Life in LAMORINDA

Elderly Need to be Cautious When Seeking In-Home Care

By Jennifer Wake

When a person's health deteriorates, the need for extra care can be immediate.

Lafayette resident Doris Johnson was faced with this decision two years ago, after her sister Rita suffered a second stroke, leaving her blind and needing 24-hour care.

"It all happened very fast," Johnson says. "She was getting ready to be released [from the hospital] and I needed to sign something before they would release her, showing the care she would receive."

Johnson was handed three pages listing nursing homes and full-service in-home care agencies to choose from. "I was shocked when I found out the cost," says Johnson, who owns her house together with her sister. "I never considered long-term care insurance. I worry about the cost, but as long as we can manage, I want her here. We've lived together most of our lives."

Johnson chose Companion Care in Lafayette mainly because it was close to their home. Caregivers – who are each supervised by professional geriatric care managers who all have master's degrees – come into the sisters' home six days a week from 8 a.m. to 9 p.m. to do light housekeeping, laundry, cook meals and even do some ironing. Johnson is "on duty" during the nights and on Sundays. "That's our time to be alone," she says.

Typical cost for this type of care ranges from $24 to $30 per hour and $250 to $350 per shift rate – an out-of-pocket expense for Johnson, since this type of home care is not covered by Medicare insurance. (The cost of 24-hour care could reach $9,000 per month.)

Johnson was lucky, however, since Companion Care does background checks and TB tests on all of its caregivers, and pays the workers compensation and liability insurance. But it adds to the overall cost of care.

In the past five years, Barbara Schuh, a geriatric care manager who founded Companion Care 11 years ago, has seen in-home care agencies grow from five in the area, to nearly 50 agencies today.

"Chateau in Lafayette now offers home care, and Marriott is even offering the service. People choosing home care need to be really cautious," she warns. "People open these companies with good hearts, but they don't always know what they're doing."

Because of the growing number of organizations offering home care, the National Private Duty Association says consumers are turning to companies that offer the cheapest price for care without understanding the implications of using a referral agency versus a full-service agency. "Many consumers are hiring from registries that do not 'employ or supervise' their workers, but merely 'place' them in home care settings."

This gives the consumer and caregiver an "employee-employer" relationship in the home, making consumers responsible for payroll taxes (and interest and penalties from an estate, if taxes were never paid), and worker's compensation coverage for any medical costs and lost wages for "employees" who are injured in their home (many homeowners policies exclude "employees"). Also, many of these types of organizations are not required by the state to run background checks or administer TB tests on caregivers, and they may not follow minimum standards of care.

When researching in-home care, Schuh suggests people ask tough questions.

"Ask if they do background checks, ask to see a copy of their liability insurance, and ask if they pour medication," she says. "The last is a trick question. If they say 'yes', run. They obviously don't know what they're supposed to do."

Unlike home health care, which is covered by Medicare and MediCal, home care aide organizations are not licensed to administer medications or provide any health-related services. Schuh recommends starting by bringing in a geriatric care manager (found through the National Association of Professional Geriatric Care Managers) for an assessment.

"Individuals will come out to the home to do an assessment of needs," Schuh says. "You may not need care right away, and could get by with Meals on Wheels or Caring Hands (a program run through John Muir Medical Center)."

Schuh sits on the board of the California Association for Health Services at Home (CAHSAH), a leading statewide home care association in the nation and the voice of home care for the Western United States. The organization is determined to provide standards of care for all home care aide organizations and is seeking legislation requiring state licensing in California.

Two years ago, CAHSAH put a bill before legislators at the Capital. "Senators had no clue there was no licensing for home care. Unfortunately, no one wanted to take it on," Schuh says. "It jumped from the Labor Commission to Health Services."

In the end, the licensing fee they recommended for the bill to pass was too much to ask these companies to pay.

CAHSAH decided to start self-policing agencies as part of its Home Care Aide Organization Certification Program. Member organizations submit proof of liability and workers compensation insurance as well as their standards of practice to CAHSAH. "At least people will know if they are associated with CAHSAH, they have been screened," Schuh says.

For Johnson, although it's been a big adjustment to have someone move into her house, she has a feeling of security knowing the caregivers are there. But the cost of care weighs heavy on her mind. She advises any young person to look into long-term care insurance.

"The routine in your life changes," Johnson says. "I don't think about the future. I probably should, but we just take it day-to-day, month-to-month. It's scary, it's really scary."

For more information about home care agencies and current legislation, visit CAHSAH's Web site (www.cahsah.org) or the National Private Duty Association (www.npda.org).

LYNN'S TOP FIVE

By Lynn Ballou, CFP, EA

Long - Term Care Insurance: A complex policy, a complex decision

Somehow nothing in the financial planning field seems to be straight forward these days! And probably, nothing ever was, but it's nice to pretend that it was all simpler in the past, isn't it? The longevity of the baby boomers and their parents is creating a whole new type of chats at cocktail parties, around the pool, and hopefully in offices with our respective financial advisors. It seems that even at the line in the grocery store I'm overhearing more and more conversations about how to help aging relatives, and worries about how our kids will be there to help us – hah! So we are increasingly looking to handle the situation on our own terms. One important tool for us to use in that quest is long-term care insurance.

What is it, do you need it, can you afford it, and can you qualify for it? Since there is a lot of information about these questions already out there for you to digest, I'm going to take a different tact, for a variety of reasons (not the least of which is space!), and say that these questions are ones you should carefully and personally explore with your advisors and qualified long-term care insurance agent specialist (in California insurance agents who provide this coverage for clients have special continuing education requirements and designations and must be certified to sell long-term care insurance).

Instead, I'd like to focus in this article on some less popular conversation points that I hope will help you in conversations you might have with your own team of advisors when you or someone you love has decided to seek a good long-term care policy.

1) Will you cancel? Will you keep? Aside from the safety of the insurance company, perhaps the most important consideration in purchasing a long-term care (LTC) policy is affordability. You can design and purchase the most wonderful plan available today, but if you will cancel it before you ever collect benefits because it has become too expensive, then this policy will basically be a waste of your money and a false sense of security. Not often enough is it explained to us that premiums for long-term care insurance are not locked-in, not guaranteed, and will (in all likelihood) go up as we age! Premiums will rise with the insurance company's costs experienced by claims and inflation just like auto, homeowners, medical and other insurance plans. Be sure you design a plan that you can afford to keep! It would be a great tragedy for you to pay for your LTC insurance for many, many years, only to cancel the coverage in your later retirement years because it has become unaffordable --- never having received a benefit (if needed).

2) Length of benefits: One way to handle the affordability issue may be to buy fewer years of coverage by shortening up the length of time benefits will be paid out if a claim arises (or create a smaller pool of funds). Let's say that the life-time option would be your preference, but is too costly, whereas 5 years of coverage is affordable for you. Similarly, you can lengthen the up-front elimination period and self insure, for example, for a year with your own assets before having your policy become available to you. Most agents quote the classic 90 day elimination period, but that is not necessarily your best personal choice. Quotes offered by qualified agents will also include these other options and different viewpoints on coverage and affordability. Be sure to have your agent review them with you in detail.

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