

# *A Shopper's Guide to*

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# **LONG-TERM CARE INSURANCE**



***NAIC***

National Association of Insurance Commissioners

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## **About the NAIC ...**

The National Association of Insurance Commissioners (NAIC) is the oldest association of state government officials. Its members consist of the chief insurance regulators in all 50 states, the District of Columbia and four U.S. territories. The primary responsibility of the state regulators is to protect the interests of insurance consumers, and the NAIC helps regulators fulfill that obligation in a number of different ways. This guide is one example of work done by the NAIC to assist states in educating and protecting consumers.

Another way the NAIC lends support to state regulators is by providing a forum for the development of uniform public policy when uniformity is appropriate. It does this through a series of model laws, regulations and guidelines, developed for the states' use. States that choose to do so may adopt the models intact or modify them to meet the needs of their marketplace and consumers. As you read through this guide, you will find several references to such NAIC model laws or regulations related to long-term care insurance. You may check with your state insurance department to find out if these NAIC models have been enacted in your state.

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## About This Shopper's Guide

The **National Association of Insurance Commissioners** (NAIC) has written this guide to help you understand long-term care and the insurance options that can help you pay for long-term care services. The decision to buy long-term care insurance is very important and one you shouldn't make in a hurry. By state law, insurance companies or agents must give you this guide to help you better understand long-term care insurance and decide which, if any, policy to buy.

Take a moment to look at the table of contents and you'll see the questions this guide answers and the information that is in it. Then, read the guide carefully. If you see a term you don't understand, look in the glossary starting on page 29. (Terms in **bold** in the text are in the glossary.) Take your time. Decide if buying a policy might be right for you.



If you decide to shop for a long-term care insurance policy, start by getting information about the long-term care services and facilities you might use and how much they charge. Use the first worksheet that starts on page 38 to write down this information. Then, as you shop for a policy, use Worksheet 2, starting on page 40. There you can write down the information you collect to compare policies and buy the one that best meets your needs.

If you have questions, call your state insurance department or the insurance counseling program in your state. The telephone numbers are listed starting on page 31 of this guide.

## What Is Long-Term Care?

Someone with a long physical illness, a disability, or a **cognitive impairment** (such as **Alzheimer's disease**) often needs long-term care. Many different services help people with chronic conditions overcome limitations that keep them from being independent. Long-term care is different from traditional medical care. Long-term care helps one live as he or she is now; it may not help to improve or correct medical problems. Long-term care services may include help with **activities of daily living, home health care, respite care, adult day care**, care in a nursing home, and care in an **assisted living facility**. Long-term care may also include **care management** services, which will evaluate your needs and coordinate and monitor the delivery of long-term care services.

Someone with a physical illness or disability often needs hands-on help with activities of daily living (see pages 16-17). People with cognitive impairments usually need supervision, protection, or verbal reminders to do everyday activities.

The way long-term care services are provided is changing. Skilled care and personal care are still the terms used most often to describe long-term care and the type or level of care you may need.

People usually need skilled care for medical conditions that require care by medical personnel such as registered nurses or professional therapists. This care is usually needed 24 hours a day, a physician must order it, and the care must follow a plan. Individuals usually get skilled care in a nursing home but may also receive it in other places. For example, you might get skilled care in your home with help from visiting nurses or therapists.



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**NOTE: Medicare and Medicaid** have their own definitions of skilled care. Please refer to *The Guide to Health Insurance for People with Medicare* or *The Medicare Handbook* to find out how Medicare defines skilled care. Contact your local social services office for questions about Medicaid's definition of skilled care. For copies of these publications, contact your state insurance department or **State Health Insurance Assistance Program** listed on pages 31-37.

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Personal care (sometimes called **custodial care**) helps one with activities of daily living (ADLs). These activities include bathing, eating, dressing, toileting, continence, and transferring. Personal care is less involved than skilled care, and it may be given in many settings.

## How Much Does Long-Term Care Cost?

Long-term care can be expensive. The cost depends on the amount and type of care you need and where you get it. In 1997, the average cost was more than \$46,000 for a year of nursing home care.<sup>1</sup> If a nurse came to your home to give you skilled care three times a week for two hours each visit for the entire year, the bill would be about \$19,300.<sup>2</sup> Personal care in your home from a home health aide three times a week for a year, with each visit lasting two hours, would cost you about \$10,600.<sup>3</sup> These costs are different across the country.

## Who Pays For Long-Term Care?

People pay for long-term care in a variety of ways. These include: using the personal resources of individuals or their families, long-term care insurance, and some assistance from Medicaid. State Medicaid programs pay about one-half of the costs of nursing home care nationally.<sup>4</sup> Medicare, **Medicare supplement insurance**, and the major medical health insurance you may have at work usually *will not pay* for long-term care.

### Individual Personal Resources

Individuals and their families pay one-third of all nursing home costs from their own funds. Many use savings and investments. Some people sell assets, such as their homes, to pay for their long-term care needs.

### Medicare and Medicare Supplement Insurance

Medicare's skilled nursing facility (SNF) benefit does not cover most nursing home care. Medicare will pay the cost of some skilled care in an approved nursing home or in your home but only in some situations. The SNF benefit only covers you if a medical professional says you need daily skilled care after you have been in the hospital for at least three days. **You should not rely on Medicare to pay for your long-term care needs.**

Medicare does not cover **homemaker services**. Medicare does not pay for home health aides to give you personal care unless you are homebound and are also



getting skilled care such as nursing or therapy. The personal care must also relate to the treatment of an illness or injury and you can only get a limited amount of care in any week.

Medicare supplement insurance is private insurance that helps pay for some of the gaps in Medicare coverage, such as

hospital deductibles and excess physicians' charges above what Medicare approves. Medicare supplement policies do not cover long-term care costs. However, four Medicare supplement policies — Plans D, G, I, and J — do pay up to \$1,600 per year for services to people recovering at home from an illness, injury, or surgery. The benefit will pay for short-term, at-home help with activities of daily living. You must qualify for Medicare-covered home health services before this Medicare supplement benefit is available.

## Medicaid

Medicaid pays for nearly half of all nursing home care. Medicaid also pays for some home and **community-based services**. To get Medicaid help, you must meet federal and state guidelines for income and assets. Many people start paying for nursing home care out of their own funds and “**spend down**” their financial resources until they are eligible for Medicaid. Medicaid may then pay part or all of their nursing home costs. You may have to spend down or use up most of your assets on your health care before Medicaid is able to help. Some assets and income can be protected for a spouse who remains at home.

State laws differ about how much money and assets you can keep and be eligible for Medicaid. (Some assets, such as your home, may not count when deciding if you are eligible for Medicaid.) Contact your state Medicaid office, office on aging, or state department of social services to learn about the rules in your state. The insurance counseling program in your state also may have some Medicaid information. (Please see the list of counseling programs on page 31.)

## Long-Term Care Insurance

Long-term care insurance is one other way you may pay for long-term care. This type of insurance will pay for some or all of your long-term care. Long-term care insurance is a relatively new type of insurance. It was introduced in the 1980s as nursing home insurance but has changed a lot and now covers much more than nursing home care. The rest of this shopper's guide will give you information on long-term care insurance.

You should know that a federal law, the **Health Insurance Portability and Accountability Act** of 1996, or HIPAA, gives some federal income tax advantages to people who buy certain long-term care insurance policies. These policies are called Tax-Qualified Long-Term Care Insurance Contracts, or simply Qualified Contracts. The tax advantages of these policies are outlined on pages 8-10. Your state may have taken action to offer additional tax advantages. You should check with your state insurance department or insurance counseling program for information about tax-qualified policies. Check with your tax advisor to find out if the tax advantages make sense for you.



## Who May Need Long-Term Care?



The need for long-term care may begin gradually as you find that you need more and more help with activities of daily living, such as bathing and dressing. Or you may suddenly need long-term care after a major illness, such as a stroke or a heart attack.

If you do need care, you may need nursing home or home health care for

only a short time. Or, you may need these services for many months, years, or the rest of your life.

It is hard to know if and when you will need long-term care, but there are some studies that may help.

***For example:***

- One national study<sup>5</sup> projecting nursing home use noted: “Of the approximately 2.2 million persons who turned 65 in 1990, more than 900,000 (43%) are expected to enter a nursing home at least once before they die.” The same study reported that among people who live to age 65, only 1 in 3 will spend three months or more in a nursing home. About 1 in 4 will spend one year or more in a nursing home. Only about 1 in 11 will spend five years or more in a nursing home. In other words, 2 out of 3 people who turned 65 in 1990 will either never go to a nursing home or will spend less than three months in one.

- Women are more likely to need nursing home care than men. The study discussed above projected that 13% of women will spend five or more years in a nursing home. Only 4% of men will be in a nursing home that long.

- As you grow older, your risk of needing nursing home care also goes up.

## Do You Need Long-Term Care Insurance?

With the passage of the Health Insurance Portability and Accountability Act, more individuals are becoming aware of the need for long-term care insurance. Whether you should buy a long-term care insurance policy will depend on your age, health status, overall retirement goals, income, and assets. For instance, if your only source of income is a Social Security benefit or Supplemental Security Income (SSI), you probably shouldn't buy long-term care insurance.

On the other hand, if you have a large amount of assets but don't want to use them to pay for long-term care, you may want to buy a long-term care insurance policy. Many people buy a policy because they want to stay independent of government aid or the help of family. They don't want to burden anyone with having to

care for them. However, you should not buy a policy if you can't afford the premium or aren't sure you can pay the premium for the rest of your life.

If you already have health problems that are likely to mean you will need long-term care (for example, Alzheimer's disease or Parkinson's disease), you probably won't be able to buy a policy. Insurance companies have medical **underwriting** standards to keep the cost of long-term care insurance affordable. Without such standards, most people would not buy coverage until they needed long-term care services.

Some states have a regulation requiring the insurance company and the agent to go through a worksheet with you to decide if long-term care insurance is right for you. The worksheet describes the premium for the policy you're thinking about buying and asks you questions about the source and amount of your income and the amount of your savings and investments. You don't have to fill out this worksheet, but it might help you decide if long-term care insurance is right for you.

Not everyone should buy a long-term care insurance policy. For some, a policy is affordable and worth the cost. For others, the cost is too great, or the policy they can afford doesn't offer enough benefits to make it worthwhile. You should not buy

## Is Long-Term Care Insurance Right For You?

### You should NOT buy Long-Term Care Insurance if:

- You can't afford the premiums
- You have limited assets
- Your only source of income is a Social Security benefit or Supplemental Security Income (SSI)
- You often have trouble paying for utilities, food, medicine, or other important needs

### You should CONSIDER buying Long-Term Care Insurance if:

- You have significant assets and income
- You want to protect some of your assets and income
- You want to pay for your own care
- You want to stay independent of the support of others

long-term care insurance if the only way you can afford to pay for it is by not paying other important bills. Look closely at your needs and resources, and discuss it with a family member to decide if long-term care insurance is right for you.

