

Do I Need Long-Term Care Insurance and How Does It Work?

Policy experts and families alike have long noted that the United States lacks a comprehensive public system for long-term care.

Medicare generally does not cover these services, and while Medicaid can help, but requires very specific actions be taken in order to access that system.

Private long-term care insurance (LTCI) offers a potential solution, but if you are already at the point where care is needed, and you apply for LTCI it is likely you will not qualify for LTCI. This is because the policies still available today are typically designed for relatively healthy people who can afford higher premiums.

In recent years, interest in the LTCI market has grown again, thanks in part to hybrid life insurance/LTC products. While LTCI is not right for everyone, both traditional and hybrid policies can play a useful role in protecting assets and supporting long-term care strategies.

What LTCI Is—and Is Not

KFF Health News and the *New York Times* recently published a series explaining why “few can afford to grow old” and many Americans are “dying broke” due to high long-term care costs and no universal public care system.¹

Given this reality, a private LTCI policy may seem like a no-brainer. Yet the contraction of the LTCI market over the past few decades shows that this is a limited tool with a small target audience.

Around 70 percent of people aged 65 and older will need long-term care services during their lifetime, but fewer than 5 percent of Americans aged 50 and older own a long-term care policy.²

LTCI emerged in the 1970s and 1980s as a mass-market product, similar to life insurance but specifically designed to cover services that standard health insurance and Medicare typically do not pay for. It typically covers the following services:

- **In-home care.** Assistance with daily activities while staying at home
- **Assisted living facilities.** Supportive housing with care services
- **Memory care.** Specialized care for people with Alzheimer’s or other memory-related conditions
- **Skilled nursing or nursing homes.** Long-term skilled care in a facility with professional medical support

LTCI generally **does not** cover the following services:

¹ *Dying Broke: A KFF Health News–New York Times Project*, KFF Health News (Nov. 14–Dec. 15, 2023), <https://kffhealthnews.org/dying-broke>.

² Janet Weiner, *Reforming Long-Term Care Policy: Lessons from the Past, Imperatives for the Future*, Penn LDI (Dec. 4, 2025), <https://ldi.upenn.edu/our-work/research-updates/reforming-long-term-care-policy>.

- Short-term medical care that Medicare already pays for
- Care that does not meet policy requirements (Most policies only pay when you have significant cognitive impairment or cannot perform at least two activities of daily living, such as bathing or getting dressed.)
- Informal care by family or friends unless it meets the policy's rules for coverage

What Else to Know About LTCI: Pricing, Options, and Fit

Why are more Americans not purchasing long-term care insurance? Let's start with the benefits. Here is what LTCI can do:

- Provide dedicated funds for care
- Preserve assets for heirs
- Offer flexibility in choosing where and how care is provided
- Reduce reliance on family caregivers and Medicaid planning, including having to spend down savings
- Support spousal planning

But LTCI is far from a perfect solution and is not one-size-fits-all. These are some important factors to consider:

- Hybrid life/LTC products are growing in popularity,³ combining long-term care coverage with a death benefit. They may be especially appealing to younger buyers or sandwich-generation families.⁴
- Some policies (especially older or narrowly designed ones) may not pay for all the care you assume is covered,⁵ leading to substantial out-of-pocket costs.
- Modern policies often have stricter health requirements and more conservative pricing.
- A policy for a 55-year-old single man averages roughly \$950 per year and about \$1,500 for a single woman. A married couple of the same age purchasing coverage together may pay around \$2,080 annually, with higher premiums for inflation protection, according to the American Association for Long-Term Care Insurance.⁶

³ *Is Life Insurance the Answer to the Growing Long-Term Care Need in the U.S.?*, LIMRA (Aug. 28, 2025), <https://www.limra.com/en/newsroom/industry-trends/2025/is-life-insurance-the-answer-to-the-growing-long-term-care-need-in-the-u.s.>

⁴ *The Sandwich Generation: Balancing Care for Parents & Children*, Caregiver Action Network, <https://www.caregiveraction.org/sandwich-generation> (last visited Mar. 31, 2026).

⁵ Reed Abelson & Jordan Rau, *Dying Broke: A KFF Health News–New York Times Project: Facing Financial Ruin as Costs Soar for Elder Care*, KFF Health News (Nov. 14, 2023), <https://kffhealthnews.org/news/article/dying-broke-facing-financial-ruin-as-costs-soar-for-elder-care>.

⁶ *2025 Long-Term Care Insurance Facts - Prices - Data - Statistics - 2025 Report*, Am. Ass'n for Long-Term Care Ins., <https://www.aaltci.org/long-term-care-insurance/learning-center/lc-facts-2025.php> (last visited Mar. 31, 2026).

- Plan features that affect pricing include age at the time of purchase, medical history and current health, daily or monthly benefit amounts, benefit duration, inflation protection, and waiting periods.⁷

With these factors in mind, LTCI may be worth considering in the following circumstances:

- You have meaningful assets at risk and want to reduce the possibility of care costs wiping out your savings.
- You want to preserve a legacy rather than using those assets for self-funded care.
- You want to protect a spouse's financial stability if your partner requires care.
- You want to reduce the risk that care expenses will disrupt investments or other financial goals.
- You are healthy enough to qualify and can afford to pay premiums over the long term.

LTCI may **not** be a good fit in the following circumstances:

- You have limited cash or income flexibility, and premiums would stretch your budget or make other financial goals harder to achieve.
- You expect to rely primarily on public benefits; if you are planning for Medicaid to cover your care, LTCI may not be necessary.
- You have already arranged savings or trusts to cover care.
- You face health issues that may make it difficult or expensive to qualify for coverage.
- You are unwilling to commit to long-term premium obligations, preferring financial flexibility.

Whether LTCI is right for you comes down to a personalized analysis. The need for long-term care is becoming more common among aging Americans. However, a dedicated care policy is just one tool within LTC planning and the larger planning picture. You should evaluate its fit alongside your legal documents, insurance coverage, and financial goals so that long-term care—if it becomes necessary—does not dictate the choices available to you and your family.

Know that we are at your side throughout your aging and retirement journey, wherever it leads and whatever solutions it demands.

⁷ *What Features of Long-Term Care Policies Should I Focus On?*, Ins. Info. Inst., <https://www.iii.org/article/what-features-long-term-care-policies-should-i-focus> (last visited Mar. 31, 2026).