Prepare Now

For all of life's "*What-If's*"

What is Extended Care Planning, and why is it important to think about now?

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WHAT IS EXTENDED CARE?

Extended Care is the natural and needed extension of immediate care needs. Following an illness or injury, there is often a need for continued care.

Extended Care is an umbrella term used when referring to a broad category of care: ranging from periodic visits from a Home Health Aide, Short-Term or Recovery Care, to Long-Term Supports & Services.

Extended Care insurance refers to policies which cover one or more types of care listed above. These policies provide the resources necessary to tailor your care experience to your individual preferences.

With Extended Care insurance, you're not just securing financial protection for unexpected health events – you're also ensuring the flexibility to receive care where and how you'd prefer, maintaining control and dignity throughout your healthcare journey.

Extended Care Insurance was specifically designed to assume the risk of catastophic expenses that may arise from ongoing assistance with day-to-day activities.

HAVE YOU EVER REALLY CONSIDERED...

In retirement, most people plan for the cost of living and for burial expenses. But are you prepared for the unexpected expenses a sudden illness or health issue can bring?

66.5% of bankruptcies are caused directly by medical expenses, making it the leading cause for bankruptcy.[1]

Most individuals have major medical health insurance, to insure against the risk of medical bills due to a health crisis, accident, or injury.

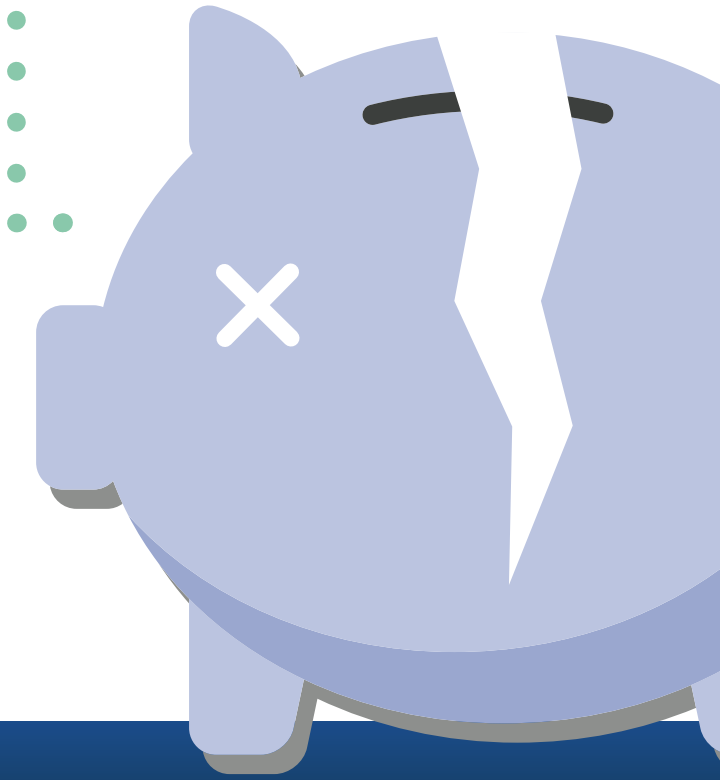
Also, having a final expense or burial insurance plan is quite common, to insure against passing unexpected funeral costs to loved ones.

Despite the great financial risk, a majority of Americans do not plan ahead for extended care.

A basic surgery may require weeks or even months for recovery. A chronic health condition, such as a stroke, may require specialized care over a longer period of time.

Regardless, both scenarios can deplete savings *very quickly*.

Without funds to cover care costs, there may be unwelcome changes to the setting in which care is being delivered, the quality of care may diminish, and family relationships may strain under the burden of care.



1. Turner, Terry, "49+ US Medical Bankruptcy Statistics for 2023," Retire Guide, October 2023

KNOW YOUR OPTIONS

There are many misconceptions surrounding how extended care expenses can be covered. The first step in creating a plan is to know what your funding options really are:

HEALTH INSURANCE

Does *NOT COVER* long-term care expenses

MEDICARE

Covers up to only 100 days if qualifiers, such as a three-consecutive-day hospital stay under treatment are met; the first 20 days are covered 100%, but after that there is a significant co-pay.[2]

MEDICAID

Covers long-term care expenses for individuals with countable assets of $2,000 or less (varies by state); care may be limited to a nursing home.[3]

ADULT CHILDREN

Many may assume their adult children will care for them later in life, but this can present huge financial, physical and emotional challenges for the children.

OUT OF POCKET

Using income and savings or selling assets may be an option; however, it may leave a surviving spouse/partner without adequate financial resources or reduce a legacy planned for heirs.