Insurance companies must be licensed in your state to sell long-term care insurance. If you decide to buy a policy, be sure the company and the agent, if one is involved, is licensed in your state. If you're not sure, contact your state insurance department.

## What Is a Federally Tax-Qualified Long-Term Care Insurance Policy?

You may be asked to choose between a "tax-qualified" long-term care insurance policy and one that is "non tax-qualified." There are important differences between the two types of policies. These differences were created by the Health Insurance Portability and Accountability Act (HIPAA). A federally tax-qualified long-term care insurance policy, or a qualified policy, offers certain federal income tax advantages. If you have a qualified long-term care policy, and you itemize your deductions, you may be able to deduct part or all of the premium you pay for the policy. You may be able to add the premium to your other deductible medical expenses. You may then be able to deduct the amount that is more than 7.5% of your adjusted gross income on your federal income tax return. The amount depends on your age, as shown in the table. Check with your personal tax advisor to find out how much you can deduct.

<b>YOUR AGE</b>	<b>MAXIMUM AMOUNT THAT YOU CAN CLAIM</b>
40 years old or younger	\$210
More than 40 but not more than 50	\$400
More than 50 but not more than 60	\$800
More than 60 but not more than 70	\$2120
More than 70	\$2660

1999 figures. These amounts will increase annually by the Medical Consumer Price Index.

Regardless of which policy you choose, make sure the benefits and triggers will meet your needs. For example, benefits paid by a qualified long-term care insurance policy are generally not taxable as income. Benefits from a long-term care insurance policy that is not qualified may be taxable as income.

If you bought a long-term care insurance policy before January 1, 1997, that policy is probably qualified. HIPAA allowed these policies to be “grandfathered,” or considered qualified, even though they may not meet all of the standards that new policies must meet to be qualified. The tax advantages are the same whether the policy was sold before or after 1997. You should carefully examine the advantages and disadvantages of trading a grandfathered policy for a new policy. In most cases, it will be to your advantage to keep your old policy.

Long-term care insurance policies that are sold on or after January 1, 1997, as tax-qualified must meet certain federal standards. To be qualified, policies must be labeled as tax-qualified, must be **guaranteed renewable**, include a number of consumer protection provisions, cover only qualified long-term care services, and generally can't have a **cash surrender value**. (See **Benefit Triggers**, pages 16-17.)

Qualified long-term care services are those generally given by long-term care providers. These services must be required by chronically ill individuals and must be given according to a plan of care prescribed by a licensed health care practitioner.

You are considered **chronically ill** if you are expected to be unable to do at least two of five (out of six) activities of daily living without substantial help from another person for at least 90 days. Another way you may be considered to be chronically ill is if you need **substantial supervision** to protect your health and safety because you have a cognitive impairment. A policy issued to you before January 1, 1997, doesn't have to define chronically ill this way. (See **Benefit Triggers**, pages 16-17.)



Some life insurance policies with long-term care benefits may be tax-qualified. You may be able to deduct the premium you pay for the long-term care benefits that a life insurance policy provides. However, be sure to check with your personal tax advisor to learn how much of the premium can be deducted as a medical expense.

The long-term care benefits paid from a tax-qualified life insurance policy with long-term care benefits are generally not taxable as income. Tax-qualified life insurance policies with long-term care benefits must meet the same federal standards as other tax-qualified policies, including the requirement that you must be chronically ill to receive benefits.

<p style="text-align: center;"><b>TAX-QUALIFIED POLICIES</b></p>	<p style="text-align: center;"><b>NON TAX-QUALIFIED POLICIES</b></p>
<p>1. Premiums can be included with other annual uncompensated medical expenses for deductions from your income in excess of 7.5% of adjusted gross income up to a maximum amount adjusted for inflation.</p>	<p>1. You can't deduct any part of your annual premiums.</p>
<p>2. Benefits that you may receive will not be counted as income.</p>	<p>2. Benefits that you may receive may or may not count as income. The U.S. Department of the Treasury has not yet ruled on this issue.</p>
<p>3. Benefit triggers may be more restrictive than those which may be allowed in non tax-qualified policies. The federal law requires you be unable to do 2 of 5 out of 6 possible ADLs without <b>substantial assistance</b>.</p>	<p>3. Policies can offer a different combination of benefit triggers. Benefit triggers may not be restricted to 2 of 6 ADLs.</p>
<p>4. "Medical necessity" can't be used as a trigger for benefits.</p>	<p>4. "Medical necessity" and/or other measures of disability can be offered as benefit triggers.</p>
<p>5. Disability must be expected to last for at least 90 days.</p>	<p>5. Policies don't have to require that the disability be expected to last for at least 90 days.</p>
<p>6. For cognitive impairment to be covered, a person must require "substantial supervision."</p>	<p>6. Policies don't have to require "substantial supervision" to trigger benefits for cognitive impairments.</p>

## How Can You Buy Insurance to Pay for Long-Term Care?

Private insurance companies sell long-term care insurance policies. You can buy an individual policy from an agent or through the mail. Or, you can buy a group policy through an employer or through membership in an association. You can also get long-term care benefits through a life insurance policy.



### Individual Policies

Today, most long-term care insurance policies are sold to individuals. Insurance agents sell many of these policies but companies also sell policies through the mail or by telephone. You will find that individual policies can be very different from one company to the next. Each company may also offer policies with different combinations of benefits. Be sure to shop among policies, companies, and agents to get the coverage that best fits your needs.

### Policies From Your Employer

Your employer may offer a group long-term care insurance plan. The employer-group plan may be similar to what you could buy in an individual policy. One advantage of an employer-group plan is you may not have to meet any medical requirements to get a policy. Many employers also let retirees, spouses, parents, and parents-in-law apply for this coverage. Relatives must usually pass the company's medical screening to qualify for coverage and must pay the premium.

Insurance companies may let you keep your coverage after your employment ends or your employer cancels the group plan. You may be able to continue your coverage or convert it to another long-term care insurance policy. Your premiums and benefits may change, however.

If an employer offers long-term care insurance, be sure to think about it carefully. An employer-group policy may offer you options you can't find if you buy a policy on your own.

### Association Policies

Many associations let insurance companies and agents offer long-term care insurance to their members. These policies are like other types of long-term care insurance. Like employer-group policies, association policies usually give their members a choice of benefit options. Policies sold through associations usually let members keep their coverage after leaving the association. Be careful about joining an association just to buy any insurance coverage. Review your rights if the policy is terminated or canceled.

## Policies Sponsored by Continuing Care Retirement Communities

Many continuing care retirement communities (CCRC) offer or require you to buy long-term care insurance. A CCRC is a retirement complex that offers a broad range of services and levels of care. You must be a resident or on the waiting list of a CCRC and meet the insurance company's medical requirements to buy its long-term care insurance policy. The coverage will be similar to other group or individual policies.

## Partnership Programs

Some states have long-term care insurance programs designed to help people with the financial impact of spending down to meet Medicaid eligibility standards. These programs, usually called "partnerships," let you buy certain long-term care insurance policies from insurance companies. You then have full or partial protection against the normal Medicaid requirement to spend down your assets to become eligible.

Check with your state insurance department or counseling program to see if partnership policies are available in your state. Please keep in mind that partnership programs have specific requirements in each state in which they are offered.

## Life Insurance Policies

Some companies let you use your life insurance death benefit and cash value to pay for specific conditions such as terminal illness, for permanent confinement in a nursing home, or for long-term care expenses. A life insurance death benefit you use while you are alive is known as an **accelerated death benefit**. A life insurance policy that uses an accelerated death benefit to pay for long-term care expenses may also be known as a "life long-term care" policy. It may be an individual or a group life insurance policy. The company pays you the actual charges for care when you receive long-term care services, but no more than a certain percent of the policy's death benefit. Policies may pay part or all of the death benefit for long-term care expenses. Some companies let you buy more long-term care coverage than the amount of your death benefit in the form of a **rider**.

It is important to remember that if you use money from your life insurance policy to pay for long-term care, it will reduce the death benefit the beneficiary will get. For example, if you buy a policy with a \$100,000 death benefit, using \$60,000 for long-term care will cut the death benefit of your policy to \$40,000. It may also affect the cash value of your policy. Ask your agent how this may affect other aspects of your life insurance policy. If you bought life insurance to meet a specific need after your death, your survivors may not be able to meet that need if you use your policy to pay for long-term care. If you never use the long-term care benefit, the policy will pay the full death benefit to your beneficiary.

## Pooled Benefits

You may be able to buy a long-term care insurance policy that covers more than just one person or more than one kind of long-term care service. The benefits provided by these policies are often called “pooled benefits.”

One type of pooled benefit covers more than one person, such as a husband and wife, or two partners, or two or more related adults. This pooled benefit usually has a total benefit that applies to all of the individuals covered by the policy. If one of the covered individuals collects benefits, that amount is subtracted from the total policy benefit. For example, if a husband and wife have a policy that provides \$150,000 in total long-term care benefits, and the husband uses \$25,000 in benefits from the policy, \$125,000 would be left to pay benefits for either the husband or the wife, or both.

Another kind of “pooled benefit” provides a total dollar amount that can be used for various long-term care services. These policies pay a daily, weekly, or monthly dollar limit for one or more covered services. You can combine benefits in ways that best meet your needs. This gives you more control over how your benefits are spent. For example, you may choose to combine the benefit for home care with the benefit for community-based care instead of using the nursing home benefit.

Some policies provide both types of pooled benefits. Other policies provide one or the other.



## How Do Long-Term Care Insurance Policies Work?

Today, long-term care insurance policies are not standardized like Medicare supplement insurance. Companies sell policies that combine benefits and coverage in different ways.

## How Benefits Are Paid

Insurance companies that sell long-term care insurance generally pay benefits using one of two methods: the expense-incurred method or the indemnity method. It is important to read the literature that accompanies your policy (or certificate for group policies) and to compare the benefits and premiums.

When the expense-incurred method is used, the insurance company must decide if you are eligible for benefits and if your claim is for eligible services. Benefits are paid either to you or your provider up to the limits in your policy. Your policy or certificate will pay benefits only when you receive eligible services. Most policies bought today pay benefits using the expense-incurred method.



When the indemnity method is used, the benefit is a set dollar amount. The insurance company only needs to decide if you are eligible for benefits. The specific services are not important. The insurance company will pay benefits directly to you up to the limit of the policy.

