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## LTC Update

### **The Evolution of Home Care\*\***

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

In the first century of our country's history there were no nursing homes or assisted living facilities. We were primarily a rural society, where people lived in their own homes and families cared for their loved ones as needed. In the late 1800's, as the urban society increased, many families could no longer care for loved ones. Families, including children, were employed six days a week for as much as 12 hours a day. Many people needing care were housed in County poor houses or facilities for the mentally ill. It wasn't until the early 1900's that visiting nurses at home started, thus reversing this trend towards institutionalized care, and allowing care recipients to remain at home. With the advent of Social Security in 1936, a nursing home per diem stipend was included in the Social Security retirement income, spurring the construction of nursing homes across the country.

By the end of the 1950s, it was apparent that Social Security beneficiaries were living longer and that the nursing home subsidy could eventually bankrupt Social Security. Medicare and Medicaid were created through an amendment to the Social Security Act in 1965. Under Medicare, nursing homes were only reimbursed on behalf of Social Security beneficiaries for short-term rehabilitation, while, impoverished disabled Americans and impoverished Americans over 65 were reimbursed for nursing home stays by Medicaid. It was never Congress' intention to pay for nursing home care for all Americans. The nursing home entitlement for all aged Americans was now gone.

Over the last 40 years, a gradual migration away from nursing home facility care towards home care and community living arrangements for long-term care has emerged.

#### **With Proper Planning, People Can Be Cared For at Home**

As economic changes increased the number of dual income families, it was accompanied by a trend for outside caregivers, allowing the elderly once again to receive long-term care at home.

With adequate money or government funding to pay for providers, most people would choose to receive care at home. Today, it is possible to receive all types and levels of services at home. To do so however, takes adequate long-term care planning and/or substantial income to allow this to happen.

#### **The Popularity of Home Care**

For many long-term care recipients, home is the ideal environment with all its comforts and the security provided by familiar surroundings. Out of an estimated 8 million older Americans receiving care, about 67% receive their care at home or reside with a family member or friend.

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The cost of care is often the deciding factor. It is considerably cheaper for a spouse to provide care at home, or for a loving daughter to have her widowed mother move in with her rather than to liquidate mom's assets and place her in a nursing home. Care for parents, spouses and family members is an obligation people feel strongly about.

Home care generally involves providing help with several activities of daily living. At the onset of needing care, most people do not need the supervision of a 24/7 caregiver. Over half of home care recipients are cognitively impaired and need supervision to make sure they are not a danger to themselves or to others. But it is the ongoing and escalating need for help with activities of daily living or the need for extended supervision that can make it impossible for a caregiver to provide help in the home. Either the physical demands for help or the time demand for supervision eventually becomes overwhelming for the caregiver. This untenable situation usually leads to finding another care setting for the loved one. With funds to hire providers for home care, the need for finding alternative care settings would be reduced.

### **Problems That May Prevent Home Care from Being an Option**

The problems with maintaining home care are mainly due to the inadequacies or lack of resources with informal caregivers. However, they may also be caused by incompetent formal caregivers. Generally, these problems center on five issues:

1. Inadequate care provided to a loved one
2. Lack of training for caregivers
3. Lack of social stimulation for care recipients
4. Informal caregivers unable to handle the challenge
5. Depression and physical ailments from caregiver burnout

The responsibility for recognizing these problems and solving them is another function of the long-term care planning process and the team of specialists and advisers involved.

### **Adequate Funding Solves Most Problems Associated with Providing Home Care**

None of these problems would be an obstacle if there were enough money to pay for services at home. **Adequate preplanning provides the solution; but it is best if it is planned prior to retirement.** Buying a long-term care insurance policy when someone is younger, healthy and able to afford the lower premiums is one obvious way to plan for long-term care. If insurance is not an option, then money must be put aside early in life to pay for future care

Few people address the issue of needing long-term care when they get older. This lack of planning means most people may not have the choice of remaining at home, causing them to rely on Medicaid support while living out those final days of their lives.

### **Remember: It is never too soon to plan for Long-Term Care!**

\* Vivian P. Gallo is a CLU (Chartered Life Underwriter), Certified Senior Advisor (CSA), and Accredited Estate Planner, (AEP) and has Certification in Long-Term Care (CLTC). She is a long term care planning specialist. She is not a tax consultant or attorney, however, and cannot provide tax or legal advice. Please consult your accountant, tax preparer or attorney on all tax planning and legal matters.

\*\*Excerpts from an article provided by AALTCL.