



# Long-Term Care Benefits.. All Plans Are Not the Same

1. **Daily or Monthly Benefits** – Most long-term care insurance policies pay their benefits on a daily basis ranging from \$50-\$500. You choose an appropriate level for your needs and you are reimbursed up to the amount chosen. Nursing Homes and Assisted Living Facilities are consistent with their daily charges and this works very well.

However home care can often be provided for a few days per week at varying costs. The charges for one day may fall below your chosen benefit, but exceed the benefit level on other days.

A long-term care insurance policy with a monthly benefit reimburses you for a stated amount per month, regardless of how many days you received care or the cost for those days. If home care is important to you this may be an important feature to choose.

2. **Elimination Periods** – The elimination period is the number of days before the policy starts paying for care. Most plans only count *service days*, or the days you need care towards the elimination period.

Since home care may only be provided for a few days per week, it may take much longer than 90 days to accumulate a 90 service day elimination period.

Others may count all the *calendar days*, or all the days since your licensed health care practitioner certified you as *chronically ill*. Not just the days you received care. This could make quite a difference and be something to consider.

There are also other provisions companies may have to make the home care elimination period differ from the facility elimination period.

3. **Inflation Protection** – the key to your plan growing, how you want it to, until you need it.
  - a) 5% Compounding – grows the daily or monthly benefit and the maximum benefit at 5% compounding, forever, benefits will double every 15 years.
  - b) 3% Compounding - grows the daily or monthly benefit and the maximum benefit at 3% compounding, forever, benefits will double every 23 years.
  - c) 5% Simple - grows the daily or monthly benefit and the maximum benefit at 5% of the original amount, forever, benefits will double every 20 years.
  - d) Future or Guaranteed Purchase Options – the ability to purchase additional benefits every few years, regardless of health, at your new age. This offer may be restricted if you have denied other offers in the past.

4. **Benefit Periods** - The maximum benefit of a tax qualified long-term care reimbursement insurance policy is usually described as a “pool of money”. This is determined by how much daily or monthly benefit is purchased multiplied by the benefit period. For example, if you bought \$4,500 per month on a 4 year plan, the insurance company may multiply \$4,500 x 48 months and your initial pool of money would be \$216,000.00. They would initially pay for care up to \$4,500 per month until the \$216,000 is exhausted, even if it lasted longer than 48 months.

The cash plans pay the stated daily or monthly benefit regardless of the cost of care. They pay a stated benefit for a stated period of time.

There are a few reimbursement plans that allow you to take the home care benefit as partial cash and partial professional reimbursement.

5. **Shared Benefits** – Couples should investigate shared benefit plans. A Shared benefit LTC policy could be two separate plans joined by a rider or one joint policy that covers both partners.

**a. Two separate policies**

These LTC plans allow each partner has a monthly benefit and a maximum benefit. You have the ability to use your partner’s benefits if you exhaust your own. Any remaining benefits in your pool will be added to your partner’s pool at death. The survivor inherits these benefits and only continues to pay their portion of the premium.

**b. One Joint Policy**

A single pool of benefits available to whoever needs it or both. The Monthly benefit applies to each insured, but one pool of benefits.

If one spouse passes, the other retains all benefits in the pool, and pays their portion of the premium.

**6. Partnership Plans**

The Qualified LTC Insurance Partnership Program is an arrangement between the U.S. Dept. of Health and Human Services, the state agency administering the program, and the insurance industry.

The Partnership established “partnership LTC insurance policies” that provide long-term care coverage and also **“Medicaid Asset Protection”**.

**Dollar For Dollar Model**

- LTC policies protect a specific amount of assets.
- A policy that pays out \$250,000 of benefits,
- Would allow the policyholder to protect \$250,000 of assets and still be eligible for Medicaid benefits.
- In addition to state mandated Medicaid levels.
- Doesn’t protect income.