## What Services Are Covered



It is important that you understand what services your long-term care insurance policy covers and how it covers the many types of long-term care services you might need to use. Policies may cover the following:

- Nursing home care
- Home health care
- Personal care in your home
- Services in assisted living facilities
- Services in adult day care centers
- Services in other community facilities

There are several ways policies may cover home health care. Some long-term care insurance policies only pay for care in your home from licensed home health agencies. Some also will pay for care from licensed health care providers not from a licensed agency. These include licensed practical nurses; occupational, speech, or physical therapists; or licensed home health care aides. Other policies may pay for services from home health care aides who may not be licensed or are not from licensed agencies. Home health care aides help with personal care. You may find a policy that pays for homemaker or chore worker services. This type of policy, though rare, would pay for someone to come to your home to cook meals and run errands. Generally, adding home care benefits to a policy also adds to the cost of the policy.

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**NOTE:** Most policies don't pay benefits to family members who give care in the home.

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## Where Services Are Covered

You should know *what* types of facilities are covered by your long-term care insurance policy. If you're not in the right type of facility, the insurance company can refuse to pay for eligible services. New kinds of facilities may be developed in the future and it's important to know whether your policy will cover them.

Some policies may pay for care in *any* state-licensed facility. Others only pay for care in *some* state-licensed facilities, such as a licensed nursing facility. Still others list the types of facilities where services will not be covered, which may include state-licensed facilities. Policies often will not cover homes for the aged, rest homes, and personal care homes. Some policies may list specific points about the kinds of facilities they will cover. Some will say the facilities must care for a certain number

of patients or give a certain kind of care. When shopping for a long-term care policy, check these points carefully and compare the types of services and facilities covered in the policy. If your policy lists kinds of facilities, be sure to check if your policy requires the facility to have a license or certification from a government agency.

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**NOTE:** If you are NOT placed in the kind of facility specified by your policy, the insurance company may not pay for the services you require.

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## What is Not Covered (Exclusions and Limitations)

Most long-term care insurance policies usually do not pay benefits for:

- a mental or nervous disorder or disease, other than Alzheimer's disease or other **dementia**;
- alcohol or drug addiction;
- illness or injury caused by an act of war;
- treatment the government has provided in a government facility or already paid for; or
- attempted suicide or intentionally self-inflicted injuries.

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**NOTE:** In most states, regulations do not allow insurance companies to refuse to pay for covered services for Alzheimer's disease that may develop after a policy is issued. Ask your state insurance department if this applies in your state. Nearly all policies specifically say they will cover Alzheimer's disease. Read about Alzheimer's disease and eligibility for benefits in the section on benefit triggers on pages 16-17.

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## How Much Coverage You Will Have

The policy or certificate may state the amount of coverage in one of several ways. A policy may pay different amounts for different types of long-term care services. Be sure you understand how much coverage you will have and how it will cover long-term care services you receive.

**Maximum Benefit Limit.** Most policies limit the total benefit they will pay over the term of the policy, but a few don't. Some policies state the maximum benefit limit in years (one, two, three, or more, or even lifetime). Others write the policy maximum benefit limit as a total dollar amount. Policies often use words like "total lifetime benefit," "maximum lifetime benefit," or "total plan benefit" to describe their maximum benefit limit. When you look at a policy or certificate be sure to check the total amount of coverage. In most states, the minimum benefit period is one year. Most nursing home stays are short, but illnesses that go on for several years could mean long nursing home stays. You will have to decide if you want protection for very long stays. Policies with longer maximum benefit periods cost more. Read your long-term care insurance policy carefully to learn what the benefit period is.

**Daily/Monthly Benefit Limit.** Policies normally pay benefits by the day, week, or month. For example, in an expense-incurred plan, a policy might pay a daily nursing home benefit of up to \$100 per day, and a weekly home care benefit of up to \$350 per week. Some policies will pay one time for single events, such as installing a home medical alert system.

When you buy a policy, insurance companies let you choose a benefit amount (usually \$50 to \$250 a day or \$1,500 to \$7,500 a month) for care in a nursing home. If a policy covers home care, the benefit is usually a portion of the benefit for nursing home care. It is important to know how much skilled nursing homes, assisted living facilities, and home health care agencies charge for their services BEFORE you choose the benefit amounts in your long-term care insurance policy. Check the facilities in the area where you think you may be receiving care, whether they are local, near a grown child, or in a new place where you may retire. The worksheet on page 38 can help you track these costs.

## When You Are Eligible for Benefits (Benefit Triggers)

“Benefit triggers” is the term a company usually uses to describe the way it decides when to pay benefits. This is an important part of a long-term care insurance policy. Look at it carefully as you shop. The policy and the outline of coverage usually describe the benefit triggers. Look for a section called “Eligibility for the Payment of Benefits” or simply “Eligibility for Benefits.”

Different policies may have very different benefit triggers. Some policies use more than one way to decide when to pay benefits. Some states require certain benefit triggers. Check with your state insurance department to find out what your state requires.

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**NOTE:** Companies may use different benefit triggers for home health care coverage than for nursing home care.

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## Types of Benefit Triggers

**Activities of Daily Living.** The inability to do activities of daily living, or ADLs, is the most common way insurance companies decide when you are eligible for benefits. The ADLs most companies use are bathing, continence, dressing, eating, toileting, and transferring. Typically, a policy pays benefits when you can't do a certain number of the ADLs, such as three of the six or two of the six. It will be harder for you to be eligible for benefits when a policy requires you to be unable to do more ADLs. Federally tax-qualified policies are required to use being unable to do certain ADLs as a benefit trigger. A qualified policy is allowed to require you to be unable to do at least two of a list of five ADLs to collect benefits. Or, it can require

that you be unable to do **no more** than two of six ADLs. The ADLs that trigger benefits in a tax-qualified policy must come from the list in the preceding paragraph. These triggers are specified in your policy.

If the policy you're thinking of buying pays benefits when you can't do certain ADLs, be sure you understand what that means. Some policies spell out very clearly what it means to be unable to feed or bathe oneself. Some policies say that you must have someone actually help you do the activities. That's known as hands-on assistance. Specifying hands-on assistance will make it harder to qualify for benefits than if only standby assistance is required. The more clearly a policy describes its requirements, the less confusion you or your family will have when you need to file a claim.

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**NOTE:** The six activities of daily living (ADLs) have been developed through years of research. This research also has shown that bathing is usually the first ADL that a person can't do. Qualifying for benefits from a policy that uses five ADLs may be hard if bathing isn't one of the five.

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**Cognitive Impairment.** Many long-term care insurance policies also pay benefits for "cognitive impairment" or mental incapacity. The policy usually pays benefits if you can't pass certain tests of mental function.

Coverage of cognitive impairment is especially important if you have been told you have Alzheimer's disease or other dementia. If being unable to do ADLs is the only benefit trigger your policy uses, it may not pay benefits if you have Alzheimer's disease but can still do most of the ADLs on your own. But if your policy also uses a test of your mental ability as a benefit trigger, it is more likely to pay benefits if you have Alzheimer's disease. Most states do not allow policies to limit benefits solely because you have Alzheimer's disease.

**Doctor Certification of Medical Necessity.** Some long-term care insurance policies will pay benefits if your doctor orders or certifies that the care is medically necessary. However, tax-qualified policies can't use this benefit trigger.

**Prior Hospitalization.** Other long-term care insurance policies sold in the past required a hospital stay of at least three days before paying benefits. Most companies no longer sell policies that require a hospital stay.



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**NOTE:** Medicare still requires a three-day hospital stay to be eligible for Medicare payment of skilled nursing facility benefits.

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## When Benefits Start (Elimination Period)

With many policies, your benefits won't start the first day you go to a nursing home or start using home care. Most policies have an **elimination period** (sometimes called a deductible or a waiting period). That means benefits can start 0, 20, 30, 60, 90, or 100 days after you start using long-term care. Elimination periods for nursing home and home health care may be different. How many days you have to wait for benefits to start will depend on the elimination period you pick when you buy your policy. You might be able to choose a policy with a zero-day elimination period, but expect it to cost more.

During an elimination period, the policy will not pay the cost of long-term care services. You may owe the cost of your care during the elimination period. You may choose to pay a higher premium for a shorter elimination period. If you choose a longer elimination period, you'll pay a lower premium but must pay the cost of your care during the elimination period.

For example, if a nursing home in your area costs \$100 a day and your policy has a 30-day elimination period, you'd have to pay \$3,000 before your policy starts to pay benefits. A policy with a 60-day elimination period would mean you'd have to pay \$6,000 of your own money. You'd spend \$9,000 of your own money for nursing home care if the elimination period was 90 days.

If you only need care for a short time and your policy has a long elimination period, your policy may not pay any benefits. If, for example, your policy had a 100-day elimination period, and you received long-term care services for only 60 days, you would not receive any benefits from your policy.

On the other hand, if you can afford to pay for long-term care services for a short time, a longer elimination period might be right for you. It would protect you if you need extended care and also keep the cost of your insurance down.

You may also want to think about how the policy pays if you have a repeat stay in a nursing home. Some policies count the second stay as part of the first one as long as you leave and then go back within 30, 90, or 180 days. Find out if the insurance company requires another elimination period for a second stay.

## What Happens When Long-Term Care Costs Rise (Inflation Protection)

**Inflation protection** can be one of the most important additions you can make to a long-term care insurance policy. Inflation protection increases the premium. However, unless your daily benefit increases over time, years from now you may find that it hasn't kept up with the rising cost of long-term care. A nursing home that costs \$110 a day will cost \$292 a day in 20 years, if inflation is 5% a year. And the cost of nursing home care has been rising at an annual rate of 8% for the past several years. Obviously, the younger you are when you buy a policy, the more important it is for you to think about adding inflation protection.

You can usually buy inflation protection in one of two ways: automatically or by special offer. The first way automatically increases your benefits each year.

Policies that increase benefits for inflation automatically may use simple or compound rates. Either way, the daily benefit increases each year by a fixed percentage, usually 5%, for the life of the policy or for a certain period, usually 10 or 20 years.

The dollar amount of the increase depends on whether the inflation adjustment is "simple" or "compound." If the inflation increase is simple, the benefit increases by the same dollar amount each year. If the increase is compounded, the dollar amount of the benefit increase goes up each year. For example, a \$100 daily benefit that increases by a simple 5% a year will go up \$5 a year and be \$200 a day in 20 years. If the increase is compounded, the annual increase will be higher each year and the \$100 daily benefit will be \$265 a day in 20 years.

Automatic inflation increases that are compounded are a good idea but not all policies offer them. Some states now require policies to compound inflation increases. Check with your state insurance department to find out if this applies in your state. All individual and some group tax-qualified policies must offer compound inflation increases as a required optional provision. Compounding can make a big difference in the size of your benefit.

