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Long-Term Care Insurance

What Is Long-Term Care (LTC) Insurance?

Long-term care (LTC) insurance is a health insurance policy that helps pay for someone to care for you if you are unable to care for yourself for an extended period of time. You may need LTC help with eating, dressing and bathing at home, or you may need LTC care in a nursing facility due to an illness or disability. The LTC insurance policy will pay a stated daily dollar amount for a specified length of time if you require LTC as defined in the policy.

What Are My Chances That I Will Need LTC?

On average, about 52% of people over the age of 65 will require LTC services. At age 65, an individual has a 70% chance of needing some type of long-term care services during their remaining years. Although 1/3 may never need long-term care, 20% percent are expected to have LTC needs that extend beyond five years.

There are other factors that may affect your ability to care for yourself in the future, such as your life expectancy, family history, health and habits. It is hard to predict if your future health needs will require LTC for an extended time. Basically, the longer you live, the more likely it is that you will need LTC. Before you purchase LTC insurance, it is important to consider your present and future health risks to decide if your individual chances of needing nursing facility care are better or worse than average.

Why Should I Buy LTC Insurance?

People have many reasons for purchasing LTC insurance. Some purchase a policy with a home health care option to enable them to remain at home as long as possible and yet not be a burden on their children.

Another reason is to preserve one's assets. Financial reasons, however, must include balancing the premium cost of LTC insurance versus the assets you are trying to preserve. You should do some research from neutral sources to determine if LTC insurance is right for you before talking to an insurance agent.

Are There Other Benefits to Having LTC Insurance?

Yes. The Ohio Partnership for Long-Term Care Insurance is between the State of Ohio and private insurance companies. This Partnership created LTC Partnership Policies that allow you to keep more of your assets if you ever need to apply for Medicaid LTC services. For example, if your LTC Partnership Policy pays $100,000 in benefits, and you later qualify for Medicaid LTC coverage, you could keep $102,000 of your assets while on Medicaid. Without the LTC Partnership Policy benefits, you could not obtain Medicaid LTC benefits until your countable assets are reduced to $2,000. In addition, the $100,000 in resources will be exempt from Medicaid Estate Recovery.

This increase in Medicaid exempt assets only applies to benefits paid by a LTC Partnership Policy. A Partnership Policy had to be started after 2013 and, depending on the age of the individual at the time the policy was purchased, must contain annual inflation protection. When you purchase a LTC

Partnership Policy, the insurance agent must give you a disclosure form certifying that your policy is a LTC Partnership Policy.

Can I Afford LTC Insurance?

LTC insurance premiums (the yearly cost to purchase the policy) vary depending on several factors: your age, health and the benefits you choose. The younger you are when you apply, the lower your premium will be. Also important are deductible periods; the more days you need LTC before the policy benefits begin, the lower your premium will be. The duration of the benefits is another factor (the longer the benefits are paid, the higher the premium). Other items such as waivers of benefits, pre-existing conditions, waivers of premium, home care, day care and inflation protection also affect the cost.

If you are married, there are also joint policies which can be purchased allowing for more coverage for the first spouse who needs LTC. However, the premium costs will increase each year. So, consider how the monthly premium will affect your income and lifestyle.

Will LTC Insurance Pay All My LTC Expenses?

It depends on the policy you purchase. Most policies have a deductible for nursing facility stays, although Ohio requires the length of stay before benefits begin be no longer than 30 days. After your deductible is met, your policy's daily benefit rate may also be less than the daily rate charged by the nursing facility, leaving you responsible for paying the difference. Consider whether your income and assets will cover costs not paid by your LTC insurance. The higher the daily rate the policy pays and/or the shorter deductible period mean a higher premium. Therefore, you should determine how much you can afford in premiums versus the benefits provided for each policy.

What Do LTC Insurance Policies Cover?

LTC insurance policies will pay benefits when a health professional certifies that you need continual help doing some of your activities of daily living (ADLs). Ohio requires benefits to begin, at a minimum, when you need assistance with three ADLs.

ADLs are basic everyday activities such as dressing, eating, bathing, toileting and moving in and out of a bed or chair. Most policies will also pay for continual supervision if your mind has deteriorated (a cognitive impairment) and provide therapy and nursing services. LTC insurance policies will always pay for care provided in a nursing facility, but most care actually takes place in the home.

Some policies will pay for care provided at home or at an adult day care center. Case managers/geriatric care managers, emergency response systems, friendly visitor/companion services, homemaker/chore services, meal programs, respite care, senior centers and transportation services may also be covered. Keep in mind that the LTC insurance usually pays lower benefits when you are not in a nursing facility.

Can The Insurance Company Terminate My Coverage If My Health Deteriorates?

No. A LTC insurance policy cannot be canceled, not renewed or otherwise terminated on the grounds of the age or the deterioration of the mental or physical health of the insured individual or certificate holder.

Will A LTC Policy Cover A Pre-Existing Condition?

A pre-existing condition is one where the condition was one for which medical advice or treatment

was recommended by, or received from, a health care provider within six months of the effective date of LTC insurance coverage. A LTC policy may restrict coverage for this condition only for the first six months.

What Are Some Tips For Purchasing LTC Insurance?

Ask questions until you receive a satisfactory answer for everything you do not understand when you review policies. Don't buy until you know exactly what you are getting. Never buy the first time you meet with the insurance agent.

All policies sold in Ohio must be guaranteed renewable, which means they will not be canceled as long as you pay the premiums. However, be aware that the company can increase the premiums for all policies at the same time. Unless you can afford to pay the premiums each year, do not buy a policy. Up to 25% of LTC policy buyers give up their policies within the first 2 years.

Before you buy, Ohio law requires that the insurance company give you the booklet "A Shopper's Guide to Long-term Care Insurance". The company must also give you an outline of coverage and notify you about your 30-day "free-look" period, which means that even if you write a check, you still have 30 days to change your mind.

Pro Seniors helps older Ohioans solve legal and long-term care problems and fight Medicare fraud. Our Legal Helpline provides free legal information and advice for Ohio residents aged 60 and older.

This fact sheet provides general information, not legal advice. The law is complex and changes frequently. Before you apply this information to a particular situation, call Pro Seniors' free Legal Helpline or consult an attorney in elder law.

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