EXTENDED CARE INSURANCE

Having some financial safety net in place can be a cost-effective way to help protect yourself and your assets from the potentially devastating cost of extended care services.

2. Medicare.gov, "*Skilled nursing facility care*," August 2024
3. American Council On Aging, "*Medicaid Eligibility: 2024 Income, Assets & Care Requirements for Nursing Homes & Long-Term Care*" January 2024

CARE PLANNING IS A FAMILY MATTER

Relying on family or adult children may seem logical. Taking on the caregiving role for "mom and dad" may be considered an honorable responsibility or rite of passage. But often the caregiving reality is not fully understood or conceptualized.

Caregiving responsibilities are overwhelming, and the time spent together is NOT quiet time reminiscing, reconnecting and sharing stories.

Having insurance does not imply kids won't (or can't) provide the care needed. Quite the contrary. Transferring tasks like laundry, house chores, food preparation and cleanup, etc to a licensed home care provider allows family to enjoy *quality* time together. Time to have the important conversations - *time well spent*.

Planning ahead with a viable extended care solution is one of the BEST ways to show your love.

FAMILIARIZE YOURSELF WITH VARIOUS SOLUTIONS

Many types of solutions exist to help you build a financial safety net. An Insurance Agent who specializes in Extended Care Planning can help guide you towards a plan that best fits your individual circumstances and goals.

- ☑ **Stand-Alone Home Health Care Insurance Policies**
- ☑ **Recovery Care Insurance Policies**
- ☑ **Comprehensive Short-Term Care Insurance Policies**
- ☑ **Traditional Long-Term Care Insurance Policies**

YOUR HEALTH PLAYS A KEY ROLE

Don't underestimate how important your health (and health history over the past few years) can be.

While many solutions exist, not all are available in all states. Furthermore, the options available to you may be impacted by your health.

For that reason, the solutions mentioned in this guide range from very easily-obtainable service plans which require purchase of a membership, progressively toward fully health-underwritten insurance policies with in-depth health screening, for which individuals are hand-selected for coverage.

We'll begin with the easiest to obtain.

SHORT-TERM CARE (STC) INSURANCE

STC insurance policies offer benefits for many different types of health care and aging needs. Benefits are paid for a specified period. It is designed for individuals who may need assistance with activities of daily living due to an illness, injury or chronic health condition.

Such plans are generally purchased by individuals to cover gaps in individual health insurance coverage or as an alternative to traditional long-term care insurance protection.

Short-Term Care policies vary greatly. It is important to have your Insurance Agent assist you to ensure the coverage being considered does, in fact, fit your needs.

Home Health Care Insurance

Part of the broader *Short-Term Care insurance* classification, these policies are generally referred to as "stand-alone" Home Health Care or "Home Care only" plans.

These very basic policies exclusively cover Home Health Care services, with some specifying types of service or care providers that are covered. Plans are often presented in pre-built packages, but can include optional riders or benefits that may be included for extra cost.

Such policies tend to have fewer health-related eligibility questions. Policy issue is based on answers to a few short questions on the insurance application.

Not only is this type of solution fairly easy to obtain, but plans are also flexible enough to fit most budgets.

Monthly costs can vary depending on the plan and option(s) chosen, but these plan premiums can start at less than $1 per day.

Comprehensive Short-Term Care (STC) Insurance

Comprehensive Short-Term Care insurance, sometimes referred to as "Recovery Care" protection, provides more robust benefits covering in-home care, assisted living facility stays, nursing home confinement and/or Adult Day Care / Hospice Care.

Plans are easy to obtain and eligibility is based on the answers to a handful of simple YES/NO health-related questions.

Short-Term Care insurance plans are designed to be very simple to understand. These policies pay on an Indemnity basis – once on claim they pay a specified dollar amount per day.

Typically, at the time of application, you choose a benefit amount (i.e. from $50 - $500 per day) and a benefit period (i.e. from 90 to 360 days) for the facility and/or home health care portion of the plan.

It is a widespread misconception that benefits are only provided for days to a few weeks, which may be common with other types of insurance (i.e. through employer offerings).

But Short-Term Care insurance policies are so much more! Flexibility allows for shorter policies, but today's plans could offer up to 2 years *for one claim*. In fact, some plans automatically restore benefits after a period of non-use, which can enable the plan – or aspects of the plan – to be used again and again!

Don't let the name fool you.

Short-Term Care insurance can be designed with total benefits up to 1 Million Dollars – even with imperfect health!