The second way to buy inflation protection lets you choose to increase your benefits periodically, such as every three years. With a periodic increase option, you usually don't have to show proof of good health, *if* you regularly use the option. Your premium will increase if you increase your benefits. How much it increases depends on your age at the time. Buying more benefits every few years may help you afford the cost of the additional coverage. If you turn down the option to increase your benefit one year, you may not get the chance again. You may get the

<b>Effect of Inflation on Daily Rates for Nursing Home Care</b>				
Rate of Inflation	1995	2000	2005	2010
5%	\$110	\$140	\$179	\$229
6%	\$110	\$147	\$197	\$264
7%	\$110	\$154	\$216	\$303
8%	\$110	\$162	\$237	\$349

Source: *Long Term Care Planning: A Dollar and Sense Guide*. (1997). Washington, D.C.: United Seniors Health Cooperative.

chance later, but you may have to prove good health, or it may cost you more money. If you don't accept the offer, you need to check your policy to see how it will affect future offers.

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**NOTE:** Most states have adopted regulations that require companies to offer inflation protection. It's up to you to decide whether to buy the coverage. If you decide not to take the protection, you may be asked to sign a statement saying you didn't want it. Be sure you know what you're signing.

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## Additional Benefits

**Third Party Notice.** This benefit lets you name someone who the insurance company would contact if your coverage is about to end because you forgot to pay the premium. Sometimes people with cognitive impairments forget to pay the premium and lose their coverage when they need it the most.

You can choose a relative, friend, or a professional (a lawyer or accountant, for example) as your third party. After the company contacts the person you choose, he or she would have some time to arrange for payment of the overdue premium. You can usually name a contact without paying extra. Some states now require insurance companies to give you the chance to name a contact. You may even have to sign a waiver if you choose not to name anyone to be contacted if the policy is about to **lapse**.

## Other Long-Term Care Insurance Policy Options You Might Choose

You can probably choose other policy features. Each may add to the cost of your policy. Ask your insurer what features increase your policy's cost.

**Waiver of Premium.** This option lets you stop paying the premium once you are in a nursing home and the insurance company has started to pay benefits. Some companies waive the premium as soon as they make the first benefit payment. Others wait 60 to 90 days. The waiver of premium may not apply if you are getting home health care.

**Restoration of Benefits.** This option gives you a way to keep the maximum amount of your original benefit even after your policy has paid you benefits. With this option, if you go for a stated period without getting more long-term care services, your benefit goes back to the amount you first bought. For example, assume your policy paid you \$5,000 in long-term care benefits out of a policy maximum of \$75,000. You would have \$70,000 in benefits left. With a restoration of benefits option, if you didn't use any long-term care services for a specified time, your maximum benefit would go back to the original \$75,000.

**Premium Refund At Death.** This benefit pays to your estate any premiums you paid minus any benefits the company paid. To get a refund at death, you must have

paid premiums for a certain number of years. Some refund premiums only if the policyholder dies before a certain age, usually 65 or 70. The premium refund option may also add to the cost of a policy.

**Downgrades.** While it may not always appear in the contract, most insurers let policyholders ask to change the policy if they have trouble paying the premium. When you downgrade to a less comprehensive policy, you probably will pay a lower premium. This may allow you to keep the policy in force instead of dropping it.

## What Happens If You Can't Afford the Premiums Anymore?

**Nonforfeiture Benefits.** If, for whatever reason, you drop your coverage and you have a nonforfeiture benefit in your policy, you will receive some value for the money you've paid into the policy. Without this type of benefit, you get nothing even if you've paid premiums for 10 or 20 years before dropping the policy.



Some states may require insurance companies to offer long-term care insurance policies with a written offer of nonforfeiture benefit. In this case, you may be given benefit options with different premium costs. In one type of benefit, when you stop paying your premiums, the company gives you a paid-up policy with a shorter benefit period. That means the policy will pay the same daily benefit that you bought but for fewer years. How many years depends on how long you paid premiums. Since it's paid-up, you won't owe any more premiums.

Other insurers may offer a "return of premium" nonforfeiture benefit. They pay back to you all or part of the premiums that you paid in if you drop your policy after a certain number of years. This is generally the most expensive type of nonforfeiture benefit. A nonforfeiture benefit can add roughly 10% to 100% to a policy's cost. How much it adds depends on such things as your age at the time you bought the policy, the type of nonforfeiture benefit, and whether the policy has inflation protection.

You have the option to add a nonforfeiture benefit if you're buying a tax-qualified policy. The "return of premium" nonforfeiture benefit isn't available in tax-qualified policies, but you may be able to get a "reduced paid-up policy" if you drop the policy. You should consult a tax advisor to see if adding a nonforfeiture benefit would be good for you.

**Contingent Nonforfeiture.** In some states, if you don't accept the offer of a nonforfeiture benefit, a company is required to provide a "contingent benefit upon lapse." This means that when your premiums increase to a certain level (based on a table of increases), the "contingent benefit upon lapse" will take effect. For example, if you're 70 years old and have **not** accepted the insurance company's offer of a nonforfeiture benefit, when the premium rises to 40% more than the original premium



you will be offered the opportunity to accept one of the “contingent benefits upon lapse.” The benefits offered are: 1) a reduction in the benefits provided by the current policy so that premium costs stay the same; *or* 2) a conversion of the policy to paid-up status with a shorter benefit period. You may also choose to keep your policy and continue to pay the higher premium.

## Will Your Health Affect Your Ability to Buy a Policy?



Companies that sell long-term care insurance “underwrite” their coverage. They look at your health and health history before they decide to issue a policy. You may be able to buy coverage through an employer or another type of group without any health underwriting.

Insurance companies’ underwriting practices affect the premiums they charge you now and in the future. Some companies do what is known as “short-form” underwriting. They ask you to answer a few questions on the insurance application about your health. For example, they may want to know if you have been in the hospital in the last 12 months or must use a wheelchair.

Sometimes companies don’t check your medical record until you file a claim. Then they may try to refuse to pay you benefits because of information found in your medical record after you file your claim. This practice is called “post-claims underwriting.” It is illegal in many states. Companies that thoroughly check your health before selling you a policy aren’t as likely to do post-claims underwriting.

Some companies do more underwriting. They may ask more questions, look at your current medical records, and ask your doctor for a statement about your health. These companies may insure fewer people with health problems. Having certain conditions that are likely to mean you’ll soon need long-term care (Parkinson’s disease, for example) probably will mean you can’t buy coverage from these companies.

No matter how the company underwrites, you must answer certain questions that the company uses to decide if it will insure you. When you fill out your application, be sure to answer all questions correctly and completely. A company depends on the information you put on your application. If the information is wrong, an insurance company may decide to void, **rescind**, or cancel your policy and return the premiums you have paid. It can usually do this within two years after you buy the policy. Most states require the insurance company to give you a copy of your application when it delivers the policy. At this time, you can review your answers again. You should keep this copy of the application with your insurance papers.

## What Happens If You Have Pre-Existing Conditions?

A long-term care insurance policy usually defines a **pre-existing condition** as one for which you received medical advice or treatment or had symptoms within a certain period before you applied for the policy. Some companies look further back in time than others. That may be important to you if you have a pre-existing condition. A company that learns you didn't tell them about a pre-existing condition on your application might not pay for treatment related to that condition and might even cancel your coverage.

Many companies will sell a policy to someone with a pre-existing condition. However, the company may not pay benefits for long-term care related to that condition for a period after the policy goes into effect, usually six months. Some companies have longer pre-existing condition periods; others have none.

## Can You Renew Your Long-Term Care Insurance Policy?

In most states, long-term care insurance policies sold today must be guaranteed renewable. When a policy is **guaranteed renewable**, it means that the insurance company guarantees you a chance to renew the policy. It does not mean that it guarantees you a chance to renew at the same premium. Your premium may go up over time as your company pays more and larger claims.

Insurance companies can raise the premiums on their policies but only if they increase the premiums on all policies that are the same in that state. **No individual can be singled out for a rate increase**, no matter how many claims have been filed. In some states, the premium can't increase just because you are older.

If you bought a policy in a group setting and you leave the group, you may be able to keep your group coverage or convert it to an individual policy but you may pay more. You can ask your state insurance department if your state requires this option.

## What Do Long-Term Care Insurance Policies Cost?

A long-term care insurance policy can be expensive. Be sure you can pay the premium and still afford your other health insurance and other expenses. It's not unusual for a couple aged 65 to spend around \$7,500 per year for all of their health insurance coverage. The annual premium for long-term care insurance policies with inflation protection can be as much as \$2,000 or more for a person aged 65.

The premium will be lower if you're younger, higher if you're older. If you buy a policy at age 75, the premium will usually be much higher and can be more than double than if you had bought the policy at age 65.

If you buy a policy with a large daily benefit, a longer maximum benefit period, or a home health care benefit, it will also cost you more. Inflation protection can add 25% to 40% to the premium. Nonforfeiture benefits can add 10% to 100% to the premium, as noted on page 21.

When you buy a long-term care policy, think about how much your income is and how much you could afford to spend on a long-term care insurance policy now. Also try to think about what your future income and living expenses are likely to be and how much premium you can pay then. If you don't expect your income to increase, it probably isn't a good idea to buy a policy if you can barely afford the premium now.

Some states have laws that limit rate increases. Check with your insurance department to learn how your state regulates rate increases.

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**NOTE:** Don't be misled by the term "level premium." Some agents might tell you that your long-term care insurance premium is "level" and suggest that it will never increase. Except for **whole life insurance** policies and **noncancellable policies** or riders, companies can't guarantee premiums will never increase. Many states have adopted regulations that don't let insurance companies use the word "level" to sell guaranteed renewable policies. Companies must tell consumers that premiums may go up. Look for that information on the outline of coverage and the policy's face page when you shop.

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## If You Already Own a Policy, Should You Switch Plans or Upgrade the Coverage You Have Now?

Before you switch to a new long-term care insurance policy, make sure it is better than the one you already have. Even if your agent now works for another company, think carefully before making any changes. First check to see if you can upgrade the coverage on your current policy. If not, you may replace your current policy with a different one that gives you more benefits, or even choose a second policy. Be sure to discuss any change in your coverage with your financial advisor.

**If you decide to switch to a new long-term care insurance policy, make sure the new company has accepted your application and issued the new policy before you cancel the old one.** When you cancel a policy in the middle of its term, many companies will not give back any premiums you have paid. If you switch policies, new restrictions on pre-existing conditions may apply. You may not have coverage for some conditions for a certain period.

