

## Home Care: Plaintiff v. Defense

### Plaintiff

- ▶ Life Care Plan
  - RN
    - 24 hrs per day
    - \$30/hr = \$262,800/yr
- ▶ Economist Report
  - Inflation = 4.0%
  - Discount = 2.5%
- ▶ Life Expectancy
  - 70 additional years

Present Value:  
\$30,919,234.96

### Defense

- ▶ Life Care Plan
  - LPN
    - 10/hrs school days
    - 16/hrs non school days
    - \$17.50/hr = \$74,620/yr
- ▶ Economist Report
  - Inflation = 3.0% CPI
  - Discount = 3.5%
- ▶ Life Expectancy
  - 50 additional years

Present Value:  
\$3,209,358.95

## Facility Care: Plaintiff v. Defense

### Plaintiff

- ▶ Facility Care Cost
  - Per day – \$750
  - Per year – \$273,750
- ▶ Total Plan Cost
  - Per year – \$288,280

### Defense

- ▶ Facility Care Cost
  - Per day – \$371
  - Per year – \$135,415
- ▶ Total Plan Cost
  - Per year – \$142,150

### Plaintiff

- ▶ Actual Facility Cost
  - Per day – \$526
  - Per year – \$192,000
- ▶ Total Plan Cost
  - Per year – \$206,530

### Defense

- ▶ Actual Facility Cost
  - Per day – \$526
  - Per year – \$192,000
- ▶ Total Plan Cost
  - Per year – \$198,797

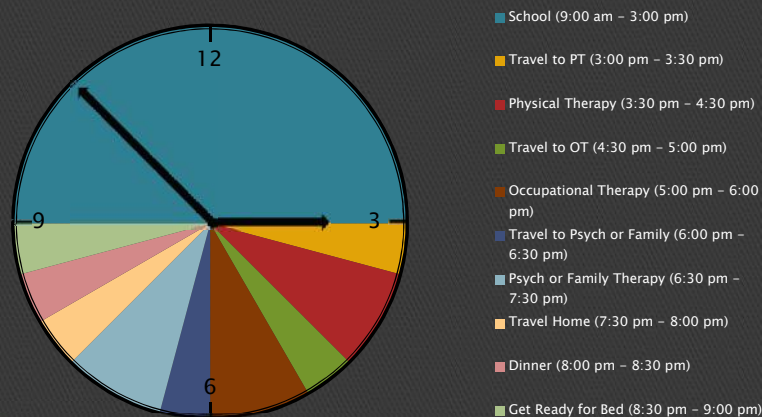
## Validation Example...

- ▶ 10 year old boy with severe 3<sup>rd</sup> degree burns
- ▶ Life Care Plan – Therapies to age 18:
  - Physical- 5 hrs/wk – \$150/hr – \$39,000/yr
  - Occupational- 5 hrs/wk – \$150/hr – \$39,000/yr
  - Psychological- 2.5 hrs/wk – \$200/hr – \$26,000/yr
  - Family Counseling – 2.5 hrs/wk – \$125/hr – \$16,250/yr

\$962,000 for therapies to age 18.

- ▶ Deposition:
  - Hunting, Fishing, Gardening, Taking Care of Chickens, Nintendo DS

## ...Continued



## How Does A Rated Age Add Value to a Life Care Plan?

- ▶ Can decrease cost to provide specific benefit

Plaintiff: Child  
 Gender: Male  
 Age: 6  
 Injury: Cerebral Palsy

Parameters: Provide \$10,000 per month for life, guaranteed 35 years, 3% COLA.

Annuity Cost w/o Rated Age: \$ 5,668,050.14



Life Company	Rated Age	Annuity Cost
American General	62	\$ 3,616,789.71
Metropolitan Life	30	\$ 4,996,620.00
New York Life	53	\$ 4,240,380.00
Pacific Life	45	\$ 4,236,120.00
Prudential	40	\$ 4,284,859.00

## How Does A Rated Age Add Value to a Life Care Plan?

- ▶ Can increase benefit when working with specific cost

Plaintiff: Child  
 Gender: Male  
 Age: 6  
 Injury: Cerebral Palsy

Parameters: \$1,000,000 to spend to provide a monthly lifetime benefit, guaranteed for 35 years, 3% COLA

Annuity Benefit w/o Rated Age: \$ 1,762.95

Life Company	Rated Age	Annuity Benefit
American General	62	\$ 2,762.81
Metropolitan Life	30	\$ 1,999.85
New York Life	53	\$ 2,356.51
Pacific Life	45	\$ 2,358.88
Prudential	40	\$ 2,332.05