

Independent (Paid) Caregivers and Family Caregivers

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One very important question is "Who will provide the long term care services?" There are almost as many different answers to this question as there are policies. The question is perhaps moot with regard to facility care, but it is certainly a concern for home care.

Many policies, particularly those with the lowest premiums, only pay for home care provided through a licensed home care agency. This is the most restrictive approach, but it is certainly adequate to meet the needs of most people. When the need for care arises, the convenience of being able to have someone else deal with all of the hassles of hiring caregivers, doing background checks, scheduling, etc. make this the most attractive choice for many anyway.

Somewhat more liberal are policies that will pay for independent (Paid) caregivers. Typically, those are people who have the necessary training or certifications to safely provide care but who choose to be self-employed rather than to work for a home care agency. Some policies will pay for this type of independent caregiver. The advantage here is that you eliminate all of the additional overhead of dealing with an agency. The negative is that you also give up the convenience. What makes this particularly attractive is that you may be able to hire a "live in" caregiver who can be available 24 hours per day, 7 days a week for the same cost as a home care agency would charge for a single 8 hour shift. For someone without a strong network of family and friends to provide unpaid care, this option may be the difference between remaining at home or having to seek facility care. If this is your objective, make certain the policy you buy will pay for properly trained independent caregivers and check to be certain that they do not exclude "live in" assistance.

If your objective is to have family (other than the spouse) or friends be your caregivers, the independent caregiver may be your solution. When care is needed, the family member could take the training necessary to be certified as a nurse's aide and then be your paid informal caregiver. Since many policies specifically state that they don't pay for immediate family as caregivers, be certain to select one that will pay them as long as they are properly trained. A few policies will even pay for the training. Read the policy carefully to make certain it meets your objectives. Some policies which do pay for family as independent caregivers specifically say it cannot be a family member with whom you live and nearly all say it cannot be your spouse.

The most liberal policies say that anyone, even your spouse, can be your caregiver and the policy will still pay them to provide your care. A very few don't even ask if you are actually receiving care. They only ask whether you meet the benefit triggers, if you do, they pay the benefit. Those types of policies are also by far the most expensive, often costing twice as much as the other policies.

You need to ask yourself whether they are worth the additional money. If you have a family member you would like to be your caregiver, and they will have to quit a job in order to provide

your care, the answer is probably yes. If on the other hand, you feel "My family will take care of me" and you simply think it would be nice if they were paid to do so, the answer may well be no. In many situations, family and friends are willing and able to provide much of your care, but what makes it practical for them to do so is the availability of formal caregivers, perhaps with specific medical training or to provide the "heavy lifting". Then the LTC policy works best when used to pay for these formal services, thus reducing the burden on your family or your spouse. In that situation, probably the most common, the least expensive policies that only pay for care through a home care agency are completely adequate.

People will sometimes object that they don't need long term care insurance at all because their family will take care of them. I don't doubt at all that the family is willing to do as much as possible, without ever expecting to be paid for doing so. It is, however, extremely difficult to provide care for a functionally dependent individual 24 hours per day. Much of the purpose of long-term care insurance is to reduce the burden on family caregivers, not to replace them.

Conclusion:

Read the policy very carefully. Make certain the policy will pay for the type of caregiver you hope to utilize. In particular, if you want to remain at home as long as possible, but don't have a strong network of informal caregivers to provide unpaid care, look for a policy that will pay for independent caregivers and one that does not exclude "live in" assistance.

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.