Switching may be right for you if your old policy requires you to stay in the hospital or to receive other types of care before it pays benefits. Before you decide to change, though, make sure you are in good health and can qualify for another policy. If you bought a policy when you were younger, you might ask the insurance company if you can improve it. For example, you might add inflation protection or take off the requirement that you stay in the hospital. It might cost less to improve a policy you have now than to buy a new one.

## What Shopping Tips Should You Keep in Mind?

Here are some points to keep in mind as you shop.

### Ask questions.

If you have questions about the agent, the insurance company, or the policy, contact your state insurance department or insurance counseling program. (See page 31.)



### Check with several companies and agents.

Contacting several companies (and agents) before you buy is wise. Be sure to compare benefits, the types of facilities you have to be in to get coverage, the limits on your coverage, what's excluded, and, of course, the premium. (Policies that have the same coverage and benefits may not cost the same.)

### Take your time and compare outlines of coverage.

Never let anyone pressure or scare you into making a quick decision. Don't buy a policy the first time you see an agent. Ask for an outline of coverage. It outlines the policy's benefits and points out important features. Compare outlines of coverage for several policies. In most states the agent must leave an outline of coverage when he or she first contacts you.

### Understand the policies.

Make sure you know what the policy covers and what it doesn't. If you have any questions, call the insurance company before you buy.

An agent may give you answers that are vague or different from the information in the company literature. You may have questions about the policy. If either happens, tell the agent you will get back to him or her later. Don't hesitate to call or write the company to ask your questions. Don't trust any sales pitch that claims you have only one chance to buy a policy.

Some companies may sell their policies through the mail, skipping agents entirely. If you buy a policy through the mail, check with the company if you don't understand how the policy works.

Talk about the policy with a friend or relative. You may also want to contact your state insurance department or insurance counseling program. A list of insurance departments and counseling programs starts on page 31.

### Don't be misled by advertising.

Most celebrity endorsers are professional actors paid to advertise. They are not insurance experts.

Medicare does not endorse or sell long-term care insurance policies. Be wary of any advertising that suggests Medicare is involved.

Don't trust cards you get in the mail that look as if the federal government sent them. Insurance companies or agents trying to find buyers may have sent them. Be careful if anyone asks you questions over the telephone about Medicare or your insurance. They may sell any information you give to long-term care insurance marketers, who might call you, come to your home, or try to sell you insurance by mail.

### **Don't buy more than one long-term care insurance policy.**

You don't have to buy more than one policy to get enough coverage. One good policy is enough. For more information, reread the section "If You Already Own a Policy, Should You Switch Plans or Upgrade the Coverage You Have Now?" on page 24. Be sure to discuss any change in your coverage with your financial advisor.

### **Be sure you accurately complete your application.**

Don't be misled by long-term care insurance marketers who say your medical history isn't important – it is! Give correct information. If an agent fills out the application for you, don't sign it until you have read it. Make sure that all of the medical information is right. If it isn't and the company used that information to decide whether to insure you, it can refuse to pay your claims and can even cancel your policy.



### **Never pay in cash.**

Use a check or money order made payable to the insurance company.

### **Be sure to get the name, address, and telephone number of the agent and the company.**

Get a local or toll-free number for both the agent and the company.

### **If you don't get your policy within 60 days, contact the company or agent.**

You have a right to expect prompt delivery of your policy. When you get it, keep it somewhere you can easily find it. Tell a trusted friend or relative where it is.

### **Be sure you look at your policy during the free-look period.**

If you decide you don't want the policy soon after you bought it, you can cancel it and get your money back. You must tell the company you don't want the policy within a certain number of days after you get it. How many days you have depends

on the “free-look” period. In some states the insurance company must tell you about the free-look period on the cover page of the policy. In most states you have 30 days to cancel, but in some you have less time. Check with your state insurance department to find out how long the free-look period is in your state.

If you want to cancel,

- Keep the envelope the policy was mailed in. Or ask the agent for a signed delivery receipt when he or she hands you the policy.
- Send the policy to the insurance company along with a short letter asking for a refund.
- Send both the policy and the letter by certified mail. Keep the mailing receipt.
- Keep a copy of all letters.

It usually takes four to six weeks to get your refund.

### **Read the policy again and make sure it gives you the coverage you want.**

Check the policy to see if the benefits are what you expected. If you have any questions, call the agent or company right away. Also, reread the application you signed. It is part of the policy. If it's not filled out correctly, contact the agent or company right away. You may want to fill out Worksheet 3 on page 44.

### **Think about having the premium automatically taken out of your bank account.**

Automatic withdrawal may mean that you won't lose your coverage if an illness makes you forget to pay your premium. If you decide not to renew your policy, be sure you tell the bank to stop the automatic withdrawals.

### **Check on the financial stability of the company you're thinking about buying from.**

Several insurer rating services analyze the financial strength of insurance companies. The ratings can show you how some analysts see the financial health of individual insurance companies. Different rating services use different rating scales. Be sure to find out how the agency labels its highest ratings and the meaning of the ratings for the companies you are considering.

You can get ratings from some insurer Rating Services for free at most public libraries. Or you can call the services directly at the numbers listed below and on the following page. (Note that calls to a “900” number will mean an extra charge on your telephone bill.) And now you can get information from these services on the Internet.

## **Rating Services**

### **A.M. Best Company**

(900) 555-BEST (billed to telephone) or (800) 424-BEST (charged to credit card) or on the Internet at <http://www.ambest.com>

## Rating Services (continued)

**Duff & Phelps, Inc.**

(312) 368-3157 or (312) 629-3833 or on the Internet at <http://www.dcreo.com>

**Fitch Investors Service, Inc.**

(212) 908-0500 or on the Internet at <http://www.fitchibca.com>

**Moody's Investor Service, Inc.**

(212) 553-0377 or on the Internet at <http://www.moodys.com>

**Standard & Poor's Insurance Rating Services**

(212) 208-1527 or on the Internet at <http://www.ratings.standardpoor.com>

**Weiss Research, Inc.**

(800) 289-9222 or on the Internet at <http://www.weissinc.com>

## References

<sup>1</sup> Levit, K. R., Lazenby, H.C. et al.: National Health Expenditures, 1996. *Health Care Financing Review*:18(1):175-214.

<sup>2</sup> National Association for Home Care, Washington, DC. 1997

<sup>3</sup> Ibid.

<sup>4</sup> Levit, K. R., Lazenby, H.C. et al.: National Health Expenditures, 1996. *Health Care Financing Review*:18(1):175-214.

<sup>5</sup> Kemper, P., & Murtaugh, C.M. (1991). Lifetime use of nursing home care. *The New England Journal of Medicine*: 324 (9): 595-600.

## GLOSSARY

**Accelerated Death Benefit** - A feature of a life insurance policy that lets you use some of the policy's death benefit prior to death.

**Activities of Daily Living (ADLs)** - Everyday functions and activities individuals usually do without help. ADL functions include bathing, continence, dressing, eating, toileting, and transferring. Many policies use the inability to do a certain number of ADLs (such as 2 of 6) to decide when to pay benefits.

**Adult Day Care** - Care during the day for adults, usually at senior or community centers.

**Alzheimer's Disease** - A progressive, degenerative form of dementia that causes severe intellectual deterioration.

**Assisted Living Facility** - A residential living arrangement that provides individualized personal care and health services for people who require assistance with activities of daily living.

**Benefit Triggers** - Term used by insurance companies to describe when to pay benefits.

**Care Management Services** - A service in which a professional, typically a nurse or social worker, may arrange, monitor, or coordinate long-term care services.

**Cash Surrender Value** - The amount of money you may be entitled to receive from the insurance company when you terminate a life insurance or annuity policy. The amount of cash value will be determined as stated in the policy.

**Chronic Illness** - An illness with one or more of the following characteristics: permanency, residual disability, requires rehabilitation training, or requires a long period of supervision, observation, or care.

**Cognitive Impairment** - A deficiency in a person's short-or long-term memory; orientation as to person, place and time; deductive or abstract reasoning; or judgment as it relates to safety awareness.

**Community-Based Services** - Services designed to help older people stay independent and in their own homes.

**Custodial Care (Personal Care)** - Care to help individuals meet personal needs such as bathing, dressing, and eating. Care may be provided by someone without professional training.

**Daily Benefit** - The amount of insurance benefit in dollars a person chooses to buy for long-term care expenses.

**Dementia** - Deterioration of intellectual faculties due to a disorder of the brain.

**Elimination Period** - A type of deductible; the length of time the individual must pay for covered services before the insurance company will begin to make payments. The longer the elimination period in a policy, the lower the premium.

**Guaranteed Renewable** - When a policy cannot be cancelled and must be renewed when it expires unless benefits have been exhausted. The company cannot change the coverage or refuse to renew the coverage for other than nonpayment of premiums (including health conditions and/or marital or employment status).

**Health Insurance Portability and Accountability Act (HIPAA)** - Federal health insurance legislation passed in 1996 that allows, under specified conditions, long-term care insurance policies to be qualified for certain tax benefits.

**Home Health Care** - Services for occupational, physical, respiratory, speech therapy, or nursing care. Also included are medical, social worker, home health aide, and homemaker services.

**Homemaker Services** - Household services done by someone other than yourself because you're unable to do them.



**Inflation Protection** - A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of long-term care services.

**Lapse** - Termination of a policy when a renewal premium is not paid.

**Medicaid** - A joint federal/state program that pays for health care services for those with low incomes or very high medical bills relative to income and assets.

**Medicare** - The federal program providing hospital and medical insurance to people aged 65 or older and to certain ill or disabled persons. Benefits for nursing home and home health services are limited.

**Medicare Supplement Insurance** - A private insurance policy that covers many of the gaps in Medicare coverage.

**National Association of Insurance Commissioners (NAIC)** - Membership organization of insurance commissioners. One of its goals is to promote uniformity of state regulation and legislation related to insurance.

**Noncancellable Policies** - Insurance contract that cannot be cancelled and the rates cannot be changed by the insurance company.

**Nonforfeiture Benefits** - A policy feature that returns at least part of the premiums to you if you cancel your policy or let it lapse.

**Pre-existing Condition** - Illnesses or disability for which you were treated or advised within a time period before applying for a life or health insurance policy.

**Rescind** - When the insurance company voids (cancels) a policy.

**Respite Care** - Offers a few hours to several days of help to relieve family caregivers.

**Rider** - Addition to an insurance policy that changes the provisions of the policy.

**Spend Down** - A requirement that an individual use up most of his or her income and assets to meet Medicaid eligibility requirements.

**State Health Insurance Assistance Program** - Federally funded program to train volunteers to provide counseling on the insurance needs of senior citizens. See pages 31-37 for a list of State Health Insurance Assistance Programs (SHIP).

