



ODI

Ohio Department
of Insurance

John R. Kasich, Governor
Jillian Froment, Director

Long Term Care Insurance

Presented by The Ohio Senior Health
Insurance Information Program



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What is Long Term Care & Who Pays

Long Term Care is a variety of services that help people with health or personal needs and activities of daily living over a period of time. Long-term care can be provided at home, in the community, or in various types of facilities, including nursing homes and assisted living facilities. Most long-term care is custodial care. **Medicare doesn't pay for this type of care if this is the only kind of care you need.**

How do you pay for Long Term Care

- Private Pay
- Medicaid
- Long-Term Care Insurance



Basics of Long Term Care Insurance

LTC insurance pays for care given in a nursing home (or other locations) to treat chronic health conditions.

- Every policy is different
- Policies can be expensive
- Not guaranteed issued
- There are many factors that go into premium rates.

Basics of Long Term Care Insurance

Should you purchase a LTC insurance Policy?

- **Health**

Do you have habits or health issues that could result in the need for LTC?

Does your family history put you at higher risk for needing LTC?

- **Wealth**

Can you afford the premiums?

Can you afford extended nursing care?

Do you wish to leave assets to your family?

Basics of Long Term Care Insurance

Core Benefits

- **Deductible or Elimination Period** - time when the policy holder is liable for payment before the insurance payment begins.
 - For example, a 100 day elimination means you will pay for the first 100 days out of your own pocket. This could cost you more than \$15,000.

Basics of Long Term Care Insurance

Core Benefits

- **Daily Benefit-** most policies define benefits in terms of a maximum daily benefit, or amount of money that the policy will pay toward each day in the nursing facility.

For example, a \$100 daily benefit could pay the actual bill up to \$100 or pay a flat per diem of \$100. If the actual nursing bill is greater than \$100, you are responsible for the difference.

Inflation Protection must be offered which will increase the daily benefit typically by 5% each year.



Basics of Long Term Care Insurance

Core Benefits

- **Benefit Period-** is the length of time that the policy will pay the daily benefit. The benefit period may be as short as one year or as long as a lifetime.

For example, a two year benefit period means that the plan will pay the daily benefit for two years. If your stay in a nursing home goes beyond two years, you are responsible for the payment.

Basics of Long Term Care Insurance

Bells and Whistles

- Guaranteed Purchase Option
- Waiver of Premium
- Death or Survivor Benefit
- Hospice Care
- Restoration of Benefits
- Ambulance
- Prescription Drugs
- Bed Reservation
- Respite Care
- Medical Equipment



Basics of Long Term Care Insurance

Locations of Care

- Nursing Homes
- Adult Day Care
- Home Health Care
- Assisted Living or Residential Care

***Each location of care will have a different payment schedule. For example, if your nursing home daily benefit is \$100, the home health daily benefit may only be \$50.**



Basics of Long Term Care Insurance

When can I use my policy?

- **Benefits Triggers-** determine when your physical or mental condition has reached a point that you are entitled to benefits.
- **Physical Impairment-** cannot perform usually three Activities of Daily Living (ADLs); bathing, dressing toileting, continence, transferring, eating.
- **Cognitive (mental) Impairment-** diagnosed as having condition such as Alzheimer's Disease or senile dementia, deterioration or loss of mental ability requires verbal cueing and your condition has been verified by tests that are approved by the insurance company.



Basics of Long Term Care Insurance

Tax Qualified Plans

Federally tax qualified policies – most policies are this type

Benefits are triggered by a licensed health care practitioner certifying that a patient is chronically ill

- Which means you are expected to be unable to perform at least two out of five or six ADLs without substantial assistance for at least 90 days due to a loss of functional capacity

OR

- You need substantial supervision to protect your health and safety due to severe cognitive impairment (such as Alzheimer's disease).

Tax Qualified plans allow you a tax deduction

- You must Itemize your deductions
- Your unreimbursed medical expenses must exceed 7.5% of your adjusted gross income



Basics of Long Term Care Insurance

Consumer Protections

- Company history of rate increases must be disclosed to the consumer.
- Policy must offer (but not require) at time of purchase an inflation protection option. If the offer is not declined in writing, the inflation protection feature is included in the purchased policy.
- Policy must offer (but not require) a non-forfeiture option. If this option is chosen, it must be at least one of these: reduced paid up insurance, extended term insurance, or a shortened benefit period. All policies now include a Contingent Benefit Upon Lapse.
- Consumer must be given a Shoppers Guide to LTC Insurance written by the National Association of Insurance Commissioners (NAIC).
- Consumer must be given an outline of coverage, or summary of the policy explaining what it will and will not do.

Basics of Long Term Care Insurance

Exclusions

- **Pre Existing Conditions-** anything that you have been diagnosed with or treated for within the 6 months prior to purchasing the policy may not be covered for the first six months of ownership
- **Mental Diseases or Disorders-** policies do not have to pay for care resulting from mental or nervous disorders such as insanity, nervous breakdown, etc. Policies must pay for care resulting from Alzheimer's or senility.
- **Alcoholism or Drug Addiction-** policies will not cover care resulting from either alcoholism or drug addiction. Some policies will cover care if the result of a prescription medication.
- **Other Insurance-** policies will not pay any expenses that are covered by another insurance or Medicare.

Ohio's Long Term Care Insurance Partnership (LTCP)

This Public-private partnership allows people to receive benefits and protect a matching amount of assets should they need to apply for Medicaid.

- The amount protected from Medicaid is dollar for dollar what is paid out in benefits.

To qualify as a LTCP:

- Policy must be issued after 9/10/2007
- Insured must be an Ohio resident when coverage first becomes effective
- The policy must be federally tax-qualified
- The policy must meet consumer protection standards
- The policy must include some inflation protection



Ohio Department of Insurance
50 West Town Street, Third Floor
Columbus, Ohio 43215

Consumer Hotline: (800) 686-1526

Fraud Hotline: (800) 686-1527

OSHIIP Hotline: (800) 686-1578

www.insurance.ohio.gov

www.ltc4me.ohio.gov

www.longtermcare.gov



**Thank you for your time
and attention!**

QUESTIONS?