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September 5, 2011

The importance of planning for long-term care

Two recent articles in Elder Law Answers (www.elderlawanswers.com) highlight the importance of planning for long term care, and what should be considered when looking for care in the home. Since people are living longer, we are more likely to need long term care, and putting off the discussion cannot be ignored. I often see people in crisis, and it too late to do any real *planning* in these situations. The Elder Law Answers article author gives some reasons to start planning now.

With the increase in life expectancies, the U.S. Department of Health and Human Services estimates that at least 70 percent of people over age 65 years will require some type of long term care at some point in their lifetimes. Since many people are living into their ninth decade, the possibility of requiring care increases greatly. Long term care expenses are high, and are not likely to become less expensive with time. The average cost of a nursing home last year was \$83,585 per year according to the *2010 MetLife Market Survey of Long-Term Care Costs*. Home care aides averaged \$21 per hour. Costs may average more in this area. The earlier you plan, the better, as you may have more options for preserving assets if you do so before you become ill. Furthermore, you may have more options for a facility of choice, or care at home, if you plan early.

Something that many families are discovering is that family members may not be available to be caregivers when the time comes. Often both partners in the household work outside the home, making it difficult financially to provide full time care for a spouse or parent. Adult children may move far away, and not be physically available to provide care. As the life expectancy increases, we are not just seeing the "sandwich generation," but a generation where the adult children are themselves elderly, and in need of care. If a family member *is* providing care, a written caregiver agreement can avoid future problems that no one anticipated.

The second article dealt with the pros and cons of hiring caregivers directly, or using an agency when there are no family members who can provide care to a loved one who is ill but able to stay at home. Care at home, as long as it is not needed 24 hours a day, seven days a week, can be more cost effective, and certainly preferable to most, than care in a facility. If you hire a caregiver directly, remember the tax and liability issues. You will be an employer, and are responsible for filing payroll taxes, tax forms, and verifying if the person can legally work in the U.S. The benefits are more control over selection of caregivers, and often these caregivers are less expensive.

A home health agency, on the other hand, would be the employer, and relieves the family of many worries and responsibilities related to hiring caregivers. The employees receive ongoing supervision, and the employer can assist with difficult situations. Back up caregivers can be provided if the regular caregiver is unavailable. The downsides include not having as much input into the selection of the caregiver, and that caregivers may change frequently, which can cause a disruption in care and/or confusion.

Long term care insurance can help greatly with all of the above concerns in planning, and give the elders more options for care when the time comes. It is also very important to have Healthcare Powers of Attorney with Living Wills and financial Powers of Attorney in place.