

A Shopper's Guide to

Long-Term Care Insurance

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Personal Assessment and Reasons for Wanting Long-Term Care Insurance

It's important to identify your reason(s) for buying a policy. This influences many of the choices you'll make in selecting coverage. A person with few resources, a modest income and a goal of staying off **Medicaid** approaches the purchase one way. A person with a larger amount of assets and income may approach it differently.

If your reason is to preserve resources for heirs, you might consider having them help pay the premium. They will benefit from your long-term care insurance purchase. If you don't have dependents or heirs, you may consider using resources to pay for long-term care rather than buying insurance.

What are your objectives?

- Protecting resources or leaving an inheritance
- Not burdening others to pay **nursing home** bills
- Avoiding **Medicaid**
- Being able to choose the type of care and the place where care is received
- Having peace of mind
- Being independent of others' support
- Protecting a spouse/domestic partner or dependent(s)

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Your Health

Unlike **Medicare supplement insurance** (**Medigap**), long-term care insurance is rarely available on a guaranteed basis. You will need to show that you are not a serious health risk before the company will approve your application. Your health is typically not taken into consideration for an annuity.

_____ **Excellent** – People can easily find coverage if health is excellent.

_____ **Good** (minor health problems, one insignificant chronic condition) – People have little trouble finding coverage if health is good.

_____ **Fair** (one or more chronic conditions requiring medical supervision and/or hospitalization in the past year) – People with fair health are sometimes accepted for coverage, but they may pay a higher premium.

_____ **Poor** (heart disease, pulmonary disease, cancer or other advanced disease) – People in poor health are rarely accepted and should question any attempt to sell them coverage.

Your Age

Age affects the premium you'll pay. Also, as age increases, so does the possibility of developing health conditions that will make it difficult for you to buy insurance. Most companies direct their marketing efforts accordingly.

_____ **50 to 79** – Within this range, you'll have many companies and policies from which to choose. Premiums will be more affordable.

_____ **80 to 84** – A few companies market to this age range. Some companies sell only one year of coverage to those 80 and older.

_____ **85 and older** – Few companies sell to people older than 84. Very elderly people should carefully consider the wisdom of purchasing long-term care insurance because of its cost.

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Your Annual Income

The purchase of long-term care insurance should not cause financial hardship or prevent you from meeting your basic needs. If premiums cannot be paid from current income, long-term care insurance should not be purchased.

You need to consider your ability to pay premiums now and in the future.

_____ Is your only income Social Security or Supplemental Security Income (SSI)? If it is, this is likely not an appropriate purchase for you.

_____ Is the long-term care policy premium less than 7% of your income (rule of thumb for affordability)?

_____ Could you still pay the premium if it was increased by more than 25%?

_____ If you purchase an annuity or life insurance policy, can you afford the one-time payment or periodic payments?

Cash Value of Assets Excluding Your Primary Residence

The cost of long-term care insurance is significant. If protecting assets is your reason for buying, you should have substantial assets to protect. Your home is protected from **Medicaid** as long as a spouse/domestic partner lives there. Additional resources also can be protected for a spouse/domestic partner. Check with your state insurance department, agencies on aging, **state health insurance assistance programs** (**SHIP**) or another consumer assistance agency for more information. (A list of these organizations starts on Page 44).

These suggested amounts represent individual resources. They would double for a couple.

_____ **Less than $30,000** – Over several years, you might spend as much in premium as the value of assets being protected.

_____ **$30,000 – $75,000** – Carefully review your resources to see if the amount you are protecting justifies the premium you'll pay.

_____ **$75,000 and up** – Long-term care insurance may be an appropriate way to save assets for your own security or estate.

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Long-Term Care Policy Checklist

Use this checklist when you are shopping for a policy or to evaluate a policy you already have.

