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LTC Update

Where Will You Receive Your Long-Term Care?

*By Vivian P. Gallo, CLU, CSA, AEP, CLTC**

A century ago, the term “long-term care” as we use it today was non-existent. Things were very different then. The number of trained physicians was few, medications were limited in scope and efficacy, and hospitals were limited to care for the people with critical conditions. Otherwise, family members provided care for loved ones at home.

Over the past 100+ years, however, things have changed dramatically. The changes to health care that have taken place within this time frame have been quite extraordinary. The sophisticated medical care that we now have access to was unimaginable to our grandparents. Improvements in medical technology and pharmaceutical advancements have resulted in increased longevity, bringing with them unprecedented new challenges for generations to come.

According to the National Vital Statistics system, in 1900 the total life expectancy at birth for men and women combined was 49.2 years. By 1950, that number had increased to 68.1 years and by 1997, it had reached 76.5 years. With statistics indicating that increased longevity is now a near certainty for most Americans, the need to plan for long-term care has become a necessity.

Today's long-term care is not confined to hospitals; the choices are numerous, suitable for almost any conceivable need, by offering both seniors and their families countless options and flexibility. Skilled care services such as physical, speech and occupational therapy can now be delivered in specialized rehabilitation facilities, specialty units in hospitals, assisted living facilities or even at home. The choices of where to receive care are many, and with proper planning, an individual's needs and preferences can almost always be met.

As increasing numbers of baby boomers begin seeking help for rapidly aging parents, they are often confused by the wide array of service providers available to them, from geriatric-care managers to home-care agencies as well as licensed (and unlicensed) home health aides. Since coverage and employment policies vary widely from state to state, however, consumers need to be aware that ultimately the responsibility for inquiring about the tax obligations and insurance benefits associated with each of these services falls on their shoulders. When purchasing coverage or when filing claims for benefits, they need to make sure that they fully understand what is and is not covered in their specific contract, particularly with respect to the licensing and certification requirements of facilities and providers.

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While home care is often preferable to the loved one, it is not always possible or appropriate in all situations. As an alternative, adult day care programs and facilities are now available to provide assistance to physically or mentally impaired adults who might otherwise require institutionalization. These programs allow clients to return home to their families evenings and weekends, enabling them to maintain varying degrees of independence for as long as possible.

There are basically two types of adult day care programs for older adults: a medical model and a social model. The former provides comprehensive medical, therapeutic, and rehabilitation day treatment for those whose medical problems require more constant treatment and monitoring, while the social model offers supervised activities, peer support, companionship, and recreation for those seniors with less pressing medical needs. And when home care is no longer a viable option, an assortment of senior housing and care facilities provide for a wide range of care needs. These include:

- **Independent Living Communities** designed to enable independent seniors to enjoy a lifestyle filled with recreational, educational and social activities.
- **Continuing Care Retirement Communities (CCRC)**, which are residential campuses that provide for a continuum of care in one location. As a resident's need for care changes, the range of services from assisted living through skilled and/or custodial nursing care is available in the same setting.
- **Assisted Living Facilities (ALFs)** exist to bridge the gap between independent living and nursing homes. ALF residents may no longer be able to live by themselves, but they do not require constant care either. An ALF allows them to live as independently as possible for as long as possible by offering help as needed with activities of daily living such as eating, bathing, dressing, as well as assistance with medications, and housekeeping.
- The facility of last resort, of course, is the **nursing home**, which is designed to care for very frail people who have numerous health care requirements requiring round-the-clock care and vigilance.

Just as the variety of care providers is extensive, the choices for the delivery of that care can be daunting as well. In comparing options, however, consumers should be aware that in different areas of the country the terminology used for assisted living facilities and other provider services may differ significantly. Therefore, they need to fully understand those differences and their impact upon the services desired when both purchasing and filing claims for benefits.

A comprehensive understanding of all care options available along with the benefits and pitfalls of each will equip consumers with the ability to elect preferred or specialty resources when needed. Professional assistance in understanding the complexities of these contracts can also help families and their loved ones plan ahead, thus ensuring that their financial, tax, estate and long-term care planning efforts are better integrated.

As the types of care provided continue to grow in number and complexity to address the changing needs of an aging population, the options for long-term care planning will continue to change as well. New life and annuity hybrid products with long-term care components have recently become available. As time progresses, more innovative products and options can be anticipated. Against this backdrop of increasing complexity and rapid change in both the healthcare and insurance industries, professional guidance in choosing long-term care products has become even more essential.

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