let’s review some of the most common myths about paying for long term care. One common myth is that an existing health insurance policy will pay if you need long term care. Read your policies carefully; very, very few cover such needs.

Another myth is that disability insurance will pay. Disability insurance protects against the loss of income. It doesn’t cover the costs of care that may also result when you aren’t able to work or remain independent.

Another common myth is that Medicare will pay for long term care. Medicare is a federal program which does pay for some health related costs; but the majority of what it pays for is short term, not long term care. Medicare supplement insurance is designed to cover the gaps in short term health care needs, not long term care.
Now that you have a sense of LTC risks, costs, and who actually pays... let’s review what you can do to create a LTC risk management plan that’s right for your situation.

If you are like many individuals, you wish that someone could just tell you which risk protection options are right for you. That is, “Just tell me what to do!”

Before exploring risk protection options, it is critical to gather information about your own situation. There are five key factors that should influence your decisions (read from slide).

- Start by sorting out your financial goals, or what you are trying to accomplish financially. Families have “rules” about who can and should pay for long-term care. There are often unwritten expectations about the use of personal assets such as a home, accepting financial help from adult children, leaving an inheritance, or the use of government programs.

- What are some common later life financial goals? Studies suggest that many individuals are trying to accomplish one of six competing goals. Each goal can have a different meaning for each person. For example, privacy to one person may mean not having anyone outside the family knowing any family business. For another person it may mean not sharing information with adult children or other family members.

- While sorting out and defining your goals is not easy, there is help. Refer participants to handout: “Identifying Financial Security Goals for Later Life.” Talk with your family members and sort out what is most important to you.

- Consider the characteristics of those in your family. Who’s most at risk? Complete the risk assessment worksheet with other family members to help determine risk protection plans for the whole family.
Slide 20 - Next, gather information about your current and future financial resources. (Review information on the slide.)

- Financial Resources
  - What financial resources are and will be available?
    - Current and projected income, savings, home equity?
    - Impact:
      - What’s affordable now and in the future?
      - Will you meet eligibility and financial criteria for programs?
  - Take Action
    - Gather income, asset, and cash flow information

- Human Resources
  - Informal caregivers...will they be –
    - Available and able to help provide long term care?
    - Able and willing to help provide financially?
  - Adult children are NOT typically held financially responsible for parent’s long term care costs?
  - Take Action
    - Talk with potential informal caregivers...adult children, other family, or friends

- Your Location
  - Where you live determines…
    - Types of long term care available
    - Costs of long term care
    - Financing alternatives you can utilize
  - Take Action
    - Explore options and costs in your area
    - Visit: http://www.longtermcare.gov

Slide 21 - Consider what human resources you would have if you needed long term care.

Slide 22 - Long term care options and costs vary by location.

In order to better tailor your risk management plan, learn about potential costs in your area.
In a majority of cases, financing long term care depends on mixing and matching a combination of alternatives. Think of it as solving a puzzle and putting together the right combination of pieces and solutions for your situation.

Consider that there are really two overall risk management options to pick from:

- Using your own personal or private resources, and
- Using government supported resources

Within both the personal and public approaches there are multiple financing options to understand.

There are several private or personal financing options. Be sure to consider if you can afford to self-insure. Then, take time to learn more about reverse mortgages and explore LTC insurance.

A reverse mortgage is a loan against the equity or value in one’s home. This type of loan can help to keep seniors in their home and access the value of the home while they are living. The loan is then repaid, plus interest, when the senior permanently moves out or sells the home. There are many “ins and outs” to reverse mortgages and they are not the solution for everyone who owns a home. Reverse mortgage counselors are available to help seniors sort out the pros and cons for their specific situation.

What about long term care insurance? In the world of insurance, long term care insurance is a fairly new product. It is a product that continues to change and become more consumer-friendly overtime. In reality, few people have purchased long term care insurance.

