



Beneficiary Newsletter

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The Company You Keep®

The Myths About Long-Term Care

It seems that we are hearing more and more about long-term care. The cost for long-term care services is rising, new types of home care services are becoming available, and the largest generation of retirees in American history is about to enter their elder years. Even with all of this attention, however, many consumers still have mistaken assumptions about the best way to plan and pay for long-term care. The following information may help to clarify some of these issues and dispel a few of the myths that pervade consumer conscience when it comes to long-term care costs and long-term care insurance.

What Is Long-Term Care?

By definition, long-term care is assistance provided to people with chronic illness or disability, whose physical or mental conditions limit their ability to carry out everyday independent tasks (also known as Activities of Daily Living). These tasks may include getting in and out of bed, eating, bathing, dressing or moving around. Long-term care, unlike standard medical care, helps an individual maintain a level of functional independence, but isn't necessarily attempting to cure a specific illness.

Myth #1: I'll never need long-term care.

Most people can't imagine themselves needing the kind of help provided by home health care aides, assisted living facilities or nursing homes, but many of us will eventually need long-term care. In fact, nearly 50% of all Americans may need long-term health care at some point in their lives.¹

Long-term care is often needed as a natural result of the aging process and reaching a point where one cannot complete the normal functions of daily life without assistance. Long-term care can also be provided after serious accidents or illnesses.

Myth #2: I'll pay for my own long-term care.

Nursing home costs average over \$50,000 a year nationally, but in some regions nursing home fees are sometimes twice that amount.² Assisted living and home care charges also vary widely, but are generally slightly less expensive on average than nursing home care. And remember, like most everything else, the price for long-term care can inflate over time.

How long can you or your estate pay for this type of care without jeopardizing your financial plan or exhausting your savings? It can make good sense to transfer this financial risk to an insurance company just like you

do with your homeowner's insurance or auto insurance. Even if you can afford to pay for long-term care services out of pocket, why would you want to when you can transfer the cost to an insurer for premiums that may total a fraction of the cost?

Myth #3: Long-term care is only for the elderly.

While the majority of long-term care is provided for seniors, a surprising amount of long-term care services are provided to younger people.

Approximately 45% of the disabled population is under the age of 65.³ The unexpected need for long-term care could arise at any age for any number of reasons, including illness, an automobile accident, or a variety of unforeseen mishaps.

Myth #4: My health insurance will cover my long-term care expenses.

Health insurance policies cover acute, rather than chronic care services and therefore do not cover long-term care services. Long-term care is not a medical service.

¹ Health Insurance Association of America. A Guide to Long-Term Care Insurance. 2002. Page 5.

² Ibid

³ United States Department of Labor. Advisory Council on Employee Welfare and Pension Benefit Plans. Report, Findings and Recommendations of the Working Group on Long-Term Care. November 14th, 2000. Page 9.

Myth #5: Medicare will cover my long-term care expenses.

While Medicare does provide health coverage for seniors, it is limited in the coverage it provides for long-term care. Medicare pays for only approximately 18% of nursing home care.⁴ You can learn more about Medicare and long-term care coverage at <http://www.medicare.gov/>

Myth #6: Medicaid⁵ will cover my long-term care expenses.

Medicaid will pay for most long-term care services. However, to qualify, you must meet strict asset and eligibility requirements.

Myth #7: My family will take care of me.

The financial and emotional stresses that full-time care giving may place on families can be overwhelming. Many families have struggled to provide care for parents or siblings only to eventually realize that the care required is more than can be provided by the family. The truth is that sometimes the best way for a family to take care of a loved one needing long-term care is to make sure that they have access to professional care.

With the advances in home care services we have witnessed over the last several years, many people needing long-term care are actually able to stay at home, with or near their families. If the cost of these services is insured, families can spend more quality time with the person needing care, while protecting family assets, retirement plans and care options.

Myth #8: Long-term care insurance covers only nursing homes/facilities.

Long-term care insurance offers a variety of options beyond nursing home/facility coverage. If given the choice, most people would prefer to stay at home rather than enter a nursing home/facility. Most long-term care insurance policies cover a wide range of care services, including home care, adult day care, assisted living facilities and hospice care.

Planning ahead for long-term care can be a confusing topic. No matter what your needs are, consult with a professional insurance agent who is knowledgeable about long-term care insurance and a company which is financially secure.

Long-term care insurance may not be for everybody, so if you are considering a policy, read it carefully. Be sure to obtain an outline of coverage that describes policy features. If you have questions, don't hesitate to ask them. With the help of an informed agent, you will be able to make an educated decision. Long-term care insurance can be a great investment that can provide important financial and emotional benefits should long-term care services ever be needed. Don't let the myths about long-term care keep you from making an informed choice.

New York Life Insurance Company's individual tax qualified Long-Term Care Insurance policies are issued on policy form series ILTC-5000 and INH-5000. The actual policy form numbers vary by state and are identified with the two-letter state identifier and an edition number. Examples: for Idaho ILTC-5000 (ID) (1001) and INH-5000

(ID) (1001) and for Pennsylvania ILTC5000 (PA) (1001) and INH-5000 (PA) (1001). INH-5000 series is not available in OR, RI, or VT. The policies contain some benefit eligibility restrictions, other limitations and exclusions, as well as terms under which the policies can be continued in force or discontinued, that are common in the industry. Policy benefits are subject to daily as well as lifetime maximum benefits. Benefit eligibility is contingent on a chronic illness certification and a written plan of care. The provider must be an eligible provider for the qualified long-term care and services being provided. The policy may not cover all expenses for long-term care needs. It is advisable to review the outline of coverage and the issued policy for specific details. For costs and complete details of the coverage, call or write your insurance agent or the company.

⁴ Scanlon, William J. United States General Accounting Office. Long-Term Care Insurance. Better Information Critical to Prospective Purchasers. September 13th, 2000. Page 7.

⁵ Called Medi-Cal in CA.



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