

Short Term Recovery Care – An Affordable Alternative to LTC

As an insurance producer, it is important to have a versatile range of products at your fingertips. While it is simply good sales practice to be prepared for the differing financial objectives and unique situations of any new clients, it is also necessary to adapt to the changing needs of an existing client base. As Baby Boomers ease towards retirement, the scope of their financial goals will change, with more emphasis placed on protecting assets rather than exposing them to risk. Your clients will look to you to satisfy their evolving demands and offer them products that can protect their savings.

Part of smart retirement planning is making sure that precautions have been taken to guard against the possibility of an unexpected injury or prolonged illness. According to the American Association for Long-Term Care Insurance, 42.8% of all patients admitted to nursing care facilities stay for less than a year. As life expectancies extend and the level of available care rises, elderly patients can be treated and recover from just about anything, including heart attacks or strokes. Extended hospital stays and lengthy recovery times can be expensive, and any uncovered, out-of-pocket expenses will mount quickly. A single event, even a knee or hip injury, could lead to a period of recovery devastating to any healthy retirement fund.

While Medicare is available for people over the age of 65, it offers little in the way of coverage for recovery care. Should one of your senior clients require a stay in a skilled nursing facility, Medicare Part A requires at least a three-day hospital confinement before they will cover the first 20 days of recovery and even then only covers skilled care. After 20 days, Medicare coverage shrinks, requiring your client to cover the per day coinsurance out of his own pocket for the next 80 days and then coverage stops for that confinement. Each year the coinsurance amount goes up. Medicare only offers coverage for intermediate care to patients who are confined to their homes, and only under very specific conditions. It offers nothing in the way of coverage for custodial care, which includes assistance in performing activities of daily living, such as bathing, eating, and dressing. Custodial care services can be integral to recovery from a debilitating injury and costly if paid out of pocket.

Fortunately, there is a solution. Short Term Recovery Care products are an excellent way to limit exposure to unforeseen and potentially devastating facility-based costs in a variety of settings for all levels of care. These types of policies provide inexpensive coverage for any incident that may result in a recovery situation requiring confinement in a convalescent facility. They can be a cost-effective cornerstone to any retirement protection plan.

Short Term Recovery Care products are versatile and can be easily positioned in many sales situations to market to a broad range of clients. Whether you are appealing to clients looking to protect their assets with a Long Term Care policy or even those who may be thinking of spending down their assets to qualify for Medicaid, a Short Term Recovery Care policy can be a valuable tool in protection from the unexpected.

Some seniors look to Long Term Care policies to protect their assets from potential medical misfortunes. But most comprehensive Long Term Care products come with large premiums, which can significantly decrease your pool of potential clients for Long Term Care sales. Short Term Recovery Care insurance can be used in conjunction with a Long Term Care plan to lower premiums and allow a broader client base access to both products. Here's how:

Present to your clients that they too can experience the benefits and protection of a well-rounded recovery care package through a combination of two economical products. The first is a Long Term Care policy that has a long elimination period. Explain that most Long Term Care products come with several different elimination period options, and that a longer elimination period usually cuts the cost of premiums by a significant amount. Premiums for a product like this will usually be lower, but leave a period of time in which the client will be paying all expenses out-of-pocket. Now explain that a Short Term Recovery Care policy can be used to help cover the out-of-pocket expenses during that elimination period. Your clients can be satisfied that you have designed a fully comprehensive yet affordable package that covers both their long and short term care needs.

For many seniors, a Long Term Care policy is not an option. These individuals also need some sort of protection from the potentially devastating financial blow of a recovery process. Offer these clients a Short Term Recovery Care product as an alternative. Most Short Term Recovery Care plans are very affordable, some with monthly premiums well under \$100. Their benefits are usually comparable with Long Term Care plans for shorter recovery situations. If your client cannot afford Long Term Care insurance, a Short Term Recovery Care plan can be a sensible alternative.

A Short Term Care Recovery Plan can also be a practical option for many seniors with moderate but limited resources considering spending down their assets in order to qualify for Medicaid. Medicaid spend-down is a growing and somewhat concerning trend among American seniors. Faced with the prospect of a financially devastating stay in a nursing home, rather than risking the loss of all their savings and becoming heavily indebted with medical expenses, more and more seniors are choosing the painful process of giving away the majority of their assets in order to qualify for help from government-funded medical assistance programs. However, Medicaid assistance not only takes financial control out of the hands of the seniors, but also taxes the general population as an increasing number of seniors are assisted by public funds.

By comparison, a Short Term Recovery Care plan allows your clients to remain in control of their assets and provides them the freedom to choose which facility they wish to use.

Short Term Recovery Care insurance can also appeal to clients who are under age sixty five, not yet eligible for Medicare, but looking for protection. A Short Term Recovery

Care plan can work for them by supplementing an employer-administered health care plan. If your client is still providing for dependents, adequate protection against recovery time spent in a hospital or convalescent facility can be essential to their financial well being.

When you consider these types of situations and realize the significant impact Short Term Recovery Care insurance can make, a key selling point of these plans stands out: peace of mind. As the technology in medicine advances and life expectancies increase; and the likelihood of an incident requiring some length of professionally supervised recovery rises, coverage from short term care policies simply makes good sense.

Another key selling point of Short Term Recovery Care plans is also one of the most popular features of the product. These plans generally pay cash benefits on an indemnity basis. Policyholders receive a predetermined daily cash benefit to administer as they wish.

As a producer, it is nice to know that multiple coverage options exist for a variety of sales situations. Short Term Recovery Care policies extend the luxury of versatility to both you and your clients. They are extremely effective policies for their price structure, powerful enough to provide coverage which could save your clients money, yet inexpensive enough to be affordable to any number of client profiles. While they fit nicely with some Long Term Care plans, they can be equally effective as stand alone products. They make an invaluable addition to any producer's product portfolio, granting you the ability to adapt to the needs of any client.