**Substantial Assistance** - Means hands-on or stand-by help required to do ADLs.

**Substantial Supervision** - The presence of a person directing and watching over another who has a cognitive impairment.

**Tax-Qualified Long-Term Care Insurance Policy** - A policy that conforms to certain standards in federal law and offers certain federal tax advantages.

**Term Life Insurance** - Covers a person for a period of one or more years. It pays a death benefit only if you die during that term. It generally does not build a cash value.

**Third Party Notice** - A benefit that lets you name someone who the insurance company would notify if your coverage is about to end due to lack of premium payment. This can be a relative, friend, or professional such as a lawyer or accountant, for example.

**Underwriting** - The process of examining, accepting, or rejecting insurance risks, and classifying those selected, in order to charge the proper premium for each.

**Universal Life Insurance** - A kind of flexible policy that lets you vary your premium payments and adjust the face amount of your coverage.

**Waiver of Premium** - A provision in an insurance policy that relieves the insured of paying the premiums while receiving benefits.

**Whole Life Insurance** - Policies that build a cash value and cover a person for as long as he or she lives if premiums continue to be paid.

## List of State Insurance Departments, Agencies on Aging and State Health Insurance Assistance Programs

Each state has its own laws and regulations governing all types of insurance. The insurance departments, which are listed in the left column, are responsible for enforcing these laws, as well as providing the public with information about insurance. The agencies on aging, listed in the right column, are responsible for coordinating services for older Americans. Centered below each state listing is the telephone number for the insurance counseling programs. Please note that calls to 800 numbers listed here can only be made from within the respective state.

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
Insurance Department Consumer Services Division 135 South Union Street PO Box 303351 Montgomery, AL 36130-3351 (334) 269-3550	ALABAMA (800) 243-5463 (334) 242-5743	Commission on Aging 770 Washington Avenue, Suite 470 PO Box 301851 Montgomery, AL 36130 (800) 243-5463 (334) 242-5743
Division of Insurance 800 East Diamond, Suite 560 Anchorage, AK 99515 (907) 349-1230	ALASKA (800) 478-6065 (907) 269-3680	Older Alaskans Commission PO Box 110209 Juneau, AK 99811-0209 (907) 465-3250
Insurance Department Office of the Governor Pago Pago, AS 96799 011-684/633-4116	AMERICAN SOMOA (800) 586-7299	Territorial Admin. On Aging Government of American Somoa Pago Pago, AS 96799 (684) 633-1252
Insurance Department 2910 N 44th Street Phoenix, AZ 85018 (602) 912-8444	ARIZONA (800) 432-4040 (602) 542-6595	Department of Economic Security Aging and Adult Administration 1789 West Jefferson Street, #950A Phoenix, AZ 85007 (602) 542-4446
Insurance Department Seniors Insurance Network 1123 S. University Ave. Suite 400 Little Rock, AR 72204 (800) 852-5494	ARKANSAS (800) 852-5494 (501) 371-2785	Div. of Aging and Adult Services P.O. Box 1437/Slot 1412 7 <sup>th</sup> and Main Streets Little Rock, AR 72203-1437 (501) 682-2441
Department of Insurance 300 Capitol Mall, #1500 Sacramento, CA 95814 (800) 927-4357 (916) 445-5544	CALIFORNIA (800) 434-0222 (916) 323-7315	Department of Aging Health Insurance, Counseling and Advocacy Branch 1600 K Street Sacramento, CA 95814 (916) 332-5290, fax (916) 324-1903
Insurance Division 1560 Broadway, Suite 850 Denver, CO 80202 (303) 894-7499, Ext. 356	COLORADO (800) 544-9181 (303) 894-7499, Ext. 356	Div. of Aging and Adult Services Dept. of Social Services 110 16 <sup>th</sup> Street., #200 Denver, CO 80202-5202 (303) 620-4147

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
	COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS	Department of Community and Cultural Affairs, Civic Center Commonwealth of the Northern Mariana Islands Saipan, CM 96950 (607) 234-6011
Insurance Department P.O. Box 816 Hartford, CT 06142-0816 (860) 297-3863	CONNECTICUT (800) 994-9422 (860) 994-9422	Elderly Services Division Department of Social Services 25 Sigourney Street, 10 <sup>th</sup> Floor Hartford, CT 06106-5033 (800) 994-9422 (860) 424-5277
Insurance Department Rodney Building 841 Silver Lake Boulevard Dover, DE 19904 (800) 282-8611 (302) 739-4251	DELAWARE (800) 336-9500 (302) 739-6266	Div. of Services for Aging & Adults Dept. of Health and Social Services 1901 North Dupont Highway 2nd Floor Annex Admin. Bldg. New Castle, DE 19720 (302) 577-4791
Insurance Dept. Consumer and Professional Services Bureau 441 4th Street, NW, Suite 850 North Washington, DC 20001 (202) 727-8000	DISTRICT OF COLUMBIA (202) 676-3900	Office on Aging 441 4th Street, NW, 9th Floor Washington, DC 20001 (202) 724-5626 (202) 724-5622
	FEDERATED STATES OF MICRONESIA	State Agency on Aging Office of Health Services Federated States of Micronesia Ponape, E.C.I. 96941
Department of Insurance 200 E. Gaines Street Tallahassee, FL 32399-0300 (904) 922-3100	FLORIDA (800) 963-5337 (850) 414-2060	Department of Elder Affairs Building B – Suite 152 4040 Esplande Way Tallahassee, FL 32399-7000 (800) 96ELDER (850) 414-2000
Insurance Department 2 Martin L. King, Jr. Drive 716 West Tower Atlanta, GA 30334 (404) 656-2056	GEORGIA (800) 669-8387	Division of Aging Services Department of Human Resources 2 Peachtree Street, NW, #36-385 Atlanta, GA 30303 (404) 657-5258
Insurance Department Dept. of Revenue & Taxation P.O. Box 23607 FMF Barrigada, Guam 96921 (617) 475-5000	GUAM (808) 586-7299	Division of Senior Citizens, Dept. of Public Health and Social Services P.O. Box 2816 Agana, Guam 96932 (617) 477-2930
Department of Commerce and Consumer Affairs Insurance Division P.O. Box 3614 Honolulu, HI 96811 (808) 586-2790	HAWAII (808) 586-7299	Executive Office on Aging No. 1 Capitol District 250 South Hotel Street Suite 109 Honolulu, HI 96813-2831 (808) 586-0100

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
<p>Insurance Department SHIBA Program 700 West State Street, 3rd Floor Boise, ID 83720-0043 (208) 334-4350</p>	<p>IDAHO S.W. (800) 247-4422 North (800) 488-5725 S.E. (800) 488-5764 C. (800) 488-5731</p>	<p>Commission on Aging 700 W. Jefferson, Room 108 Boise, ID 83720-0007 (208) 334-2423</p>
<p>Insurance Department 320 West Washington Street 4th Floor Springfield, IL 62767 (217) 782-4515</p>	<p>ILLINOIS (800) 548-9034 (217) 785-9021</p>	<p>Department on Aging 421 East Capitol Avenue, #100 Springfield, IL 62701-1789 (800) 252-8966 (217) 785-2870</p>
<p>Insurance Department 311 West Washington Street Suite 300 Indianapolis, IN 46204 (800) 622-4461 (317) 232-2395</p>	<p>INDIANA (800) 452-4800 (317) 233-3475</p>	<p>Div. of Aging and Home Services 402 West Washington Street P.O. Box 7083 Indianapolis, IN 46207-7083 (800) 545-7763 (317) 232-7020</p>
<p>Insurance Division Lucas State Office Building East 12th and Grand St., 6th Floor Des Moines, IA 50319 (515) 281-5705</p>	<p>IOWA (800) 351-4664 (515) 281-5705</p>	<p>Department of Elder Affairs 200 - 10th Street, 3rd Floor Des Moines, IA 50309-3709 (515) 281-5187</p>
<p>Insurance Department 420 S.W. 9th Street Topeka, KS 66612 (800) 432-2484 (913) 296-3071</p>	<p>KANSAS (800) 860-5260 (316) 337-7386</p>	<p>Department on Aging New England Building 503 South Kansas Topeka, KS 66603-3404 (785) 296-4986</p>
<p>Insurance Department 215 West Main Street Frankfort, KY 40602 (502) 564-3630</p>	<p>KENTUCKY (800) 372-2973 (502) 564-7372</p>	<p>Aging Services Office of Aging Cabinet for Human Resources 275 East Main Street, 5 West Frankfort, KY 40621 (502) 564-6930</p>
<p>Louisiana Dept. of Insurance P.O. Box 94214 Baton Rouge, LA 70804-9214 (800) 259-5301 (504) 342-5301</p>	<p>LOUISIANA (800) 259-5301 (504) 342-0825</p>	<p>Office of Elderly Affairs P.O. Box 80374 412 N. 4<sup>th</sup> Street Baton Rouge, LA 70802 (225) 342-7100</p>
<p>Bureau of Insurance 34 State House Station Augusta, ME 04333 (207) 582-8707</p>	<p>MAINE (800) 750-5353 (207) 624-5335</p>	<p>Bureau of Elder and Adult Services State House, Station 11 Augusta, ME 04333 (207) 624-5335</p>
<p>Insurance Administration Complaints and Investigation Unit Life and Health 501 St. Paul Place Baltimore, MD 21202-2272 (410) 333-2793 (410) 333-2770</p>	<p>MARYLAND (800) 243-3425 (410) 767-1100</p>	<p>Department on Aging 301 West Preston Street Room 1004 Baltimore, MD 21201 (410) 767-1100</p>

