

# An Introduction to Long Term Care

## What is long term care? (LTC)

Custodial care received in a nursing home, an assisted living facility, or at home when you need:

### Help with two or more Activities of Daily Living

- Dressing
- Transferring
- Toileting
- Eating
- Contenance
- Bathing

OR

### Supervision due to Cognitive Impairment

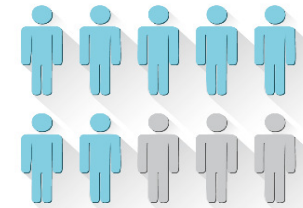
- Alzheimer's
- Stroke

## Common reasons people need LTC:

- Illness: Cancer, Stroke, or Heart disease
- Injury: Bone fracture or Spinal cord injuries
- Aging: Natural aging, Alzheimer's, or Dementia

## What is the probability of needing LTC?

7 out of 10 sixty-five year olds will need some type of LTC services during their lifetime<sup>1</sup>.



## If I have a LTC event, what age might an event occur?

The average LTC claim is made at age 80, although LTC events can happen at any time<sup>2</sup>.

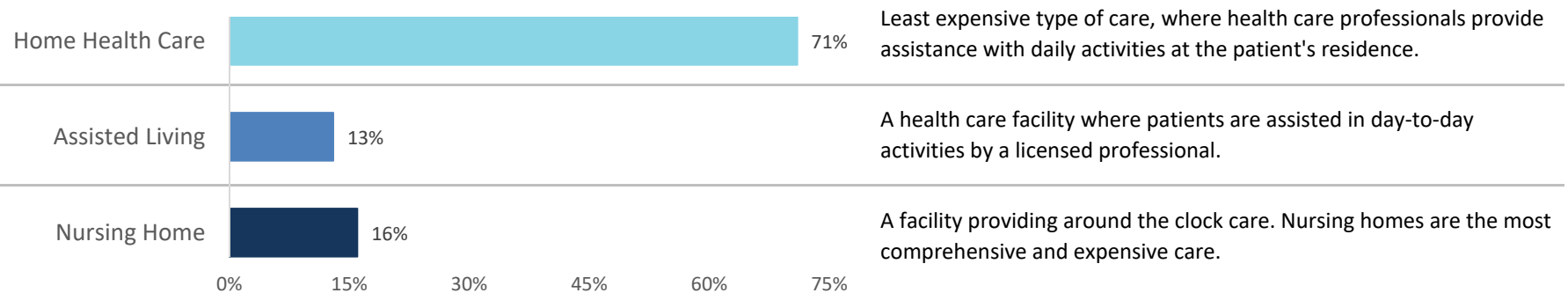


## Types of Care

## Care Used for Initial Claims

## Care Description

LTC claims often begin with receiving home health care (71%) then progress to higher, more expensive, types of care over time.



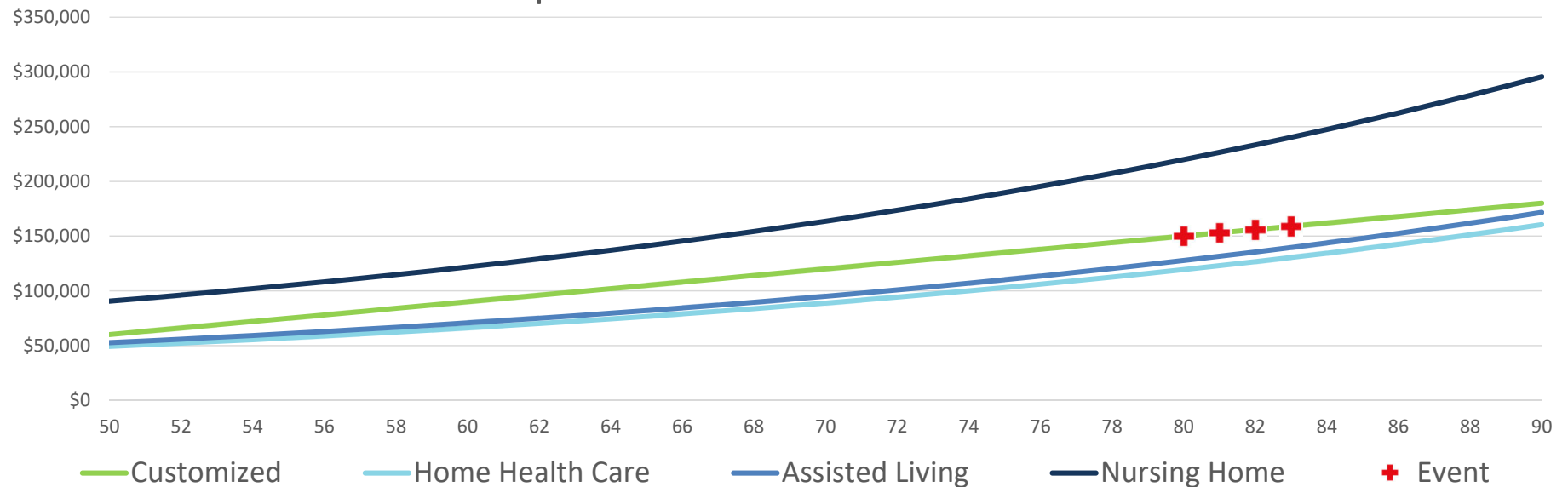
For claims lasting more than one year, the average LTC claim lasts 3.9 years.<sup>3</sup>

# The Potential Impact of a Long Term Care Event

✚ The analysis below illustrates a sample LTC event under the following assumptions based on the specified cost of care provided:

- Current age = 50
- LTC event beginning at age = 80
- Assumed annual inflation of 3% which represents the national average
- Type of Facility = Customized
- Duration of stay = 4 years

## Expected Cost of Care Over Time



## Long Term Care Costs

Type of Care	Current Monthly Cost <sup>4</sup>	Years Until Event	Inflation	Future Monthly Cost	Future Annual Cost
Home Health Care	\$4,099	30	3.00%	\$9,950	\$119,402
Assisted Living	\$4,385	30	3.00%	\$10,644	\$127,723
Nursing Home	\$7,551	30	3.00%	\$18,328	\$219,938
<b>Customized</b>	<b>\$5,000</b>	<b>30</b>	<b>5.00%</b>	<b>\$12,500</b>	<b>\$150,000</b>

✚ **Total Estimated Cost of Illustrated LTC Event: \$618,000**