



*Helping Older Persons With Legal
& Long-Term Care Problems*

Long-Term Care Insurance

1. What Is Long-Term Care Insurance?

Long-term care 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 long-term care help with eating, dressing and bathing at home, or you may need medical care in a nursing facility due to an illness or disability. The long-term care insurance policy will pay a specified daily dollar amount for a specified length of time if you require long-term care as defined in the policy.

2. What Are My Chances Of Needing Nursing Facility Care?

On average, for people over the age of 65 there is a 70% chance of spending some time in a nursing facility. Men have only a 33% chance, while woman have a 52% chance of being in a nursing facility at some point in their life.

Generally women require more care (average of 3.7 years) than men (average of 2.2 years). 20 percent of adults over 65 will need care for more than five years. However, 27 percent of people entering a nursing facility stay for three months or less.

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's hard to predict if your future health needs will put you in a nursing home for an extended time. Basically, the longer you live, the more likely it is that you will need long-term care. Before you purchase long-term care insurance, it's 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.

3. Why Should I Buy Long-Term Care Insurance?

People have many reasons for purchasing long-term care insurance. Some do so because they are philosophically against the government (Medicaid) paying their nursing facility bill. Others 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.

On the other hand, if your reason is to preserve your assets for your spouse or children, there are alternative estate planning choices you should consider before purchasing long-term care insurance. See your financial advisor or attorney.

4. Are There Any Tax Benefits Of Having Long-Term Care Insurance?

Yes. Qualified long-term care insurance plans allow a specified amount of long-term care expenses to be tax deductible, depending on your age. You can also deduct insurance premiums as medical expenses and long-term care costs not covered by insurance if you qualify for medical deductions and itemize your deductions. Furthermore, insurance benefits that you receive are not treated as income, up to an annual limit. Tax qualified long-term care insurance plans do have more stringent benefit triggers than non-qualified plans, so research carefully before choosing a plan.

5. Can I Afford Long-Term Care Insurance?

Although long-term care insurance premiums (the yearly cost to purchase the policy) vary depending on several factors, an average cost is between \$1,000 and \$2,000 per year. The cost will certainly rise in the future, so consider how the monthly premium will affect your income and lifestyle. Some experts say you should not buy long-term care insurance if your assets are below \$100,000. Others say you should have \$50,000 in assets, not including your home, and \$15,000 in annual income before considering long-term care insurance. This is because as you become less able to care for yourself, there will be expenses you must cover before you become so disabled that the long-term care insurance benefits are triggered.

6. Will Long-Term Care Insurance Pay All My Long-Term Care Expenses?

No. Most policies have a deductible for nursing facility stays of between 20 to 100 days that you must pay before triggering the long-term care insurance benefits. Furthermore, after your deductible is met, your policy's daily benefit rate may 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 long-term care insurance.

7. What Do Long-Term Insurance Policies Cover?

Long-term care insurance policies will pay benefits when your doctor certifies it is medically necessary for you to receive long-term care. However, each policy differs as to how disabled you must be to qualify for benefits. For example, some policies will provide benefits if your doctor certifies that you need continual help doing two activities of daily living (ADLs), while other policies require that you need continual help doing 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. Long-term care insurance policies will always pay for care provided in a nursing facility, but most care actually takes place in the home.

Some may also pay for care provided at home, 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. Keep in mind, though, that the insurance usually pays lower benefits when you are not in a nursing facility, so you should discuss specific options with your attorney.

8. What Is Considered When Determining Premiums?

Your age is one factor. The younger you are when you apply, the lower your premium will be. Also important are deductible periods; the more days you are confined 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 of the policy.

9. What Are Some Tips For Purchasing Long-Term Care 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 agent.

There are dozens of companies, each offering several different choices in long-term care insurance coverage. Talk to as many agents as possible before you choose a policy. It is also a good idea to have your lawyer review the policy.

Never pay in cash and always make checks payable to the insurance company. All policies sold in Ohio must be guaranteed renewable, which means that 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.

Before you buy, Ohio law requires that the insurance company give you the booklet "A Shopper's Guide to Long-term Care Insurance," which contains useful information and a shopping list of policies. The company must also give you an outline of coverage, which is a summary of the policy. They are also responsible for notifying 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.

10. Where Do I Turn If I Have Questions?

- (a) Contact Pro Seniors at (513) 345-4160 or 1-800-488-6070.
- (b) Call the Ohio Department of Insurance at 1-800-686-1526 for the free booklet [A Shopper's Guide to Long-term Care Insurance](#).
- (c) Go to AARP's website to read [Understanding Long-term Care Insurance](#).
- (d) Go to the US Department of Health and Human Services website to read their [National Clearinghouse for Long Term Care Information](#).
- (e) Check out an article written by Timothy L. Takacs, Certified Elder Law Attorney: [Buying Long-Term Care Insurance Can Be a Bad Gamble](#).

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Pro Seniors' Legal Hotline for Older Ohioans provides free legal information and advice by toll-free telephone to all residents of Ohio age 60 or older. If you have a concern that cannot be resolved over the phone, then the hotline will try to match you with an attorney who will handle your problem at a fee you can afford.

In southwest Ohio, Pro Seniors' staff attorneys and long-term care ombudsmen handle matters that private attorneys do not, such as nursing facility, adult care facility, home care, Medicare, Medicaid, Social Security, protective services, insurance and landlord/tenant problems.

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

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