STC insurance policies do not require a doctor's certification that you need at least 90 days of care to be eligible for benefits. That means fast access to the benefits you need when you need them most!

- » Knee or Hip Replacement
- » Heart Attack or Coronary Artery Bypass Surgery

This coverage is available even to people in their mid- to late- 80's. And policies for men and women are priced the same.

Short-Term Care insurance is a cost-effective, yet incredibly powerful policy that can minimize coverage gaps, reduce (or in some cases entirely eliminate) potential out-of-pocket expenses, and put your mind at ease.

NOTE: Short-Term Care insurance policies may not currently be available in all states.

For many people, short-term care insurance is a budget-friendly alternative to traditional long-term care insurance.

It may indeed provide all the coverage you will ever need, for a price you can more easily afford.

A Special Note For Those Age 65 & Older

"IN-PATIENT" or "OBSERVATION"?

Medicare is now penalizing hospitals for having patients readmitted. To avoid these penalties, hospitals are increasingly coding patients as "Observation Status," even if you remain overnight.

By law, hospitals must now tell the millions of hospitalized Medicare patients when their care is considered observation-only.

The NOTICE Act requires hospitals to notify patients 24 hours after receiving observation care, explaining that they have not been admitted to the hospital, the reaons why, and the potential financial implications. Those implications can be dire.[2]

Once deemed Observation, you may NOT meet the requirement for Medicare covered expenses. Costs such as Prescription medications administered while in the hospital or coverage for skilled care at home or in a facility following a hospital stay.

A Short-Term Care Insurance plan can protect you from these unexpected costs.

DID YOU KNOW?

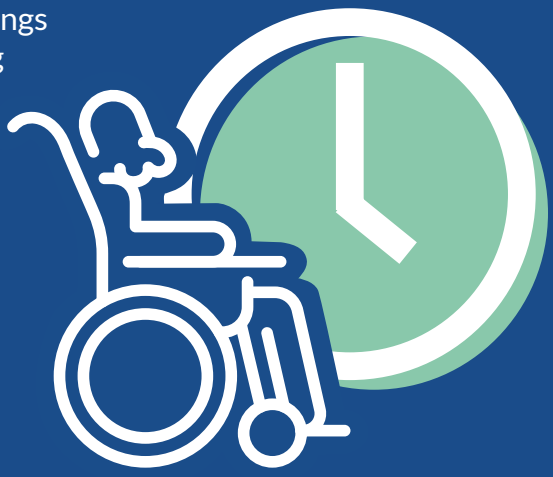
Some Short-Term Care (STC) and Home Health Care insurance plans include a Prescription Drug Reimbursement benefit. This benefit is a great way to offset your medication costs, especially for those dealing with Medicare's Part D coverage gap.

2. Medicare.gov, "Skilled nursing facility care," August 2024

GoldenCare is an insurance agency not affiliated with or endorsed by the U.S.Government or Federal Medicare Program.

LONG-TERM CARE (LTC) INSURANCE

Long-Term Care (LTC) insurance provides benefits for care in settings similar to STC (in-home care, assisted living facility and/or nursing home stays), but pays benefits ranging from 2 years to 8 years or longer. It was specifically designed to assume the risk of catastrophic expenses that may arise from cognitive impairment or ongoing assistance with day to day activities.



This includes performing basic personal tasks, such as Activities of Daily Living (ADLs: Bathing, Continence, Dressing, Eating, Toileting, Transferring), and often extends to the Instrumental Activities of Daily Living (IADLs: Housework, Managing Money, Preparing and Cleaning Up after Meals, Shopping).

While similar to STC insurance in many ways, LTC policies are larger and more complex, offering several optional riders. Because of the potential larger overall policy value and possible length of claims, traditional LTC insurance policies require a much more in-depth health assessment to qualify for purchase.

Among the most common requirements are phone health interviews, pharmaceutical and Medical Information Bureau (MIB) checks. Depending on health history and age, copies of medical records, attending physician statements, a face-to-face health interview, and even a cognitive screen may be used to determine eligibility for coverage.

Most insurance carriers offering this type of coverage are reviewed annually by unbiased rating services (i.e. AM Best, Moody's) to ensure financial strength and stability. This can provide insight when deciding on coverage, especially since policies are held over many years – even decades.

Due to the variety and complex nature of the coverage, state and/or government regulations play a larger role. Despite this, traditional LTC insurance is available in all 50 states. For coverage suited to your needs, we believe it wise to seek out a qualified Insurance Agent for advice and guidance.

