Using Long-Term Care Insurance for In-Home Care

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More info

If your parent or loved one has a long-term care insurance policy or is considering being one, you may wonder about the coverage they'll have. Especially because many seniors want to age in place, it's important to figure out whether in-home care is covered under a long-term care insurance policy. Check their policy to find out whether home care is covered and, if so, which services. Given the difference between health care needs and more basic support around the house, you'll want to know exactly what is and isn't covered.

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Key Takeaways

1. **Long-term care insurance will likely cover some in-home care or home health services.** Which covered varies, but skilled nursing and personal care are usually included.
2. **You'll pay for in-home care during the waiting or elimination period of a policy.** The time before the policy will start paying for care ranges from weeks to months.
3. **If your loved one can't pay their insurance premiums, they may lose coverage.** Lapses can happen even after years of making payments on time.
4. **Medicare and Medicaid can also help cover the cost of some home care or home health care.** This could be useful during the waiting period if you have a long-term care insurance policy.

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Does long-term care insurance cover in-home care?

Many long-term care insurance policies cover services for in-home care and home health care.[1] You'll need to be aware of the specifics of your loved one's policy, however, since sometimes the policy language refers to other types of care.

For example, some policies allow the insured to choose a benefit amount for nursing home care, with in-home care covered at a percentage of the nursing home benefit. Other policies may have the same benefit amount regardless of whether you receive care at home or in a nursing home.[2]

You'll also want to be aware of which in-home care services your policy covers, as there's a difference between home health care and home care. Many comprehensive policies cover the following services at home:

- Skilled nursing home care
- Help with activities of daily living, such as bathing or toileting
- Occupational therapy
- Physical therapy
- Rehabilitation.[3][4]

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Home health care

Home health care is medical care received at home. It refers to skilled nursing care as well as to home visits from occupational, physical, and/or speech therapists. Home health care is prescribed by a health professional such as a doctor or nurse practitioner, and your loved one would need to work with a home health care agency to make sure they're receiving the care prescribed in their plan.

Home health care is more expensive than home care, which makes sense considering your loved one will receive care from a home health aide, registered nurse, or licensed therapist. However, since this is health care, it is often covered by Medicare, Medicaid, or private health insurance. This will help reduce the amount you pay out of pocket before turning to a long-term care insurance plan.

You might notice the higher cost of home health care reflected in your loved one's long-term care insurance policy. Some long-term care insurance policies offer a specific home health care benefit, and these policies tend to be more expensive.[5]

Also, most policies won't pay benefits to a family caregiver. Depending on the policy, using a family caregiver may affect your loved one's elimination or waiting period, which affects when they can receive benefits.[6][7]

Using long-term care insurance to pay for in-home care

Your loved one may already have a policy in place, or they may be considering buying one. When you're purchasing a policy, many factors can affect the cost — and the benefits you'll receive.

Consider the following factors and weigh them against your loved one's care needs:

- The maximum amount the policy will pay per day
- The maximum number of years a policy will pay benefits
- The lifetime maximum amount that the policy will pay
- Optional benefits that may affect the policy, such as benefits that increase with inflation.[8][9]

It's important to consider how long your loved one may need care and how expensive care is in their area. While you may be able to see a loved one's long-term care insurance to pay for in-home care, it may not cover the entire cost of the daily benefit that's paid is less than what you're paying the caregiver. In this case, you may want to prepare alternative ways to cover the cost of in-home care.

Long-term care insurance policies often have a waiting or elimination period before benefits will be paid. During this time, you'll need to pay for home care using other means. It depends on your policy, but the elimination period could range from 20 to 100 days before the policy will begin paying benefits.[10]

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Buying a long-term care insurance policy

Long-term care insurance policies are typically purchased through an insurance agent. Your loved one might have purchased an individual policy or been offered a group policy through an employer or an association.[11]

Work with a trusted financial expert if your loved one is considering buying a long-term care insurance policy. Your loved one's health and age can affect the cost of the insurance premiums. Unfortunately, should your loved one be unable to pay the premiums, they'll probably lose their coverage. If their policy includes a nonforfeiture benefit, they may be able to get some of the policy's value back from the amount they've paid so far.[12]

Other payment options

Depending on your loved one's long-term care insurance policy, you may find that a portion of the home care or home health care they need isn't eligible for benefits. In that case, you may want to consider using Medicare or Medicaid to pay for long-term care at home.

Medicare covers the following services:

- Part-time skilled nursing home care
- Physical therapy
- Occupational therapy
- Speech-language pathology services.[13]

Medicaid coverage will vary depending on your state, but it generally covers several aspects of home care and home health care. Each state also has Home and Community Based Services (HCBS) waivers, which can help you get additional home care coverage. The Medicaid state by state eligibility map can help you see what's offered in your state.

Choosing care

Whether you're using a long-term care insurance policy or another payment option to pay for home care, you'll want to make sure you're hiring a caregiver who will be a good fit for your loved one. The Senior Living Advisors at A Place for Mom are familiar with many home care agencies and can help you find the right caregiver, all at no cost to you.

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