***How the Medicaid Debate Affects Long-Term Care Insurance Decisions***

[**Your Money**](https://www.nytimes.com/column/your-money)

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Susan Flanders, a retired Episcopal priest in Truro, Mass., believes the aid-in-dying movement may progress, giving people an alternative to Medicaid and long-term care insurance. CreditErik Jacobs for The New York Times

The latest version of the Senate’s [health insurance](http://topics.nytimes.com/your-money/insurance/health-insurance/index.html?inline=nyt-classifier) bill [appeared on Thursday](https://www.nytimes.com/2017/07/13/us/politics/senate-republican-health-care-bill.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news), and it didn’t do much to change the [drastic reductions](https://www.nytimes.com/2017/06/22/us/politics/senate-health-care-bill.html)in Medicaid spending that were in the original legislation.

Here’s why that’s important to nearly everyone, even people who are reasonably affluent for now: As I’ve explained in two recent columns, [Medicaid is the backstop](https://www.nytimes.com/2017/06/30/your-money/plan-on-growing-old-then-the-medicaid-debate-affects-you.html?rref=collection%2Fbyline%2Fron-lieber&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=2&pgtype=collection) for retirees who run out of money but still need home-based care or must move into a nursing home. Medicare generally doesn’t cover those costs, and they are high enough that even people with [many hundreds of thousands of dollars](https://www.nytimes.com/2017/07/07/your-money/one-womans-slide-from-the-upper-middle-class-to-medicaid.html) can end up spending everything they have the years before they die.

The money for Medicaid comes from both the federal government and the states, and this week, the Bipartisan Policy Center in Washington had [this](https://bipartisanpolicy.org/library/financing-long-term-services-and-supports/) to say about what the future holds: “States will not be able to sustain spending for long-term services and supports as baby boomers begin to need these services and supports.”

Something will have to give if we are to take the senators responsible for this bill at their word, and plenty of readers are taking them literally. So the question I’ve heard most in the last two weeks is this: How seriously should I consider getting some kind of [insurance](http://topics.nytimes.com/your-money/insurance/index.html?inline=nyt-classifier) to cover my care in case big Medicaid cuts are on the horizon?

Over most of the past couple of decades, answering this question meant shopping for long-term care insurance. At first it covered only nursing homes, but policies eventually paid for assisted living and home-based or community-based care, too. To make a claim, you must generally be unable to handle at least a few basic aspects of everyday living on your own.

What are the odds that you might need such intensive assistance? According to a 2015 [study](https://aspe.hhs.gov/basic-report/long-term-services-and-supports-older-americans-risks-and-financing-research-brief), by Melissa Favreault of the Urban Institute and Judith Dey of the office of the assistant secretary for planning and evaluation at the federal Health and Human Services Department, 52 percent of people turning 65 will need it at some point before they die.

Victoria Coyle, second from left, with her mother, Carol Toftness. Her mother paid roughly $500 each month for long-term care insurance for about a decade but never made a claim.

And how long might they need it for? Of 100 people — including those who will never require any care — 27 will need it for less than two years. Fourteen of 100 will need care for five or more years. If you break it down by sex, women stand an 18 out of 100 chance of joining the five-year club, compared with just 10 out of 100 men. The costs will vary significantly, but 8.6 percent of people will end up spending more than $250,000 out of their own pockets.

The numbers are scary enough that plenty of people bought insurance in recent decades — and kept the plans long enough to start making claims. And most of the insurance companies guessed wrong about how many customers would need to cash in (to say nothing of all their other wrong guesses). Most insurers have left the long-term care market, and many of the rest have raised prices significantly, both on existing policyholders and newcomers.

Take, for example, a single, 60-year-old man who wants to buy a policy today. He is seeking a $250-a-day benefit for care and a provision that raises that benefit 3 percent per year to try to keep up with inflation. He wants to guarantee three years total of care and is willing to agree to a 90-day waiting period before he can collect. He will pay an average of $3,355 per year, according to the American Association for Long-Term Care Insurance.

Things get worse for a single, 60-year-old woman, who would pay an average of $4,470 for the same plan. (Women are responsible for two-thirds of all claims in dollars, so they pay more in most states, though gender-based rates are [the subject](https://www.nytimes.com/2014/02/12/your-money/long-term-care-insurance-priced-by-gender.html?_r=0) of a federal administrative complaint.) Couples could save money by joining forces and sharing the benefits; a heterosexual couple would pay $4,945.

Plenty of people can’t afford premiums that large. Others can’t get coverage at all. According to the most recent industry data, 25 percent of consumers who tried to get a policy between the ages of 60 and 69 were rejected altogether. For those who tried when they were 70 to 79, 44 percent could not get coverage at any price. Buying earlier could mean three or four decades of premiums.