	Policy A	Policy B
Types of Long-Term Care Insurance		
1. Which type of long-term care coverage is best for you?		
• Individual Policy		
• Employer Group Policy		
• Association Policy		
• **Partnership Policy*** *Partnership policies may be available as an individual policy or from an employer or association group.		
• Life Insurance or **Rider**		
• Annuity or **Rider**		
Company and Agent Information		
2. Is the insurance company financially strong?		
• Company name		
• Company address		
• Company telephone number		
• Company website		
• Insurance company rating and name of rating agency		
3. Are you working with an agent?		
• Agent's name		
• Agent's address		
• Agent's telephone number		
• Agent's email address		

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	Policy A	Policy B
4. What types of services and care are covered?		
• **Nursing home** care		
• **Assisted living**	Yes No	Yes No
• Home and **Community-based services**		
Home skilled services	Yes No	Yes No
Home personal services	Yes No	Yes No
Respite care	Yes No	Yes No
Adult day care	Yes No	Yes No
Homemaker/chore services	Yes No	Yes No
Hospice care	Yes No	Yes No
Family care	Yes No	Yes No
Informal care	Yes No	Yes No
Alternate care	Yes No	Yes No
List other benefits		
5. Are benefits determined on daily or monthly basis?		
6. How much does the policy pay per day?		
• **Nursing Home**	$_____per day	$_____per day
Same amount for all levels	Yes No	Yes No
• **Assisted living**	$_____per day	$_____per day
• Home and **community-based services**	Daily Monthly	Daily Monthly
Home skilled services	$	$
Home personal services	$	$
Respite care	$	$
Adult day care	$	$
Homemaker/chore services	$	$
Hospice care	$	$
Alternate care	$	$
Family care	Yes No	Yes No
Informal care	Yes	Yes No
Other benefits	$	$

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	Policy A	Policy B
7. Are benefits adjusted for inflation?		
Does policy have inflation adjustment?	Yes No	Yes No
• Automatic annual increase option		
Annual percentage increase	%	%
Type of increase	Compound	Compound
Additional premium	$_____	$_____
• Regular offer to buy more:		
Frequency of offer	Annual or every yrs	Annual or every yrs ☐
Amount of increase offered		
Times offer can be declined		
Age for premium calculation	Current age issue age	Current age issue age
• With the inflation benefit, what **daily benefit** would you receive for		
Nursing Home care at age 75	$	$
at age 80	$	$
at age 85	$	$
Home care at age 75	$	$
at age 80	$	$
at age 85	$	$
Do increases end after a certain period of years or a certain age?	Yes No	Yes No
If increases do end, when?	Age/Year N/A	Age/Year N/A
Does the policy maximum increase over time?	Yes No	Yes No
8. How long do benefits last?		
• Policy maximum	Yrs._____or $ _____	Yrs._____or $ _____
Is there a pool for all **benefits**?	Yes No	Yes No
Can **benefits** be shared with spouse/domestic partner?	Yes No	Yes No

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• Annual or policy maximums for individual benefits (days or $)		
Nursing home		
Assisted Living		
Home care		
Respite care		
Adult day care		
Homemaker/chore services		
Hospice care		
Family care		
Informal care		
Alternate care		
Other benefits		

How Do You Qualify for Benefits?

9. What level of need is required?		
• Functional incapacity — need help with **ADLs**	Yes No How many?_____	Yes No How many? _____
• **Cognitive impairment**	Yes No	Yes No
Medical necessity due to illness or injury	Yes No	Yes No

	Policy A	**Policy B**
10. What is a qualified place?		
List the types of facilities that are NOT covered by the policy.		
11. Who is a qualified person to give care?		
• Can a family member be paid?		
• Who is a qualified family member?		
• Does the policy pay for training?		