Consumer's Guide to Long-Term Care Insurance
NAIC's Long-Term Care Insurance Buyer's Guide provides you information to make better informed decisions around purchasing long-term care insurance. View the Consumer's Guide to Long-Term Care Insurance to get a better understanding of long-term care insurance products.

https://content.naic.org/sites/default/files/publication-ltc-lp-shoppers-guide-long-term.pdf

TIP!

Because of the simpler design, reasonable pricing, and more lenient health underwriting requirements, Short-Term Care (STC) insurance policies can be an ideal planning option to cover the real risk of needing care because of an injury, an illness or just the result of aging.

EXTENDED CARE PLANNING GUIDE

Planning ahead has many advantages. Putting a plan in place now to address care expenses can give you the freedom to select the services and providers you want later on. It may even extend the length of time you're able to remain in your home.

To effectively plan for your limited & extended care needs, you should evaluate your financial situation and develop a financial safety net in the event that you, your spouse/partner, parents or others financially dependent on you may require extended care.

Which of the following is most important in terms of your personal goals?

- ❑ To have the financial resources to pay for quality care at home or in a care facility
- ❑ Protect savings, assets and the standard of living for both the ill and healthy spouse/partner
- ❑ Prevent being a burden and dependent upon children or other family members
- ❑ Conserve your estate and ensure an inheritance for your heirs or other beneficiaries
- ❑ Avoid becoming impoverished and having to rely on the Medicaid program
- ❑ All of the above

What financial resources do you anticipate being available to pay for extended care expenses?

Personal savings: $	Home equity: $
Life insurance benefit: $	Stock and bonds: $
Annuity contracts: $	Social Security: $
Other funding sources: $	

Do you have specific asset(s) earmarked to help pay for future care expenses?

_____

Based on 2024 daily cost of care information, a semi-private nursing home room costs $305 per day.*
The approximate cost of care for a 90-day confinement is $27,450. ($305 X 90 days)
If you ended up with a $25,000 bill, how would you plan to pay for it?

- ❑ From my income
- ❑ From my savings/investments
- ❑ My family will pay

If you were in need of such care, would your spouse/partner be able to maintain his or her standard of living? ❑ Yes ❑ No

Do you have family and/or friends who can (and will) care for you if you become ill or disabled for an extended period? ❑ Yes ❑ No
If so, have you discussed possible scenarios if a need for ongoing care arises? ❑ Yes ❑ No
If yes, who has agreed to take on the primary caregiving role for any personal care you may need?

_____

Is this member of your family willing to relocate to provide care, if necessary? ❑ Yes ❑ No

** Genworth Cost of Care Survey 2024, conducted by CareScout, July-December 2024; www.genworth.com/coc*

If round-the-clock care is required, has the decision been made whether you would move in with the caregiver, or would they move in with you?

❑ I would move in with them
❑ They would move in with me

Are family members physically able and mentally prepared to help bathe and dress you?

❑ Yes ❑ No

Do you have specific asset(s) planned for your estate or earmarked as an inheritance?

_____

Notes

TIP!

Remember, a qualified Insurance Agent can help you discover what plan best fits your health, budget, family-dynamic, and desired future care specifics.

Each insurance company sets their own policy provisions, rates and options, which means coverage may vary from one company to another. *Read your policy and contract carefully for complete details.*

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SOURCES:

1. Turner, Terry, "49+ US Medical Bankruptcy Statistics for 2023," Retire Guide, October 2023, https://www.retireguide.com/retirement-planning/risks/medical-bankruptcy-statistics/
2. Medicare.gov, "*Skilled nursing facility care*," August 2024, https://www.medicare.gov/coverage/skilled-nursing-facility-care
3. American Council On Aging, "*Medicaid Eligibility: 2024 Income, Assets & Care Requirements for Nursing Homes & Long-Term Care*" January 2024, https://www.medicaidplanningassistance.org/medicaid-eligibility/

* *Genworth Cost of Care Survey 2024, conducted by CareScout, July-December 2024; www.genworth.com/coc*

GoldenCare – *Your Resource for Information on Extended Care Protection*

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Interested in your own personalized Extended Care Planning Guide for FREE? Email Dennis Rinner at dennisr@goldencareusa.com.

This guide is an overview of Short-Term Care insurance (also known as Recovery Care insurance). Because the rules governing insurance change from time to time and can vary by state, you should work with a licensed insurance agent and carefully read your policy and contract in its entirety when it is presented to you. This is the binding contract that governs your policy and benefits.

Coverage options discussed in this guide are supplements to health insurance and are not a substitute for major medical coverage (or other minimum essential coverage). Plans herein are NOT Medicare Supplement policies, and this is not a solicitation for Medicare Supplement coverage.

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