While it’s foolish to approach this decision without digesting the actuarial odds and prices, there is no calculator that can size things up precisely. Should you bet against your ability to care for yourself later by buying expensive insurance — or do so to protect assets for your heirs and to keep them from having to change your adult diapers? Or is it smarter to bet on your ability to save, keep saving, keep working and have the stock market deliver enough returns so that, 20 or 30 or 40 years from now, you will have enough money to pay for in-home care or a nursing home?

“What we’re paying for is something that many people wouldn’t want if they had a choice,” Ms. Flanders said. “It’s hundreds of dollars each day that could go towards their grandchildren’s education or care for people who could get well.”CreditErik Jacobs for The New York Times

Many people use their own experience as a guide. Victoria Coyle’s mother paid roughly $500 each month for long-term care insurance for about a decade. To afford it, she skipped dental insurance, put off home repairs and cut back on grandchild visits. “Our mother was pretty adamant that she didn’t want to burden us in any way,” Ms. Coyle said.

Her children tried to persuade her to drop the coverage, but she wouldn’t budge. She died last year at 75 after two heart attacks, having never made a claim. None of her children have long-term care insurance, though Ms. Coyle said she hadn’t ruled it out.

There is another option: [Life insurance](http://topics.nytimes.com/your-money/insurance/life-and-disability-insurance/index.html?inline=nyt-classifier) that offers a long-term care benefit. If you don’t need it, your heirs get money when you die. It outsells traditional long-term care insurance, according to Limra, a research company. My colleague Paul Sullivan [wrote about it](https://www.nytimes.com/2016/12/09/your-money/combine-long-term-care-with-life-insurance-do-the-numbers-first.html) late last year.

Financial services representatives are positively gleeful. [One article](https://www.bankinvestmentconsultant.com/news/new-products-address-shortcomings-of-long-term-care-insurance) in a trade publication described “off the charts” interest and “strong crowds” at professional events. This exuberance should make their clients extremely wary. If you’re considering any such product, hire an independent adviser on an hourly basis (say, from the [Garrett Planning Network](http://www.garrettplanningnetwork.com/)) to examine the policy side by side with traditional long-term care insurance and the possibility of paying for care out of pocket.

Sophisticated readers who wrote to me in recent weeks described doing all of the above and still throwing up their hands in confusion. It took a professional storyteller, [Julie Gillis](http://www.juliegillis.com/), to help me understand why.

Ms. Gillis spent many years watching her mother slowly melt away from dementia. In an interview this week, as she contemplated her own future, Ms. Gillis spoke of changing generational narratives: Once upon a time, you grew up, married, had kids, got your pension, the end. “The entire storytelling trajectory has now changed,” she concluded, after describing her mother’s last few years, when she did not recognize her daughter. It is not how she wants her own life to play out.

So here’s my guess as to how the story might end in the future — and why we should all think very hard before buying a lot of pricey insurance that we’d need to keep for decades. As several of you pointed out in your emails, there is something radically unfair about the fact that Medicare pays for years of expensive treatment for cancer and heart disease but won’t touch the long-term care and supervision that is, in effect, the prescription for people with memory conditions.

Given how strapped Medicaid is likely to become and how many more of us will live long enough to find our brains and bank accounts depleted before our bodies, it seems quite likely that the federal and state governments will have to do more, not less, to keep older Americans off the streets. No one in Washington seems to want to own up to that, but they will soon have no choice.

Susan Flanders, a retired Episcopal priest who watched her father die slowly while in the throes of Alzheimer’s, believes that the [aid-in-dying movement](https://www.nytimes.com/2016/10/10/opinion/aid-in-dying-movement-advances.html) will eventually catch up to the desire of many people to make plans in advance to end their lives, should their minds permanently falter in a severe fashion.

She’s also utterly unafraid to mix money into the conversation about the meaning of life when the mind deteriorates. “What we’re paying for is something that many people wouldn’t want if they had a choice,” said Rev. Flanders, who is working on a book about dementia. “It’s hundreds of dollars each day that could go towards their grandchildren’s education or care for people who could get well.”

Given the fact that dementia and related cases are often the most expensive and long-lasting, it’s possible that a change in approach like the one Rev. Flanders imagines could mean that lots of people would need less money for their own care. No one would have to sign up for an assisted death, but many people would probably choose to.

How soon will the federal and state governments come around, by formally paying for long-term care for all dementia patients and by allowing a different kind of death for those who choose it? It’s hard to say, but many of us didn’t think gay marriage and legal marijuana would happen so quickly.

“What many people care about isn’t living as long as we possibly can,” Rev. Flanders said. “It’s about having a reasonably good quality of life for as long as we can.”