

We at NMIN Advisor will custom design a Long Term Care policy for you. After reading the following article just give a call at 888-277-4456 or email us at [advisor@nminalliance.com](mailto:advisor@nminalliance.com) for a no obligation quote or just for information.

## Long-Term Care Insurance Introduction



Many people mistakenly think their health insurance or Medicare will pay for any long-term care services they may need at some point. But health insurance really only pays for doctor and hospital bills. If you develop a chronic illness or become disabled and are unable to care for yourself for an extended period of time, you'll need long-term care services. And these services aren't cheap. Full-time nursing home care averages \$69,000 to \$78,000 per year or 8 hours per day of home health care can cost \$43,000 to \$70,000 annually.

Explore this section to learn more about who needs long-term care insurance, what types of care are covered, policy options and features, and where and when to buy it. There's also an interactive map to help you get a sense of what long-term care services cost in your area.

## Who Needs Long-Term Care Insurance?



If you can afford long-term care insurance, you should probably consider it. Why? Because the cost of long-term care, should you need it, can quickly deplete your life's savings. For instance, having a home health aide visit just three days a week can cost more than \$20,000 annually. Full-time nursing home care, the most expensive type of care, now averages \$69,000 to \$78,000 per year. In some regions of the country, like the Northeast, the cost may be twice that amount.

While financial considerations cannot be understated, long-term care insurance isn't only about money. It's also about peace of mind. Having it ensures you'll have access to first-rate care when you need it. It also means you won't have to be dependent on others or be a burden to your children.

What are the odds you'll need long-term care insurance? Greater than you might imagine. There's about a 70 percent chance you'll need some type of long-term care after age 65. And long-term care services are not just for older people. A young or middle-aged person who has been in an accident or suffers from a debilitating illness may very well require long-term care services. In fact, 40 percent of patients receiving long-term care are under age 65.

If you can afford to pay for care without significantly impacting your assets, you may not need long-term care insurance. Conversely, if your assets, not including your home, are less than \$80,000 if you're married (or \$30,000 if you're single), you may not be able to afford the premiums. But if you're somewhere in between, long-term care insurance should be part of the discussion the next time you sit down with an advisor to review your financial plans.

## When Should I Buy It?



As with most kinds of personal insurance, the younger you are when you purchase long-term care insurance, the lower your premiums will be. Once you own a policy, premiums generally don't increase with age, unless an insurance company raises them for a whole class of policyholders.

When you consider that 40 percent of those receiving long-term care are under age 65, you should at least give some thought to buying coverage when you're still relatively young. Doing so should allow you to lock in a low rate while providing you with coverage that may be needed sooner than you think. Also, be aware that most companies won't sell individual policies to people under age 18 or over age 84.

If you can't buy as much coverage as you think you need, consider buying an affordable plan now and enhancing it later when your financial situation improves.

## What Types of Care are Covered?



Long-term care insurance pays for a wide range of services and procedures that typically aren't covered by a person's medical insurance. The types of care fall into three categories: skilled, intermediate and custodial. Read on to understand the differences between the various types of care.

### Skilled

If you have a serious illness or injury that you can recover from, you will probably receive skilled care from nurses or professional therapists. Skilled care is provided daily, usually ordered by a physician, and involves a treatment plan. In short, skilled care helps get you better.

### Intermediate Care

This type of care is the same as skilled care, but not provided on a daily basis. For instance, if you injured your leg and need to visit a physical therapist five times a week to help you heal, that would be considered intermediate care.

### Custodial Care

Unlike skilled and intermediate care, which is used to improve your health, custodial care isn't intended to get you better. Instead, custodial care includes assistance with daily activities like bathing, eating, dressing, toileting (getting on and off the toilet and other tasks associated with personal hygiene), continence and transferring (getting in and out of bed and chairs). Catheter or colostomy drain are other examples of custodial care. Custodial care can range from in-home care provided two or three days a week, to 24-hour nursing home care.

# Key Terms

When evaluating a long-term care insurance policy, here are important terms with which you should be familiar.

## Benefit amount and duration

Most long-term care policies are set up as indemnity plans, which means they pay a fixed dollar amount for each day you receive care. Policyholders usually have a choice of daily benefit amounts ranging from \$50 to \$300 or more, and can also choose the length of time that benefits will be paid. Long-term care policies generally limit benefits to a maximum dollar amount or a maximum number of days and may have separate benefit limits for nursing home, assisted living facility, and home health care within the same policy. For example, a policy may offer \$100 per day up to five years of nursing home coverage (many policies now offer lifetime nursing home coverage) and only up to \$80 per day up to five years of home assisted living and health care coverage.

## Elimination or deductible periods

These terms refer to how many days you must spend in a nursing home or how many home health visits you must receive before benefits begin. Most policies offer a choice of deductible from zero to 100 days. The longer the elimination or deductible period, the lower the premium.

## Exclusions

When you apply for a policy, you'll be asked to fill out a medical questionnaire, and probably undergo a check-up with a doctor. This helps the insurance company find out about any existing health issues (known as preexisting conditions) that make it more likely that you'll one day need long-term care. Preexisting conditions may make coverage more expensive, and the insurance company may choose not to cover you for these conditions during your first six months of coverage.

## Inflation protection

Because long-term care prices are rising steadily, the benefit you buy today may be inadequate tomorrow. By purchasing inflation protection, your policy benefit will automatically increase each year at a specified rate (such as 5 percent) compounded over the life of the policy.

## Nonforfeiture benefits

This feature allows you to drop your coverage and still receive a portion of the benefits. Nonforfeiture benefits may be received two ways, depending on the policy and option you choose. Return of premium provides a cash payment that is a percentage of the total premiums you have paid. With a shortened benefit period, you still receive coverage after you've stopped paying, but with a reduced benefit period or amount.

## Renewability

Almost all long-term care policies are guaranteed renewable. That means that they cannot be canceled as long as you pay your premiums. However, companies can raise premiums as long as they raise them for an entire class of policyholders. The renewability provision, usually found on the first page of the policy, outlines under what conditions the company can cancel the policy or raise premiums.

## Waiver of premium

This provision allows you to stop paying premiums while you are receiving benefits. Your policy may contain restrictions on this feature, such as requiring you to receive care for a certain number of days or sessions before premiums are waived.