

Richmond Times-Dispatch

Growing need seen for long-term care insurance

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The pitch usually lasts about three hours.

But it still takes some convincing, to talk people into thinking about a kind of insurance coverage -- long-term care -- that few like to contemplate, insurers and aging experts say.

The needs can be more extensive than many people think -- paying for nursing homes accounts for a quarter of the bills that long-term care insurance covers -- and the misconceptions are many.

Roughly a third of the sales talk is spent reminding people that Medicare doesn't cover many of the services they'll likely need as they age, said Buck Stinson, president of insurance products for retirement and protection at Henrico County-based Genworth Financial Inc.

Another third of the pitch outlines the variety of things a long-term care insurance policy covers. The rest of the time is spent talking about how an annual premium averaging \$4,000 a couple is worth the money.

"One of the biggest things we deal with is that people think long-term care is for nursing homes," said Stinson, who runs one of the nation's largest long-term care insurance businesses.

"But 75 percent of our claims are for home services."

Long-term care services can amount to big dollars, and, as people live longer, the odds are more and more Americans may need them, said Ken Dychtwald, a California-based gerontologist who has written extensively about long-term care.

Few are in financial shape to pay the bill.

"A lot of boomers really ought to be thinking about long-term care," he said.

The bills can run into the tens of thousands of dollars before you know it. And they've been rising faster than the national inflation rate.

MetLife Inc.'s latest national survey shows the cost of nursing home private rooms rose 3.3 percent this year, as did the cost of assisted-living facilities. Fees for home health-care aide rose 5 percent, and adult day services by 4.7 percent.

In Richmond, rates are slightly below the national averages, but a private room in a nursing home can still cost an average of \$75,290 a year, the MetLife survey found. A home health aide, spending two hours a day, five days a week, to help with bathing, eating or other care, would run about \$10,400 over a year.

Most people are surprised to learn these costs aren't covered by Medicare, Dychtwald said.

The U.S. Department of Health and Human Services said Medicare will not pay to help people with activities of daily living, such as help getting out of bed, bathing, eating or taking medicine, if that is the only care they need.

It generally pays only for home health care if you've got a doctor's plan for it, or if you need skilled nursing care or specialized care such as physical therapy, or if you are homebound.

Demand for those uncovered needs is likely to grow, Dychtwald said.

"We're in a longevity revolution," he said. "But the longer you live, the greater the chance you're going to need help at home or assisted living."

But the longer you postpone buying, the higher the premium, and the greater the chance insurers will feel your health is already too poor to make you worth the risk of insuring, he said.

"When you're in your 40s or 50s, it's probably time to have the discussion," Dychtwald said.

In fact, Genworth sees that happening. The average age of people buying policies has been falling for the past several years -- currently, the average age is 58, Stinson said.

"We're seeing more and more people thinking seriously about long-term care," he said.

Although the price of the coverage can seem high, it could be an important part of a middle-class family's financial planning, he said.

That's why long-term care coverage is a key part of Genworth's plans for the future.

Genworth has been expanding its long-term care coverage to companies as an employee benefit. More and more employers find long-term care is a perk that employees demand. Just recently, the company won a contract from Virginia's government to offer long-term care as a fringe benefit to state employees.

The insurance giant sees the coverage as a key element of its strategy adopted in the wake of last year's meltdown in the financial markets -- selling products designed to protect the savings and lifestyles of people earning \$50,000 to \$250,000 a year, a group many insurers feel are too difficult to sell to.

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