

LONG-TERM CARE INSURANCE

Long-term care encompasses a wide range of services relating to medical, personal and social needs. Long-term care services may include help with activities of daily living in the home, in a nursing home, assisted living facility, adult day care and hospice care. Long-term care insurance is designed to help pay for your long-term care needs that would not be covered by traditional health insurance, Medicare and Medicare supplemental policies. It is advisable to consider purchasing long-term care insurance if you have significant assets and income, you can pay the premiums (including possible premium increases) without financial difficulty, you do not want to rely on others for support and/or you want to have flexibility in choosing the setting for your care.



Jennifer R. Howell
*Florida Bar Board Certified
Elder Law Attorney*

Amount of Coverage Advised

A few of the factors to consider when determining an advisable amount of coverage are the present cost of home and skilled nursing care, as well as your own income and resources. The average cost of care in your state of residence should be considered. If you may move to another state to be closer to family, the cost of care in that state should be considered as well. The amount of coverage should be the difference between the cost of care and your income that will be available to pay for the care. Consideration should also be given to whether a spouse or disabled child will also need use of your income.

Age and Health Factors When Deciding When to Buy

There are many opinions as to the right age to purchase long-term care insurance. The younger you are, the lower the premiums. The older you are, the more likely you will be to have a health issue that may make you uninsurable. Obviously, the premiums also increase the older you are when you apply for coverage.

If you have a family history of health issues that require long term care services, you should consider purchasing a policy earlier. Health factors also come into play since they affect the amount of your premium. Long-term care insurance companies look at your health and health history in deciding whether to issue you a policy. If you are in good health then your premium will be the same as someone else your same age. However, if you have a pre-existing medical condition but are still insurable, your premiums will be higher.

Policy Features to Consider

- *Term of coverage is the period of time the policy will pay benefits. The average length of a nursing home stay is three years. The minimum term of coverage is 24 months. Benefit amount may be a set dollar amount or may be a number of years, months or days of receiving benefits. Most policies pay a specified amount for each day you receive covered services.*
- *Triggers are what determine when you are eligible to receive benefits. Most policies are triggered by cognitive impairment or the inability to perform a certain number of Activities of Daily Living (ADLs). ADLs are everyday activities you usually do without any assistance. ADL functions include bathing, continence, dressing, eating, toileting and transferring. Some policies may also require you to be chronically ill and receiving services according to a plan of care prescribed by a licensed health practitioner.*
- *Inflation protection provides benefit increases over time to keep up with the rising cost of long-term care. In Florida, insurance companies must offer a 5% compounded inflation protection. An important feature, especially if you are younger. The increased premium for the inflation protection may not be worth it if you are older and closer to the time in which you would be receiving benefits.*
- *Non-forfeiture of benefits requires the insurance company to reserve money for a reduced amount of future benefits or a reduced coverage period or a death benefit when a policy lapses for non-payment or if you choose to cancel the policy. If you do not have this benefit, you will receive nothing from the policy even if you paid premiums for 20 years.*
- *Elimination or waiting period is the number of days you are required to receive covered long-term care services before the policy begins paying benefits. The period is usually 0 to 100 days but cannot exceed 180 days. The waiting periods for nursing home and home health care may be different. Some policies may also have an elimination period that you only have to satisfy once in your lifetime. Other policies may apply the elimination period to each episode of care. Some policies require consecutive days while others allow you to accumulate days. It is important to understand how your particular policy defines and calculates the elimination period.*
- *Waiver of premium allows you to stop making premium payments once you begin receiving benefits.*
- *Bed reservation pays for a facility to hold your bed if you are hospitalized.*
- *Third party notice allows you to designate someone to receive notice if your premiums have not been paid. This is an important safety feature which will protect you from losing your coverage when you may need it most.*
- *Restoration of benefits allows you to keep the maximum amount of your original benefit even after you have received some payments for covered services. If you fully recover and do not need long-term care services again for a certain period of time, then your benefit would go back to the original amount.*
- *Premium refund at death pays to your estate your premiums the insurance company received minus any benefits paid. There are usually a certain number of years you had to pay premiums. Some companies also pay the refund only if you die before a certain age, 65 or 75.*
- *Downgrades allow you to reduce your coverage if you have problems paying your premium. This may allow you to keep your policy instead of losing it for non-payment.*

What Services Are Covered

Policies may cover nursing homes and home health care. An important consideration is whether the policy will pay benefits if a family member is providing care in the home. Often an adult child will choose to leave their regular employment to care for a parent in the home. Policies may also cover respite, hospice, personal care in your home, assisted living facilities, and adult day care.

What is Not Covered

The exclusions for long-term care policies vary. Policies in Florida cannot exclude coverage for diseases such as Alzheimer's. Generally policies will exclude coverage for: mental and nervous disorders, alcoholism and drug addiction, treatment already paid for by the government, and attempted suicide or self-inflicted injury.

Long Term Care Partnership Program (LTCi Partnership)

The LTCi Program is a federal and state initiative intended to encourage individuals to plan for their future long term care needs by purchasing long term care insurance policies. The LTCi Partnership policy makes the consumer eligible for a possible "asset disregard" when applying for Medicaid. For example, a person purchases a qualified LTCi Partnership plan that has a \$100,000 benefit. Once he has used the entire benefit, he still needs care and applies for Medicaid. Because he owns a LTCi policy, he will be allowed to protect \$100,000 of his assets, plus whatever amount the state allows, and become eligible for Medicaid as long as he meets all of the other criteria that Medicaid requires. This is a "dollar for dollar" approach, meaning that consumers can protect the dollar amount paid to them under the policy.