

Comprehensive, Facility Only, or Home Care Only Policies

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Most of the policies available today are "comprehensive" policies. By this, I mean they pay for facility care (nursing home, assisted living, etc.) and for home and community based care (i.e. adult day care, etc.).

Since none of us know for certain in advance what level of care we will need, a comprehensive policy is usually the best choice.

What if you feel there is little likelihood you will be able to remain at home if you need care? If you have no one available to provide informal (unpaid) care or if it is unlikely anyone will be available when you do need care, to remain at home, you would need 24 hour per day care from paid caregivers and this could be prohibitively expensive. Round the clock care from a home care agency (3 shifts) typically costs two to three times as much as one day of facility care.

If there is little or no chance you will be able to remain at home, why pay for home care benefits you'll never use. A facility only policy is usually costs significantly less than a comprehensive policy. (Additional relevant points can be found in my article on "Independent Caregivers and Family Caregivers")

Some people insist on a home care only policy because they swear "I'll never go into a nursing home". While you may be right, don't let your emotions rule. Just because you don't ever want to go into a nursing home doesn't mean you never will. No one wants to go into a nursing home. Also, nursing homes are not the only type of facility covered by a long-term care policy. Assisted living facilities are also almost always covered.

If you are insisting on only considering home care, consider carefully how much home care you'll need. In order to collect benefits from most long-term care policies you must require assistance with two or more activities of daily living or require supervision due to cognitive impairment. At that point you could easily require care 24 hours per day. A policy with a benefit maximum adequate to pay for 1 day of nursing home or assisted living facility care could easily only be enough to pay for six to eight hours of care from a home care agency. Who's going to care for you the rest of the day?

If you can't be certain someone will be available to provide you with informal (unpaid) care the rest of the day, you may need to buy two to three times the daily benefit with a home care only policy, as you would need to buy with a facility only policy, or a comprehensive policy

You may find the cost of adequate home care only coverage is prohibitively expensive, even though the cost of a home care only policy with the same benefit as a comprehensive policy is likely to be considerably less than the cost of the comprehensive policy. When you buy a large

enough benefit to pay for 24 hour per day care, it could easily cost more than a comprehensive policy.

Finally, you will also find your choices for home care only policies are much more restricted. Many companies do not offer home care only policies.

Conclusion:

A comprehensive policy is usually the best choice. Consider a facility only policy if there is little chance you'll be able to remain at home when you need care. If you insist on a home care only policy, make sure you buy enough. You'll probably need at least twice as much coverage as you would need with a comprehensive policy.

Not intended to provide legal or accounting advice. Long Term Care is a complicated subject. It takes time to consider the implications of many of the options available. In addition to any necessary legal or accounting advice from the appropriate professional you should discuss your financial situation and objectives regarding long term care with a knowledgeable agent.