A Shopper's Guide to Long-Term Care Insurance

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
Insurance Division Consumer Services Section 470 Atlantic Avenue Boston, MA 02210-2223 (617) 521-7777	MASSACHUSETTS (800) 882-2003 (617) 727-7750	Executive Office of Elder Affairs 1 Ashburton Place, 5th Floor Boston, MA 02108 (800) 882-2003 (617) 727-7750
Insurance Bureau P.O. Box 30220 Lansing, MI 48909 (517) 373-0240 (Gen. Assistance) (517) 335-1702 (Senior Issues)	MICHIGAN (800) 803-7174 (517) 373-8230	Office of Services to the Aging P.O. Box 30676 Lansing, MI 48909-8176 (517) 373-8230
Insurance Department Department of Commerce 133 East 7th Street St. Paul, MN 55101-2362 (612) 296-4026	MINNESOTA (800) 333-2433	Board on Aging 444 Lafayette Road St. Paul, MN 55155-3843 (651) 296-2770
Insurance Department Consumer Assistance Division P.O. Box 79 Jackson, MS 39205 (601) 359-3569	MISSISSIPPI (800) 948-3090 (601) 359-4929	Council on Aging Div. of Aging and Adult Services 750 North State Street Jackson, MS 39202 (800) 948-3090 (601) 359-4929
Department of Insurance Consumer Assistance Division P.O. Box 690 Jefferson City, MO 65102-0690 (800) 726-7390 (314) 751-2640	MISSOURI (800) 390-3330 (517) 893-7900	Division of Aging Department of Social Services P.O.Box 1337 615 Howerton Court Jefferson City, MO 65102-1337 (573) 751-3082
Insurance Department 126 North Sanders Mitchell Building, Room 270 P.O. Box 4009 Helena, MT 59601 (406) 444-2040	MONTANA (800) 332-2272 (406) 444-7781	Senior Long Term Care Division 111 Sanders Street P.O. Box 4210 Helena, MT 59604 (800) 332-2272 (406) 444-4077
Insurance Department Terminal Building 941 "O" Street, Suite 400 Lincoln, NE 68508 (402) 471-2201	NEBRASKA (402) 471-2201	Department on Aging State Office Building 301 Centennial Mall South Lincoln, NE 68509-5044 (402) 471-2306
Dept. of Business and Industry Division of Insurance 1665 Hot Springs Road, Suite 152 Carson City, NV 89710 (800) 992-0900	NEVADA (800) 307-4444 (702) 486-4602	Dept. of Human Resources Division for Aging Services 340 North 11th Street, Suite 203 Las Vegas, NV 89101 (702) 486-3545
Insurance Department Life and Health Division 169 Manchester Street Concord, NH 03301 (800) 852-3416 (603) 271-2261	NEW HAMPSHIRE (800) 852-3388 (603) 225-9000	Dept. of Health & Human Services Div. of Elderly & Adult Services State Office Park South 115 Pleasant St., Annex Bldg. No. 1 Concord, NH 03301 (603) 271-4394

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
<p>Insurance Department 20 West State Street Roebling Building, CN 325 Trenton, NJ 08625 (609) 292-5363</p>	<p>NEW JERSEY (800) 792-8820</p>	<p>Department of Community Affairs Division on Aging 101 South Broad Street, CN 807 Trenton, NJ 08625-0807 (800) 792-8820 (609) 984-3951</p>
<p>Insurance Department P.O. Drawer 1269 Santa Fe, NM 87504-1269 (505) 827-4601</p>	<p>NEW MEXICO (800) 432-2080 (505) 827-7640</p>	<p>State Agency on Aging La Villa Rivera Building 228 East Palace Avenue, Ground Fl. Santa Fe, NM 87501 (800) 432-2080 (505) 827-7640</p>
<p>Insurance Department 160 West Broadway New York, NY 10013 (212) 602-0203 Outside of New York City (800) 342-3736</p>	<p>NEW YORK (800) 333-4114 (212) 869-3850, NY City Area</p>	<p>State Office for the Aging New York State Plaza Agency Building #2 Albany, NY 12223-0001 (800) 342-9871 (518) 474-5731</p>
<p>Insurance Department Seniors' Health Insurance Information Program (SHIIP) P.O. Box 26387 Raleigh, NC 27611 (919) 733-0111 (SHIIP) (800) 662-7777 (Consumer Serv.)</p>	<p>NORTH CAROLINA (800) 443-9354 (919) 733-0111</p>	<p>Division of Aging CB 29531 693 Palmer Drive Raleigh, NC 27626-0531 (919) 733-0443</p>
<p>Insurance Department Senior Health Ins. Counseling 600 East Boulevard Bismarck, ND 58505-0320 (800) 247-0560 (701) 328-2440</p>	<p>NORTH DAKOTA (800) 247-0560 (701) 328-2977</p>	<p>Department of Human Services Aging Services Division 600 South 2<sup>nd</sup> St., Suite 1C Bismarck, ND 58504 (800) 755-8521 (701) 328-8909</p>
<p>Insurance Department Consumer Services Division 2100 Stella Court Columbus, OH 43215-1067 (800) 686-1526 (614) 644-2673</p>	<p>OHIO (800) 686-1578 (614) 644-3458</p>	<p>Department of Aging 50 West Broad Street, 9th Floor Columbus, OH 43215-5928 (800) 282-1206 (614) 466-5500</p>
<p>Insurance Department P.O. Box 53408 Oklahoma City, OK 73152-3408 (800) 522-0071 (405) 521-6628</p>	<p>OKLAHOMA (800) 763-2828 (405) 521-6628</p>	<p>Department of Human Services Aging Services Division 312 NE 28th Street Oklahoma City, OK 73125 (405) 521-2327</p>
<p>Dept. of Consumer and Business Services, Senior Health Insurance Benefits Assistance 350 Winter St. N.E. Room 440 Salem, OR 97310 (800) 722-4134 (503) 378-4484</p>	<p>OREGON (800) 722-4134 (503) 947-7250</p>	<p>Department of Human Resources Senior and Disabled Services Div. 500 Summer Street, N.E. 2nd Floor Salem, OR 97310-1015 (800) 232-3020 (503) 945-5811</p>

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
	PALAU	State Agency on Aging Department of Social Services Republic of Palau P.O. Box 100 Koror, Palau 96940
Insurance Department Consumer Services Bureau 1321 Strawberry Square Harrisburg, PA 17120 (717) 787-2317	PENNSYLVANIA (800) 783-7067 (717) 783-8975	Department of Aging "APPRISE" Health Ins. Counseling and Assistance 400 Market Street Rachel Carson State Office Building Harrisburg, PA 17101 (800) 783-7067
Office of the Commissioner of Insurance P.O. Box 8330 San Juan, PR 00910-8330 (809) 722-8686	PUERTO RICO (800) 981-4355 (787) 721-8590	Governor's Office of Elderly Affairs P.O. Box 50063 Old San Juan Station San Juan, PR 00902 (787) 721-5710
	REPUBLIC OF THE MARSHALL ISLANDS	State Agency on Aging Department of Social Services Republic of the Marshall Islands Marjuro, Marshall Islands 96960
Insurance Division 233 Richmond Street, Suite 233 Providence, RI 02903-4233 (401) 277-2223	RHODE ISLAND (800) 322-2880 (401) 222-2880	Department of Elderly Affairs 160 Pine Street Providence, RI 02903-3708 (401) 222-2858
Department of Insurance Consumer Affairs Section P.O. Box 100105 Columbia, SC 29202-3105 (800) 768-3467 (803) 737-6180	SOUTH CAROLINA (800) 868-9095 (803) 253-6177	Division on Aging 202 Arbor Lake Drive Suite 301 Columbia, SC 29223-4554 (803) 737-7500
Insurance Department 500 E. Capitol Avenue Pierre, SD 57501-5070 (605) 773-3563	SOUTH DAKOTA (800) 822-8804 (605) 773-3656	Office of Adult Services and Aging 700 Governors Drive Pierre, SD 57501-2291 (605) 773-3656
Dept. of Commerce and Ins. Ins. Assistance Office, 4th Floor 500 James Robertson Parkway Nashville, TN 37243 (800) 525-2816 (615) 741-4955	TENNESSEE (800) 525-2816 (615) 741-4955	Commission on Aging Andrew Jackson Building 9th Floor 500 Deaderick Street Nashville, TN 37243-0860 (615) 741-2056
Department of Insurance Complaints Resolution (MC111-1A) 333 Guadalupe Street (78701) P.O. Box 149091 Austin, TX 78714-9091 (800) 252-3439 (512) 463-6515	TEXAS (800) 252-9240 (512) 424-6840	Department on Aging 4900 North Lamar 4 <sup>th</sup> Floor Austin, TX 78751-2316 (800) 252-9240 (512) 424-6840

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
<p>Insurance Department Consumer Services 3110 State Office Building Salt Lake City, UT 84114-6901 (800) 429-3805 (801) 538-3805</p>	<p>UTAH (800) 439-3805 (800) 538-3910</p>	<p>Division of Aging and Adult Services 120 North 200 West Salt Lake City, UT 84103 (800) 606-0608 (801) 538-3910</p>
<p>Dept. of Banking and Insurance Consumer Complaint Division 89 Main Street, Drawer 20 Montpelier, VT 05620-3101 (802) 828-3302</p>	<p>VERMONT (800) 642-5119</p>	<p>Aging and Disabilities Waterbury Complex 103 South Main Street Waterbury, VT 05671-2301 (802) 241-2325</p>
<p>Insurance Department Kongens Gade No. 18 St. Thomas, VI 00802 (809) 774-2991</p>	<p>VIRGIN ISLANDS (340) 778-6311, Ext. 2338</p>	<p>Senior Citizen Affairs Division Department of Human Services 19 Estate Diamond Fredericksted St. Croix, VI 00840 (340) 692-5950</p>
<p>Bureau of Insurance 1300 East Main Street Richmond, VA 23219 (800) 552-7945 (804) 371-9691</p>	<p>VIRGINIA (800) 552-3402 (804) 662-9333</p>	<p>Department for the Aging 1600 Forest Avenue Preston Building, Suite 102 Richmond, VA 23229 (800) 552-4464 (804) 662-9354</p>
<p>Insurance Department 4224 6th Avenue, SE, Building 4 P.O. Box 40256 Lacey, WA 98504-0256 (800) 562-6900 (360) 753-7300</p>	<p>WASHINGTON (800) 397-4422 (206) 654-1833</p>	<p>Aging and Adult Services Admin. Dept. of Social and Health Services P.O. Box 45050 Olympia, WA 98504-5050 (360) 902-7797</p>
<p>Insurance Department Consumer Services P.O. Box 50540 Charleston, WV 25305-0540 (800) 642-9004 (800) 435-7381 (hearing impaired) (304) 558-3386</p>	<p>WEST VIRGINIA (800) 642-9004 (304) 558-3317</p>	<p>WV Bureau of Senior Services 1900 Kanawha Boulevard, East Holly Grove-Building 10 Charleston, WV 25305-0160 (304) 558-0004</p>
<p>Insurance Department Complaints Department P.O. Box 7873 Madison, WI 53707 (800) 236-8517 (608) 266-0103</p>	<p>WISCONSIN (800) 242-1060 (608) 267-3201</p>	<p>Board on Aging and LTC Resources 217 S. Hamilton Street, Suite 300 Madison, WI 53703 (800) 242-1060 (608) 266-2536</p>
<p>Insurance Department Herschler Building, 3E 122 West 25th Street Cheyenne, WY 82002 (800) 438-5768 (307) 777-7401</p>	<p>WYOMING (800) 856-4398 (307) 856-6880</p>	<p>WDH, Division on Aging Hathaway Building 2300 Capitol Avenue, Room 139 Cheyenne, WY 82002-0710 (800) 442-2766 (307) 777-7986</p>



# WORKSHEET 1

## Information About the Availability and Cost of Long-Term Care in Your Area

Find out what facilities and services provide long-term care in your area (or in the area where you would be most likely to receive care) and what the costs are for these services. List the information below.

