

LONG TERM CARE INSURANCE

JOLIET JUNIOR COLLEGE
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SENIOR HEALTH INSURANCE PROGRAM
ILLINOIS DEPARTMENT OF INSURANCE

STARTER QUESTIONS

- ◆ WILL I NEED LTC INSURANCE?
- ◆ CAN I AFFORD LTC INSURANCE?
- ◆ HOW DO I SELECT THE RIGHT PLAN?

GOAL OF LTC

MAINTAIN OPTIMAL LEVEL OF FUNCTION

- ◆ ACTIVITIES OF DAILY LIVING (ADL)
 - ◆ BATHING
 - ◆ CONTINENCE
 - ◆ DRESSING
 - ◆ EATING
 - ◆ TOILETING
 - ◆ TRANSFER

LEVELS OF CARE

(Walk? Bicycle? Car?)

- ◆ SKILLED NURSING FACILITY \$\$\$
- ◆ NURSING HOME (Custodial Care) \$\$\$
- ◆ ASSISTED LIVING FACILITY \$\$
- ◆ ADULT DAY CARE PROGRAM \$\$
- ◆ HOME HEALTH AGENCY \$\$

LEVELS OF CARE

(Continued)

- ◆ HOSPICE \$
- ◆ RESPITE \$
- ◆ TRAINED FAMILY CAREGIVER

WHO PAYS FOR LTC?

- ◆ MEDICAID (47%)
- ◆ SELF PAY (21%)
- ◆ MEDICARE (18%)
- ◆ LTC PRIVATE INSURANCE (14%)

WHAT ABOUT MEDICAID?

(In a Word: Impoverishment)

- ◆ LOW INCOME & FEW ASSETS
 - ◆ ASSETS - \$2,000 MAX
 - ◆ INCOME - LTC PRIVATE PAY RATE
- ◆ SPEND DOWN
- ◆ SPOUSAL IMPOVERISHMENT
 - ◆ PROTECTS AT-HOME SPOUSE

WILL I NEED LTC INSURANCE?

- ◆ COST-OF-CARE CONSIDERATIONS
(Average per year)
- ◆ \$66,065 SKILLED NURSING (R&B only)
- ◆ \$32,568 ASSISTED LIVING (One-bedroom)
- ◆ \$16,000 HOME CARE (3 days/wk;3 hrs/day)
- ◆
- ◆

WILL I NEED LTC INSURANCE?

(Continued)

- ◆ OTHER CONSIDERATIONS
 - ◆ AGE
 - ◆ HEALTH
 - ◆ RETIREMENT/ESTATE GOALS
 - ◆ INCOME
 - ◆ ASSETS
 - ◆ FAMILY NETWORK

CAN I AFFORD LTC INSURANCE?

(How Much Does a Car Cost?)

◆ ANNUAL PREMIUM	COST TO AGE 79
◆ AGE 55 \$1,368	\$32,832
◆ AGE 65 \$2,131	\$29,834
◆ AGE 75 \$4,410	\$17,640

BASIC INSURANCE DECISIONS

(Engine? Brakes? Tires?)

- ◆ LEVEL OF CARE
- ◆ ELIMINATION PERIOD
- ◆ LENGTH OF BENEFITS
- ◆ DAILY BENEFIT AMOUNT

INSURANCE OPTIONS

(Sunroof? Heated seats? Premium Stereo?)

- ◆ RETURN OF PREMIUM (Non Forfeiture)
- ◆ INFLATION PROTECTION
- ◆ LIMITED PAYMENT OPTION
- ◆ RESTORATION OF BENEFITS
- ◆ WAIVER OF PREMIUM

CLAIMS PROCESSING

(The Moment Of Truth)

- ◆ BENEFIT TRIGGERS
 - ◆ ADL (2 OF 6; 3 OF 6)
 - ◆ COGNITIVE IMPAIRMENT
 - ◆ MD CERTIFICATION
 - ◆ CERTIFIED FACILITY/AGENCY

WHEN BENEFITS BEGIN

(Show Me the Money!)

- ◆ ELIMINATION PERIOD (Facility Only)
 - ◆ 0/20/60/100 DAYS
 - ◆ MEDICARE PART B (SNF Only)
 - ◆ 20 DAYS 100%; 80 DAYS \$133.50/DAY CO-PAY
 - ◆ MEDICARE SUPPLEMENT WILL PAY \$133.50/DAY

COMPANY REPUTATION

(IT'S WORTH CHECKING)

- ◆ STATE INSURANCE DEPARTMENTS KEEP “SCORECARDS”
 - ◆ COMPANY “C:” 1 COMPLAINT/383 POLICIES
 - ◆ COMPANY “GF:” 1 COMPLAINT/12,434 POLS.
- ◆ “AGED, FRAIL & DENIED CARE BY THEIR INSURERS” (N.Y. TIMES)
 - ◆ <http://www.nytimes.com/2007/03/26/business/26care.html>

TIPS

(Agents Would Rather You Skip This)

- ◆ DON'T WITHHOLD ADVERSE MEDICAL OR AGE INFORMATION
- ◆ TALK TO AT LEAST 2 AGENTS; 3 IS BETTER
- ◆ DISCUSS AGENT'S PROPOSALS WITH FAMILY/CONFIDANT
- ◆ REVIEW COMPANY'S COMPLAINT RECORD

TIPS

(Continued)

- ◆ DETERMINE HISTORY OF COMPANY'S RATE INCREASES
- ◆ DEMAND AGENT LIST PLAN OPTIONS AND COST OF EACH
- ◆ DON'T BUY MORE COVERAGE THAN YOU NEED
- ◆ USE "FREE LOOK" PERIOD
- ◆ BE REALISTIC ABOUT YOUR ABILITY TO PAY PREMIUMS

STATS TO PONDER

- ◆ ONLY 5% OF OVER-65ERS HAVE LTC INSURANCE
- ◆ OF THOSE WHO ENTERED A NURSING HOME WITH LTC INSURANCE, 50% NEVER COLLECTED A DIME
- ◆ LTC LOSS RATIO 35% (2001)
- ◆ “LONG TERM CARE: HOW TO PLAN & PAY FOR IT” JOSEPH L. MATTHEWS