

Facts & Fallacies

High Nursing Home Costs Spur Need For Long Term Care Insurance

Facts Versus Fiction About Long Term Care Insurance

(NAPSA)—How much do you know about long term care insurance?

With the recent news from the MetLife Mature Market Institute that the average cost of a nursing home stay in the U.S. is \$143 per day for a semi-private room (\$168 a day for a private room), a move is afoot to spur baby boomers and older Americans to investigate long term care insurance—and to debunk a number of myths associated with the product. According to the Institute's recent study, the national average cost of a stay in a nursing home is \$52,000 per year, or a total of \$130,000 for the average two and a half year stay.

In fact, the Federal government has taken a lead role in informing the public about the need for long term care planning. It is now making long term care insurance available as an employee benefit through its contract with Long Term Care Partners, LLC, a joint venture company between John Hancock Life Insurance Company and MetLife. The Federal government's U.S. Office of Personnel Management (OPM) has launched an education campaign to help people find out how long term care insurance can help them protect themselves and their families against the potentially high costs of long term care.

Why should the average person purchase long term care insurance? Here are some common misconceptions and the facts about this coverage.

The Costs of A Nursing Home Stay

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It costs \$130,000 for the average two and a half year stay (based on the semi-private room rate).

Source: MetLife Mature Market Institute, 2002 

1. It's just for old people. Not true. People of all ages can and do need long term care. In fact, 40 percent of people who receive long term care services are working age adults. A disabling illness or accident can occur at any age.

2. I can't afford it. Long term care insurance is more affordable than most people think, especially if you buy it sooner rather than later. The younger you are, the lower the cost. If you purchase coverage at age 40, the cost of a quality plan could be as little as \$30.00 per month. If you purchase at age 50, the cost could be as little as \$43.00 per month.

3. I can always get it later. Not true. You may develop a health condition that disqualifies you from coverage.

4. I'm already covered. Not true. Unless you already have long term care insurance, you're really not covered. Medical insurance and disability income insurance do not pay for long term care.

Further, while Medicare covers some care in nursing homes and at home, it does so only for a limited time, subject to restrictions.

5. It won't happen to me. It's estimated that 6 out of every 10 Americans who reach age 65 will need long term care services. As the population ages over the next 20 years, it is estimated that the percent of older adults who will need long term care will grow by 35 percent, and by 82 percent over the next 40 years.

6. I'll pay less in premiums if I wait. No. Because premiums are based on your age when you enroll, you usually pay less when you enroll at a younger age.

OPM has just launched its open season for the Federal Program, which runs July 1 through December 31, 2002. Twenty million people are eligible to apply for this program, including Federal and Postal employees and annuitants; members and retired members of the uniformed services; and qualified relatives (including spouses of employees and annuitants; adult children age 18 and older of employees and annuitants; and parents, parents-in-law, and stepparents of employees).

For further information on the Federal Long Term Care Insurance Program, including a Program Overview Brochure, visit the web site www.opm.gov/insure/ltc or www.ltcfeds.com, or call 1-800-LTC-FEDS, or 1-800-843-3557 (TDD).