

# Costly Misconceptions: Most People Mistakenly Believe Long-Term Care Is Covered

(NAPSA)—Have you failed to get insurance for long-term care in a nursing home because you think you already have coverage? If so, you're like a lot of other people, according to a Roper survey of Americans 45 years of age and over, released by the American Society on Aging (ASA).

That misconception can become costly when you consider long-term care in a nursing home currently averages \$56,000 a year,<sup>i</sup> according to the U.S. Government, and is expected to quadruple by 2030.<sup>ii</sup> People could easily find their assets depleted, their choices limited and their independence gone if they need long-term care but have made no plans to pay for it.

And chances are good they will need long-term care. Statistics released by the Health Insurance Association of America say that after age 65, Americans have more than a 70 percent chance of needing some form of long-term care, whether it's an aide coming to their home, a stay in an assisted care facility or an extended stay in a nursing home.<sup>iii</sup> Younger people may also need long-term care if they've had a stroke, for example, or been in an accident.

"This survey confirms that Americans need to wake-up to the realities of long-term care," said Jim Emerman, senior vice president of the ASA. "All it takes is a

phone call to a financial services professional to find out the truth behind the misconceptions so many have about long-term care."

Some of the common misconceptions uncovered in the Roper study<sup>iv</sup> are these:

- Forty-two percent were not aware Medicare only covers long-term care expenses for a short time, and only after someone is released from the hospital.

- Thirty percent were not aware Medicaid coverage for long-term care is only available after someone's financial resources are exhausted.

- Almost half (46 percent) are under the impression their health insurance will automatically cover long-term care.

"It's dangerous to assume you're covered for long-term care. When the need for a nursing home stay or other long-term care arises, you may discover you're not covered and have waited too long to buy insurance," said Sharon McAuley, Vice President of Health at State Farm Mutual Automobile Insurance Company,<sup>v</sup> which funded the study.<sup>vi</sup> "Long-term care insurance is an important part of a financial plan. We urge people to speak with a financial services professional about their need for long-term care insurance now, before it's too late to get coverage."

<sup>i</sup> Estimates from: Health Care Financing Administration, Office of the Actuary, National Health Statistics Group. As presented in, "Nursing Homes." AARP Public Policy Institute Fact Sheet. February 2001: pg. 3.

<sup>ii</sup> Can Aging Baby Boomers Avoid the Nursing Home? Long-term Care Insurance for Aging in Place." American Council of Life Insurers. March 2000: pg. 15.

<sup>iii</sup> Lewin Group estimates based on the Brookings-ICF Long-term Care Financing Model, 1992. As cited in, "Long-term Care: Knowing the Risk, Paying the Price." Health Insurance Association of America (HIAA). 1997: pg. 12. The level of coverage provided by long-term care insurance depends on the type of policy you purchase. Some types of care received may not be covered by long-term care insurance.

<sup>iv</sup> Study conducted by Roper ASW, August 2002. Released by State Farm Mutual Automobile Insurance Company and the American Society on Agency (ASA), April 2003.

<sup>v</sup> State Farm Mutual Automobile Insurance Company, Home Office: Bloomington, Illinois—statefarm.com®. The American Society on Aging is not an affiliate of State Farm. The Long-Term Care Insurance policy 97058 is underwritten by State Farm Mutual Automobile Insurance Company.

<sup>vi</sup> The Roper survey findings will be posted on Statefarm.com® at www.statefarm.com.



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