

Long-Term **CARE** How to keep **your** promises

By Maryglenn Boals



It's the second time they've called. "Your mother was wandering outside again. Can you come get her?" You realize that this problem isn't going away and that your mother can't live alone anymore.

We all know that there may come a time in our lives when we are called upon to help care for our aging parents; but have you thought through your options in dealing with a long-term care crisis?

Planning AHEAD

It's never too soon to start planning for what might come. **These three critical steps will help** prepare you if your parent suddenly becomes ill or disabled:

Talk With Your Parent

It's not easy to do, but get your parent to discuss (with you or perhaps some other person) several issues:

- ◆ His fears, needs, priorities and wishes
- ◆ His finances (long-term care can easily cost \$40,000 to \$80,000 a year or more)
- ◆ His medical care (what should you know if you have to make decisions for him one day)
- ◆ Housing options (where might he want to live if he couldn't remain in his home)

Make Sure Your Parent Has:

- ◆ An up-to-date will
- ◆ A durable power of attorney (this gives you or someone else the power to handle your parent's finances and make housing decisions for him if, for some reason, he cannot do this for himself)
- ◆ Advance directives (a living will specifies your parent's wishes concerning medical care, and a power of attorney for health care names someone to make medical decisions in his stead)

Do Your Homework

We all think that our parents won't need companions, much less nursing home care; but many people need one or the other or both. Do some research now so you're ready if such help is needed.

- ◆ Make a few calls to find out about senior services in your parent's community.
- ◆ Visit senior housing facilities so you know what's out there, and if necessary, put your parent on waiting lists.
- ◆ If you live far away, have the name of a neighbor or volunteer who can check on your parent if there's trouble, as well as the names of doctors and lawyers, and a phone book from the community.



to protect our families in the event of our premature death ... but what if we had a long-term medical need? Where does the money to pay for *that* come from? Why haven't more families prepared for that?

Long-Term Care insurance is one of the "newer" insurance products in the market. Long-Term Care insurance started back in the late 1970s. Now, over \$3.3 billion of Long-Term Care insurance claims are paid annually (2006). Families are starting to realize the value that LTCi can offer. Those of us in our 40s to 50s are buying policies now because the cost is based on age and health. But this same group is also looking at their own financial risk should Mom or Dad need long-term care and not have the assets to pay for it personally.

You find yourself asking, "Didn't Mom and Dad know they would need money for this?"

There is a sad misconception that Medicare will pay for long-term care, and therefore many people assume that they are covered. Following a qualified hospital stay, Medicare does pay 100% of long-term care for the first 20 days in a skilled nursing facility. From day 21-100, each person is required to pay a "co-insurance" amount as their share of cost (currently \$128/day). Medicare only pays for "rehabilitative" care – once your care is determined to be more custodial in nature, they will not pay. Notice, too, that this was for *facility* care. Home care may not even be an option.

"But I thought there was a government program that paid for care?"

Most people are referring to Medicaid – a federal-state program that provides healthcare benefits for the indigent. Arizona's program



HOME Advantage

We asked our friends at Home Care Assistance to **share the benefits of allowing aging parents to remain at home.**

89% would rather live at home than anywhere else.

Senior citizens fear moving into a nursing home and losing their independence more than they fear death, according to a study reported in *The Wall Street Journal*. When asked what they fear most, seniors rated loss of independence (26%) and moving out of home into a nursing home (13%) as their greatest fears. Death was cited as the greatest fear for just 3% of seniors. Furthermore, 82% of Baby Boomers fear their parents will be mistreated in a nursing home and 89% fear their parents will be sad.

Staying at home is most comfortable.

Nothing beats the comfort of staying at home. Being able to receive needed care within the familiarity of one's own home uplifts the spirit. "Aging in place" eliminates many safety risks that come with moving into and moving around in new places.

Home care prolongs independence and prevents institutionalization.

It doesn't take much in the form of a mobility limitation or mental decline to render people unable to care for themselves. Simple tasks like bathing, using the toilet, cooking – let alone driving to the store or to appointments – become difficult ordeals.

Home care is safer.

Institutionalized residents are at high risk for developing acute illnesses such as pneumonia, dehydration, gastroenteritis and even antibiotic-resistant *Staphylococcus* infections. With a single caregiver attending to many people, it's harder to

control cross contamination from one infected resident to another. The one-on-one personal attention by an in-home caregiver greatly lowers the risk of such illnesses. Plus, home caregivers can devote 100% of their attention to preventing falls, wandering, bed sores, and kitchen injuries, and will even call 911 within seconds of an emergency.

