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## Long Term Care

Financial Planners now agree that long-term care is a must in everyone's retirement planning.

### Be an informed Consumer

### Protect your health and your wealth

#### What is long term care?

Financial protection provided through an insurance company that will pay for expenses you incur due to an accident or illness that results in the need for extended care:

- At home
- At an assisted living center
- At a nursing home
- At an adult day care

#### How do I qualify for benefits?

Long-term care coverage is triggered when you require assistance in any two ADLs.

#### What are ADLs?

(Activities of daily living)

- Bathing
- Eating
- Toileting
- Transferring
- Dressing
- Continence

Some companies also include:

Cognitive impairment

- Memory
- Reasoning
- Orientation

#### What are the costs for this type of care?

##### Nursing Home

- “The average stay in a nursing home is 2 ½ years, and the average nationwide cost of a year in a nursing home is \$40,000.” Business Week 3/7/94

(Average daily cost for nursing home care in Wisconsin was \$157.00 in 2001)

### **In home care**

- “Total costs for full-time, live in health care, averages about \$50,000 annually.”  
Business Week 4/15/96

### **How can I pay for this care?**

- Personal assets
- Government programs
- Insurance

**Personal Assets:** With the average cost for nursing home care and home health care being approximately \$40,000 per year, you have to decide if you want to and can afford to pay for this kind of care out of your own wealth.

*“Long term care is the single biggest threat to whatever wealth an older person has.” Generations, American Society on Aging 9/96*

#### **Government Programs:**

- **Medicare:** is a health insurance program for people age 65 and older.
  - Part A: pays for care in hospitals, some skilled nursing facilities, hospice, and some home health care.
  - Part B: Pays for doctors, outpatient hospital care, physical and occupational therapists, and some home health care services.
- **Medicaid:** Is a government welfare program, which requires individuals to “spend down” their personal wealth before they can receive financial assistance. Medicaid generally doesn’t come to your rescue until you have lost everything but your home, your car and a very small amount of cash, or other assets.
  - Medicaid was created for the poor and indigent, **NOT** those with income and assets to protect.
  - Medicaid may restrict access to preferred location and quality of care.
  - Medicaid focuses on care that is primarily institutional rather than home and community.
- **Medicare Supplement Insurance:** “Medicare supplement insurance policies do not cover nursing home care. While a 90 day stay can be an expensive burden, a longer term confinement could be catastrophic to a family’s finances.”

**Insurance:** The main reason to purchase insurance to cover the costs for long term care is to “Transfer the Risk” from your personal wealth to an insurance company. To accept this risk, an insurance company requires two things:

1. You are currently a good risk. They want to know that at the time you purchase this coverage, you are healthy.
2. You pay a premium in exchange for the coverage.

## General Policy Overview:

### **-3 basic items define the coverage of a long term care plan.**

- Daily benefit amount: What dollar amount will the insurance company reimburse on a daily basis.
- Elimination period: This is a waiting period prior to benefits being paid. Typical waiting periods are none, 50 days or 100 days.
- Benefit Period: This is the length of time that benefits will be paid. Benefits can be for 2 years, 4 years, 6 years or a lifetime.

Costs for long term care will vary depending on the level of each of these three items.

### **-3 Types of Contracts available**

- Shared benefit plan: Husband and spouse can share one plan.
- Facility plan: Includes nursing home coverage. No home health care.
- Select Plan: Includes both nursing home and home health care.

Insurance companies may have different names for these plans. Just be aware that there is more than one plan available and you get what you want.

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**Not all long term care policies are created equal.**

**What features should I look for?**

**What questions should I ask?**

Some agents may hate me for sharing this information with you.

I don't care!

As an insurance insider, I want you to be an informed consumer.

### **Features:**

1. **Privileged Care Coordination (PCC) Benefit**

BENEFIT: What kind of Long term Care (LTC) expertise does the average person have? Policyholder has immediate access to LTC experts in their area to help implement and manage a LTC Plan of Care.

2. **Some companies waive the elimination period for Home & Community Care benefits with use of PCC.**

BENEFIT: Provides immediate coverage of qualifying LTC Home and Community Care expenses without having to satisfy a costly “deductible”. Also reduces the confusion regarding “what counts as a day for satisfaction of the Elimination Period.”

3. **Provides Monthly Maximum Benefits for Home & Community Care (HCC) with use of PCC.**

BENEFIT: Home and Community Care benefits can fluctuate greatly on a day to day basis and could at times exceed a normal Daily Benefit. A monthly benefit will provide more flexibility for these varying covered expenses.

Note: Shared benefit policyholders each have a monthly HCC benefit. They do not “share” in one singular monthly benefit.

4. **Premium is waived for Home & Community Care (HCC) with use of PCC.**

BENEFIT:

Note: Waiver of Premium for home health care is not standard in most LTC Insurance policies. Policyholder has a Waiver of Premium provision for HCC and does not have to satisfy a confusing “waiting period”.

Note: For Shared Benefit Plan one premium is paid for both insureds so if waiver of Premium is triggered by one of the insureds the premium is waived for both!

5. **Survivorship Benefit**

BENEFIT: This is not a rider but is built into both Shared and select policies. It allows for “paid up” policies for the surviving spouse under certain contract conditions. This benefit can be extremely attractive to younger insureds or those insured with age disparities.

6. **No Home Health Care Agency Requirement.**

BENEFIT: By allowing care to come from independent sources the policy allows more flexibility and potential cost savings to the insured’s Monthly Benefit or Lifetime maximum pool.

7. **Home Modification/Equipment Benefit**

BENEFIT: This benefit is not subject to the Elimination Period and can provide immediate help with qualifying Home modification expenses for the insured as well as certain Home Care equipment needs.

8. **No Exclusion for Mental/Nervous Disorders**

BENEFIT: Much broader coverage. While current LTC Insurance policies cover cognitive impairments such as Alzheimer’s, many do not cover inorganic mental or nervous disorders.

9. **No percentage reduction in Daily Benefit for Home, Community Care of Assisted Living.**

BENEFIT: 100% of the policyholder's Daily Benefit can be applied to any of these covered expenses. This could be extremely important 20-30 years from now.

#### 10. 21 Day Bed Reservation Benefit without Hospitalization or Nursing Home Requirement

BENEFIT: Policyholder can be "temporarily absent" (i.e. birthdays, holidays) from either a Nursing Home or Assisted Care Facility and still be eligible for this benefit.

#### 11. Respite Care Benefit

BENEFIT: Gives Home Care giver a break.

#### 12. Caregiver Training

BENEFIT: Allows family member to be trained to give professional care at home.

#### 13. Inflation Protection

BENEFIT: Provides automatic annual 5% compounding increase in benefit level.

#### 14. Restoration of Benefits

BENEFIT: When the policyholder qualifies, this rider restores the policy's lifetime payment maximum to the original amount if free from care and not benefit eligible for 180 days.

#### Discounts

- Couples Discount: This discount is typically 20% on each policy issued.
- Preferred Health Discount: 10% discount if certain health criteria are met.

#### 15. Care Coordinators

BENEFIT: Specially trained health care professional who helps recommended appropriate care providers and develops a plan of care to monitor progress.

Remove the guesswork and crisis management that many families experience when seeking out care providers.

Long term care is a must in your financial Planning. Protect your financial well being with the addition of long term care to you financial plan.

If you want to insure your family's financial future, give us a call! We have the **solutions!**

**CALL TODAY FOR YOUR FREE MONEY SAVING  
QUOTE AND NEEDS REVIEW!!**

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