LTCI can be purchased as an individual through a salesperson, or as part of a group. More employers (including the federal government) are beginning to offer LTCI as a workplace benefit. Many who have purchased LTCI policies are just now beginning to experience long term care needs and are actually using their policy coverage.
Long Term Care Insurance

- Not for everyone
  - Can you afford the premiums? Now? In the future?
  - Do you have assets you want to protect?
- No policy will protect against all costs
- Too many wait until...
  - Insurance is unaffordable
  - They are uninsurable

To help you compare...

- LTCI is regulated by state policies
  - Check your state for specifics in your state
- NAIC Shoppers Guide to LTCI
  - Features to compare... Focus on the “basics”
    - What is covered, when, & who decides
    - Compare benefit amounts with current costs/day
    - Inflation protection is essential!

Public Financing Alternatives

- Medical Assistance
- Veterans Administration
- Subsidized Services (e.g. Meals on Wheels, Senior Centers)
- Other programs vary by state; they may include elderly waivers and alternative care

Slide 26 - Long term care insurance is a new decision making experience for most consumers. Most consumers do not have experience purchasing LTI insurance and need to learn a new language and how to compare insurance options, as well as specific coverage.

Slide 27 - The good news is . . . there are resources to help you make more informed decisions. Refer participants to state-specific resources and the “NAIC Shoppers Guide to LTCI.”

Slide 28 - There are also public financing alternatives that will pay for certain types of long term care. In the vast majority of cases, eligibility for these is means tested. That means these programs are designed for individuals who have needs but who also have a low income and a low level of assets. One example I mentioned earlier is Medical Assistance.

Numerous subsidized services and other programs exist to help individuals remain independent and in their own homes. While Meals on Wheels and Senior Centers operate in all states, some states also have such programs as elderly waiver and alternative care programs. (Refer participants to state-specific additional resources and contacts.)
Partnership Programs

- Available in most states
- If you take personal responsibility by purchasing LTC insurance...
  Then you will be able to protect some assets if you exhaust the insurance coverage and need to apply for Medicaid.
  (Example: Purchasing a $100,000 policy allows up to $100,000 in income and assets to be protected)

Developed by Marlene S. Stum, Ph.D., Family Economics and Gerontology, University of Minnesota, 2012.

Compare Consequences...

- Affordability...now and in future?
- Eligibility criteria (health status, financial)
- Flexibility in use of money
  - Long term care risk vs. other expenses/goals?
  - Is there interest accumulation? At what rate?
- Will there be enough funds at the right time?
  - Front-end or back-end payments?

Developed by Marlene S. Stum, Ph.D., Family Economics and Gerontology, University of Minnesota, 2012.

Use Trustworthy Tools

Welcome to Financing Long Term Care: A Resource Center for Families

www.financinglongtermcare.umn.edu

National Clearinghouse for Long-Term Care Information
U.S. Department of Health and Human Services

www.longtermcare.gov

Developed by Marlene S. Stum, Ph.D., Family Economics and Gerontology, University of Minnesota, 2012.

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Slide 29 - Public/private partnership programs are developing as risk protection options in several states.

(Check and insert information about the partnership program in your state, if available.)

Slide 30 - When comparing features of the different financing puzzle pieces consider the following criteria:

(Share the information on the slide.)

Additional information can be found at www.medicare.gov.

Slide 31 - Understanding financing alternatives and consequences is complex and can be overwhelming; however, there are trustworthy resources that don’t sell products or promote certain financing options. (Refer participants to two websites on slide.)

Remember that state laws impact your options and choices—be careful to not make inaccurate assumptions when you are working with or listening to family members in other states.
Slide 32 - Risk management is an ongoing process. As your situation changes and as private and public options change, it is important to revisit your plans.

Slide 33 - Making informed decisions about managing the risk of long term care means talking with family members who may also be affected.

Whether dealing with aging parents, a spouse or partner, or your own adult children consider the following points as you engage in critical conversations.

(Share the information on the slide.)

Slide 34 - Addressing the risk of long term care is easy to put off; but keep in mind the advantages of planning now versus waiting for a crisis. There are many good reasons to plan now.

(Share examples from slide.)

As you consider the options and compare consequences, don’t forget to compare the consequences of “doing nothing.”