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12. How long is the elimination period or deductible before benefits begin?				
• **Nursing home** care				
• **Assisted living**				
• **Home care**				
• **Respite care**				
• **Adult day care**				
• **Homemaker**/chore services				
• **Hospice care**				
• Alternate care				
• Other benefits				
How is it satisfied?				
Required only once	Yes	No	Yes	No
New one for repeat stay	Yes	No	Yes	No
Days for different services added together	Yes	No	Yes	No
13. Does the policy provide care management/care coordination?	Yes	No	Yes	No
Could the insurer pay benefits based on a plan of care that neither you nor your doctor approved?	Yes	No	Yes	No

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Other Policy Features				
	Policy A		Policy B	
14. Does the policy have a waiver of premium?	Yes	No	Yes	No
If your premium is prepaid but then you require use of your coverage, will you get back some of your premium?	Yes	No	Yes	No
Does the waiver of premium apply to home care?	Yes	No	Yes	No
15. Does the policy have a nonforfeiture benefit?	Yes	No	Yes	No
• Selected option				
How long before it's in effect?				
How does the **benefit** work?				
Premium for this **benefit**?	$		$	
16. If this is a group policy, what conversion options are offered?				
17. Is the policy federally tax-qualified?				

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Annual Cost		
	Policy A	**Policy B**
18. What does the policy cost per year?		
• Basic policy	$	$
• **Rider** #	$	$
• **Rider** #	$	$
• **Rider** #	$	$
• **Rider** #	$	$
• Policy or group membership fee	$	$
• Less any spouse/domestic partner discount	less $	less $
• Less any other discount	less $	less $
Total costs per year:	**$**	**$**
Do you lose the spouse/domestic partner discount if one spouse/domestic partner dies?	Yes No	Yes No

If Buying A Stand-Alone LTC Policy, You Don't Need to Complete This Section

Other Approaches to Long-Term Care Insurance		
Life Insurance and Annuities		
Is this product a good purchase for me at this time?		
Can I add long-term care **benefits** to an existing policy?		
Does a loan against the policy affect the long-term care **benefits** available?		
How does the policy pay long-term care **benefits**?		
Who is covered by the policy long-term care **benefits**?		
Are benefits payable for long-term care available immediately or is there an **elimination period**?		
How is my premium calculated?		

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Long-Term Care Insurance Personal Worksheet

Drafting Note: Companies shall at a minimum provide all of the information shown below and in the same order. The company may include additional information related to this long-term care insurance coverage in relevant and readable language. Bracketed statements indicate the companies should choose the applicable statement, are allowed flexibility in inserting numerical ranges, etc.

Long-Term Care Insurance Personal Worksheet

This worksheet will help you understand some important information about this type of insurance. State law requires companies issuing this [policy] [certificate] [rider] to **give** you some important facts about premiums and premium increases and to **ask** you some important questions to help you and the company decide if you should buy this [policy] [certificate] [rider]. Long-term care insurance can be expensive, and it may not be right for everyone.

Premium Information

The premium for the coverage you are considering will be [$_____ per [insert payment interval] **or a total of** [$_____ per year] [a one-time single premium of $_____].

The premium quoted in this worksheet is not guaranteed and may change during the underwriting process and in the future while this [policy] [certificate] [rider] is in force.

Drafting Note: Companies will insert payment interval (monthly, quarterly, etc.) and the appropriate dollar amount.

Type of Policy and The Company's Right to Increase Premiums on the Coverage You Choose:

[Noncancellable – The company **cannot** increase your premiums on this [policy] [certificate] [rider]].

[Guaranteed renewable – The company **can** increase your premiums on this [policy] [certificate] [rider] in the future if it increases the premiums for all [policies] [certificates] [riders] like yours in this state.]

[Paid-up – This [policy] [certificate] [rider] will be paid-up after you have paid all of the premiums specified in your [policy] [certificate] [rider]].

Drafting Note: Companies will insert the appropriate policy type and the associated bracketed statement. Premium guarantees shall not be shown on this form.

Premium Increase History

[Name of company] has sold long-term care insurance since [year] and has sold this [policy] [certificate] [rider] since [year].

[The company has never increased its premiums for any long-term care [policy] [certificate] [rider] it has sold in this state or any other state.]

[The company has not increased its premiums for this [policy] [certificate] [rider] or similar [policies] [certificates] [riders] in this state or any other state in the past 10 years.]

[The company has increased its premiums on this [policy] [certificate] [rider] or similar [policies] [certificates] [riders] in the past 10 years. A summary of those premium increases follows.]

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