### Home Health Agency

Name of one Home Health Agency you might use \_\_\_\_\_

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

Name of *another* Home Health Agency you might use \_\_\_\_\_

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

**Check which types of care are available and list the cost.**

Skilled Nursing Care  
Cost/Visit \$ \_\_\_\_\_

Home Health Care  
Cost/Visit \$ \_\_\_\_\_

Personal/Custodial Care  
Cost/Visit \$ \_\_\_\_\_

Homemaker Services  
Cost/Visit \$ \_\_\_\_\_

Skilled Nursing Care  
Cost/Visit \$ \_\_\_\_\_

Home Health Care  
Cost/Visit \$ \_\_\_\_\_

Personal/Custodial Care  
Cost/Visit \$ \_\_\_\_\_

Homemaker Services  
Cost/Visit \$ \_\_\_\_\_

Worksheet 1

## Nursing Facility

**Name of *one* Nursing Facility**

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

**Name of *another* Nursing Facility**

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

**Check which types of care are available and list the cost.**

Skilled Nursing Care

Cost/Month \$ \_\_\_\_\_

Personal/Custodial Care

Cost/Month \$ \_\_\_\_\_

Skilled Nursing Care

Cost/Month \$ \_\_\_\_\_

Personal/Custodial Care

Cost/Month \$ \_\_\_\_\_

## Other Facility

**Other Facility or Service you might use**

(e.g. adult day care center, assisted living, etc.)

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact person \_\_\_\_\_

What services are available? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What are the costs for these services?

\_\_\_\_\_

\_\_\_\_\_

**Other Facility or Service you might use**

(e.g. adult day care center, assisted living, etc.)

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact person \_\_\_\_\_

What services are available? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What are the costs for these services?

\_\_\_\_\_

\_\_\_\_\_

Worksheet 1

# WORKSHEET 2

## How to Compare Long-Term Care Insurance Policies

Fill in the information below so that you can compare long-term care insurance policies. Most of the information you need is in the outline of coverage provided in the policies you are comparing. Even so, you will need to calculate some information and talk to the agent or a company representative to get the rest.

### Insurance Company Information

### Policy 1

### Policy 2

1. Name of the insurance company

Agent's name

yes / no	yes / no

2. Is the company licensed in your state?

3. Insurance rating service and rating  
(Refer to pages 27-28)

### What levels of care are covered by this policy? (Refer to page 14)

4. Does the policy provide benefits for these levels of care?

- Skilled nursing care?

- Personal/custodial care?

(In many states, both levels of care are required.)

yes / no	yes / no
yes / no	yes / no

5. Does the policy pay for any nursing home stay,  
no matter what level of care you receive?

- If not, what levels aren't covered?

yes / no	yes / no

### Where can you receive care covered under the policy? (Refer to pages 14-15)

6. Does the policy pay for care in any  
licensed facility?

- If not, what doesn't it pay for?

yes / no	yes / no

7. Does the policy provide home care benefits for:

- Skilled nursing care?

- Personal care given by home health aides?

- Homemaker services?

- Other \_\_\_\_\_?

yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no

8. Does the policy pay for care received in:

- adult day care centers?

- assisted living facilities?

- other settings? (list)

yes / no	yes / no
yes / no	yes / no

Worksheet 2

**Policy 1**

**Policy 2**

**How long are benefits paid and what amounts are covered? \*** (Refer to pages 13-16)

9. How much will they pay per day for:

- nursing home care?
- home care?

\$	\$
\$	\$

10. Are there limits on the number of days or visits per year for which benefits will be paid?

If yes, what are the limits for:

- nursing home care?
- home care? (days or visits?)

yes / no	yes / no
days	days

11. What is the length of the benefit period that you are considering?

yrs	yrs
-----	-----

12. Are there limits on the amounts the policy will pay during your lifetime?

If yes, what are the limits for:

- nursing home care?
- home care? (days or visits?)
- total lifetime limit

yes / no	yes / no
\$	\$
\$	\$
\$	\$

**How does the policy decide when you are eligible for benefits?** (Refer to page 16)

13. Which of the “benefit triggers” does the policy use to decide your eligibility for benefits? (It may have more than one)...

- unable to do activities of daily living (ADLs)
- cognitive impairment (older policies may discriminate against Alzheimer’s; newer ones don’t)
- doctor certification of medical necessity
- prior hospital stay

yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no

**When do benefits start?** (Refer to page 18)

14. How long is the waiting period before benefits begin for:

- nursing home care?
- home health care?

days	days
days	days

15. Are the waiting periods for home care cumulative or consecutive?

--	--

16. How long will it be before you are covered for a pre-existing condition? (Usually 6 months)

months	months
--------	--------

17. How long will the company look back in your medical history to determine a pre-existing condition? (Usually 6 months)

months	months
--------	--------

\* You may be considering a policy that pays benefits on a different basis, so you may have to do some calculations to determine comparable amounts.

**Policy 1**

**Policy 2**

**Does the policy have inflation protection?** (Refer to pages 18-19)

18. Are the benefits adjusted for inflation?
19. Are you allowed to buy more coverage?  
If yes,
- When can you buy more coverage?
  - How much can you buy?
  - When can you no longer buy more coverage?
20. Do the benefits increase automatically?  
If yes,
- What is the rate of increase?
  - Is it a simple or compound increase?
  - When do automatic increases stop?

yes / no	yes / no
yes / no	yes / no
\$	\$
yes / no	yes / no
%	%

21. If you buy inflation coverage, what daily benefit would you receive for:

Nursing home care:

- 5 years from now?
- 10 years from now?

Home health care:

- 5 years from now?
- 10 years from now?

\$	\$
\$	\$

\$	\$
\$	\$

**What other benefits are covered under the policy?**

22. Is there a waiver of premium benefit?  
(Refer to page 20)  
If yes,
- How long do you have to be in a nursing home before it begins?
  - Does the waiver apply when you receive home care?
23. Does the policy have a nonforfeiture benefit?  
If yes, what kind? (Refer to page 21)
24. Does the policy have a return of premium benefit? (Refer to page 21)
25. Does the policy have a death benefit?  
If yes, are there any restrictions before the benefit is paid? (Refer to pages 20-21)
26. Will the policy cover one person or two ?

yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
one / two	one / two

**Policy 1**

**Policy 2**

**Tax-qualified status**

27. Is the policy tax-qualified?  
(Refer to page 8)

yes / no	yes / no
----------	----------

**What does the policy cost?** (Refer to page 23)

28. What is the premium excluding all riders?

- monthly
- yearly

\$	\$
\$	\$

29. What is the premium if home care is covered?

- monthly
- yearly

\$	\$
\$	\$

30. What is the premium if assisted living is covered?

- monthly
- yearly

\$	\$
\$	\$

31. What is the premium if you include an inflation rider?

- monthly
- yearly

\$	\$
\$	\$

32. What is the premium if you include a nonforfeiture benefit?

- monthly
- yearly

\$	\$
\$	\$

33. Is there any discount if you and your spouse both buy policies?

- If yes, what is the amount of the discount?
- Do you lose the discount when one spouse dies?

yes / no	yes / no
\$	\$
yes / no	yes / no

34. What is the total annual premium including all riders and discounts?

- total monthly premium
- total annual premium

\$	\$
\$	\$

35. When looking at the results of Questions 28 through 34, how much do you think you are willing to pay in premiums?

\$	\$
----	----

# WORKSHEET 3

## Facts About Your Long-Term Care Insurance Policy

For use after you buy a long-term care policy. Fill out this form and put it with your important papers. You may want to make a copy for a friend or a relative.

**1. Insurance Policy Date**

Policy Number \_\_\_\_\_

Date Purchased \_\_\_\_\_

Annual Premium \_\_\_\_\_

**2. Insurance Company Information**

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_

**3. Agent Information**

Agent's Name \_\_\_\_\_

Phone Number \_\_\_\_\_

Address \_\_\_\_\_

**4. Type of Long-Term Care Policy**

- Nursing home only                       Home care only  
 Tax-qualified                               Other  
 Comprehensive (nursing home, assisted living, home and community care)

**5. How long is the waiting period before benefits begin?** \_\_\_\_\_

**6. How do I file a claim? (Check all that apply)**

- I need prior approval                       Contact the company  
 Fill out a claim form                               Submit a plan of care  
 Doctor notifies the company                       Assessment by company  
 Assessment by care manager

**7. How often do I pay premiums:**  Annually  Semi-annually  Other

**8. The person to be notified if I forget to pay the premium:** \_\_\_\_\_

Address \_\_\_\_\_ Phone number \_\_\_\_\_

**9. Are my premiums deducted from my bank account?**  Yes  No

Name and address of my bank: \_\_\_\_\_

Bank account number: \_\_\_\_\_

**10. Where do I keep this long-term care policy?** \_\_\_\_\_

Other information \_\_\_\_\_

**11. Friend or relative who knows where my policy is:** \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Worksheet 3

# WORKSHEET 4

## Long-Term Care Riders To Life Insurance Policies

The purpose of this worksheet is to help you to evaluate one or more life long-term care insurance policies. Fill out the form so you can compare your options. In addition, you will want to fill out Worksheet 2 regarding the long-term care benefits provided by the policy.

### Insurance Company Information

1. Name of the insurance company  
Agent's name
2. Is the company licensed in your state?
3. Insurance rating service and rating  
(Refer to pages 27-28)

Policy 1	Policy 2
yes / no	yes / no

### Policy Information

4. What kind of life insurance policy is it?  
Whole life insurance  
Universal life insurance  
Term life insurance
5. What is the policy's premium?
6. How often is the premium paid?  
One time / single premium  
Annually for life  
Annually for 10 years only  
Annually for 20 years only  
Other

yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
\$	\$
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no
yes / no	yes / no

7. Is there a separate premium for the long-term care benefit provided by the life insurance policy?  
If not, how is the premium paid?
  - Included in life insurance premium?
  - Deducted from the cash value of the life insurance policy?

yes / no	yes / no
yes / no	yes / no

8. How many people will the policy cover?

--	--

9. Will the payment of long-term care benefits decrease the death benefit and cash value of the policy?

yes / no	yes / no
----------	----------

10. Will an outstanding loan affect the long-term care benefits?

yes / no	yes / no
----------	----------

11. Did you receive an illustration of guaranteed values?

If yes, do the policy values equal zero at some age on a guaranteed or midpoint basis?  
If so, at what age?

yes / no	yes / no
yes / no	yes / no

Worksheet 4