

Defining Long-Term Care Insurance

Recently, the media have increased public awareness about the lack of government funds to handle long-term care. People are considering lifestyle choices for the future and are realizing the need to protect their freedom and financial security.

American Family Life Assurance Company of Columbus (AFLAC), a leader in guaranteed-renewable insurance, conducted extensive research on this market and found a need for long-term care insurance. AFLAC also learned that long-term care is one of the most talked about and least understood insurance products. While some consumers are perplexed about it, many are apprehensive about it. Further education is needed.

What is long-term care?

We can begin by defining *long-term care*. Long-term care includes the assistance needed if you have a chronic condition leaving you unable to care for yourself for an extended time. Long-term care environments include the home, adult care centers, and nursing homes.

Why is there a need for long-term care insurance?

The need may not be obvious, but most people have the misconception that Medicare or Medicaid will provide for their long-term needs. Medicare was never intended to provide coverage for all health needs. Here are the facts as disclosed by the U.S. Department of Health and Human Services: **Most people who enter nursing homes do so to receive custodial care, which is *not* covered by Medicare or Medicare supplement policies.** Medicare pays only a skilled nursing facility, and the benefits run out after a limited period.

What about Medicaid? Medicaid is a public-assistance program. To qualify for Medicaid in most states, your assets and/or monthly income must have been reduced to welfare levels.

Who is likely to need long-term care?

The Health Insurance Association of America estimates that by the year 2005, 9 million Americans over age 65 will need long-term care. About 10% will require nursing home care for five years or more. The need for long-term care increases dramatically with age.

How much does long-term care cost?

Consumers can lower their costs for long-term care coverage by buying a policy at an early age and by selecting carefully both the level of benefits and the options.

Who can help?

With so many policies on the market, how can consumers select a quality product? Most important, consumers should make sure the insurance company is financially stable. AFLAC, a large international company, insures more than 40 million people worldwide with over \$37 billion in assets. A.M. Best, a well-known independent firm that analyzes the financial condition and operating performance of insurance companies, gives AFLAC an "A+ (Superior)" rating.*

Claims-paying is another very important factor to consider when selecting an insurance company. AFLAC has a record of prompt, satisfactory claims service. A poll conducted by Opinion Research Corporation shows that 9 out of 10 AFLAC claimants agree that AFLAC paid their claims fairly and promptly (July 2001). It's important to know that the insurance company is there to pay the claims when needed.

Can we solve the fear people have of going into a nursing home? No. But people can protect themselves from the loss of control they may fear facing later in life. A carefully chosen plan can go a long way toward the management of long-term care costs and can help provide valuable peace of mind.

**Ratings refer only to the overall financial status of AFLAC and are not recommendations of specific policy provisions, rates, or practices.*

Courtesy of:

*American Family Life Assurance Company of Columbus
(AFLAC)*

Worldwide Headquarters: Columbus, Georgia 31999



MMC-01-108

The yearly cost of a nursing home is estimated to be more than \$46,000 (HIAA's *Guide to Long-Term Care Insurance*, 2002).