

# Why women should consider buying long-term care insurance now

**Kathryn Hawkins**

**Long-term care insurance** can offer protection against the sky-high costs of day-to-day care in your golden years. But if you're a woman who's weighing whether to buy long-term care insurance for the first time, get ready for a case of sticker shock. Women soon will pay significantly more for long-term care insurance than men.

Gender-based pricing for insurance policies long has been a common practice for health insurance, with women typically paying more than men. This practice will stop in 2014, when the majority of the federal health care reform law takes effect.

By contrast, long-term care insurers have not rated men and women differently in the past. That's about to change. For instance, Genworth Financial, which has more than 1 million long-term care policyholders, recently gained approval from state regulators across the country to raise the rates on single women by as much as 40 percent, starting in April 2013. Average annual premiums could go up from just over \$2,000 to nearly \$3,000.



The gender-based pricing setup is legal in all states except Colorado and Montana, where gender-based pricing is banned.

So, why is this happening — and is there anything women can do to get affordable long-term care insurance?

### **Women cost more to insure**

Tony Steuer, director of financial preparedness at education and advocacy group United Policyholders, says that the rate hikes for women aren't based on gender discrimination. They're happening because women historically have been more expensive to insure.

On average, women live longer than men. According to the federal Centers for Disease Control and Prevention (CDC), an average female born in 2008 can expect to live to age 80, while an average male will live to 75. This means women are more likely than men to use **long-term care services**.

"The (insurance) companies are trying to charge appropriately for the risks that they are taking," Steuer says. "Women get lower rates for life insurance, but with long-term care coverage, it doesn't work as well."

### **Is it possible to get affordable coverage?**

If you're a woman shopping for long-term care insurance, the time to buy is now.

Genworth's gender-based rate jump will occur in April 2013, and Steuer expects all other long-term care insurance providers will follow suit. By buying long-term care insurance before gender-based pricing goes into effect, you'll be immune to any subsequent price hikes based on gender.

That's because "once you purchase unisex pricing, you're locked into unisex pricing," Steuer says. "When companies apply for rate increases, they have to do it for a whole block of business. They can't cherry-pick according to specific risks."

Premiums still may go up from year to year, but if you buy your policy before April 2013, you'll be rated the same as a male policyholder. If you wait, that's likely to change, and you may pay considerably more for the same amount of coverage.

### **Is long-term care insurance still worthwhile?**

So if you miss the boat on unisex pricing, will it still be worth buying a long-term care insurance policy under the gender-based pricing model, or are you better off investing your money to cover future living expenses?

Steuer says this type of coverage probably will remain a worthwhile purchase, although women may not receive as many benefits for their money as they do now.

However, “the good news is that you’re getting a more accurate premium going into the future,” Steuer says. Now that insurers have a clearer picture of their own costs, **long-term care insurance premiums** are likely to level out and stop rising at a high rate year after year, he says.

### **What is long-term care insurance?**

Long-term care insurance was introduced in the early 1980s. It covers expenses related to day-to-day living assistance for people who can’t perform activities like eating, dressing or using the bathroom independently, because of either mental or physical difficulties. The insurance can pay the costs of visits by a home health aide or stays at an assisted living center, which is covered by Medicaid only for people with limited financial resources.

According to the American Association for Long-Term Care Insurance, an average 55-year-old would pay \$2,007 in annual premiums, based on today’s unisex rates. Most long-term care plans provide coverage for a certain number of years, with a set dollar limit, such as \$100 a day for nursing home care.