Home care reduces stress and depression for the whole family.

A conservative estimate reports that 20% of family caregivers suffer from depression, twice the rate of the general population. The "role reversal" of family caregiving is equally stressful on the relative giving care and the one receiving care. Elders remain keenly aware of the increasing physical and mental losses they are suffering. Plus, they may feel embarrassed to require a family member (especially their child) help them with certain issues, such as toilet care. Transitioning to an institution can be even more stressful.

Home care improves the quality of life.

By remaining in their home, with proper care, seniors are able to maintain the lifestyle and luxuries they are accustomed to enjoying. Keeping all their possessions and familiar surroundings, home care clients are able to visit the same stores, restaurants, neighbors and parks they already know. Plus, they can engage in the same activities they love, rather than be expected to join in group activities with comparative strangers. They can even just savor their privacy and live their life on their own schedule.

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Many people are forced to make tough personal decisions during this type of crisis. Your mother may really want to live in her own home, but can she live there safely? Is there another family member who can live with Mom so she can remain in her home? Can you leave your job to care for Mom? Can she move in with your family? All of these choices have their financial and emotional challenges. The solution may be hiring a person to stay in the home with her. On average, a home health aide is paid almost \$21/hour in Arizona. You can see how quickly that will add up for each day you are away at work. If she needs 24-hour skilled care in a more secured setting, a private room in a facility will cost about \$6,000 a month. Plus, you promised her that you would never “put her in a facility.”

Which leads us to the next topic: how are you going to pay for this type of care? Mom and Dad's savings will be gone quickly at these rates, and your own children are enrolling in college this fall. You suddenly realize you are in the middle of one of the biggest challenges facing those of us in our 40s-50s ... the “Sandwich Generation.” You are juggling the demands of your aging parents with those of your own children. It's a financial and emotional tug-of-war that leaves many people stretched in the middle.

But, what if it didn't have to look like this? Long-Term Care Insurance (LTCi) can help to prevent some of these difficult situations. Most of people still think of it as “nursing home” insurance, but LTCi is more about staying *out* of a nursing home. We insure our cars and homes, we invest in our 401Ks and IRAs, we also buy life insurance



Long-Term Care insurance is one of the “newer” insurance products in the market, and families are starting to realize the value that they can offer.



is called AHCCCS (Arizona Health Care Cost Containment System). As the name implies, it is "aid" to care for those who financially qualify. If you have any significant means, it is unlikely that you would qualify financially, even if you qualified medically. There is also a "look-back period" that AHCCCS will use to review your past five years of financial history.

The last option is paying with your own funds. This would include using your savings, retirement monies or other assets to pay for care. At about \$80,000 a year – you can see how quickly you would exhaust your life savings. And what if your long-term care crisis was due to an accident and you recover? It may take years to replace those funds, if you ever can.

"How do I find a long-term care policy that fits my needs?"

Long-Term Care insurance is not a "one-size-fits-all" product. Planning and assessment of your personal requirements and budget need to be done. It is important that the person designing your plan understands the other financial obligations of your estate. An LTCi specialist can guide you through the various options available to build your own long-term care policy. Look for an agent with credentials designating their specialty in long-term care planning. CLTC means "Certified in Long-Term Care." The Corporation for Long-Term Care was established by a founding member of the National Academy of Elder Law Attorneys (the country's premier legal organization addressing elder law issues) and is dedicated to training agents to solve clients' long-term care needs. It is a third-party designation, meaning that it is not affiliated with any insurance company or financially supported by the insurance industry.

It is also important to find an "independent" agent so that you are presented with a variety of quotes from several carriers. A "captive" agent is only going to show you options from one carrier. Top-rated carriers include – John Hancock, MetLife, Prudential, MedAmerica, Allianz, Genworth, just to name a few. Stability of the carrier is very important. Since you are purchasing something that may not be used for many years, you want to make every effort to select a company that is going to be around when you need them.

It is becoming more and more common for children to purchase a long-term care policy for their parents. Children are realizing their financial exposure, and an LTCi policy protects them financially, too. An annual premium of a policy may be less than paying for even one month of care.

So back to that phone call – but now imagine that your family has done its planning, and a long-term care insurance policy was purchased for Mom a few years ago. After safely returning Mom home, the next phone call is to the insurance carrier to begin working with a care coordinator and initiating a claim. The carrier can help your family locate a local homecare agency with licensed caregivers. A caregiver can begin tomorrow. A solution can be created quickly. Now your family has the peace of mind that Mom is once again safe in her own home ... and you have kept your promise. ■

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