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Long-Term Care Insurance: **Tips to Help You Decide**

Each year about 7 million Americans receive some type of help with long-term care. Most people only need help with simple day-to-day activities like bathing, dressing, and preparing meals. Others need skilled nursing care. Long-term care includes a wide range of services because it can be provided to people in their homes, in the community, or in other living arrangements, such as congregate living programs, retirement communities, assisted living facilities, or nursing homes. Depending on the care needs and living arrangements, long-term care services can be costly.

Neither employer health insurance nor Medicare pays for very much in the way of long-term care. Long-term care insurance provides coverage for nursing homes, home health care, and other services, such as assisted living and adult day care. However, long-term care insurance can be expensive. The cost of long-term care insurance depends on the type of coverage you purchase and at what age you buy it. The older a person is at the time of purchase, the higher the monthly premium. It can cost thousands of dollars per year. There are many factors to consider in deciding whether long-term care insurance is right for you.

Tips to Help You to Decide If You Should Buy:

- If your income is low or will become low in the years ahead and you have few assets, spending thousands of dollars each year for long-term care insurance may not make sense because you may qualify financially for Medicaid benefits.
- You may have family and friends who can provide a portion of your long-term care if you should need it. Some insurance policies will allow you to pay family or friends to help with your long-term care.
- You may already have enough money (assets and investments) to cover out-of-pocket expenses for long-term care. You may want to discuss this with a financial advisor or lawyer who specializes in elder law or estate planning and others who know about long-term care services. If you have enough money and want to preserve your assets for your heirs, you may still want to consider buying long-term care insurance.

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Tips to Help You Decide When to Buy:

- Some companies may offer you a discount if you purchase the policy when you are in good health.
- If you already have a serious condition or you already need help with activities of daily living (ADLs), some companies may deny you long-term care insurance. If you have a condition that you think may cause them to deny you coverage, ask for an informal opinion before you fill out the application.
- You will have to decide when to buy based on your health, family medical history, your needs, finances, lifestyle, and other factors.

Tips to Help You Start to Look for Coverage

- You can get free health insurance counseling from your State Health Insurance Assistance Program (SHIP). Check in the government section of your local phone book.
- Ask your state insurance department for a list of long-term care insurance policies approved for sale in your state.

Tips to Help You Choose the Right Options

Different policies offer different coverage options. Since you do not know today what your future long-term care needs will be, it is a good idea to purchase a comprehensive policy with flexible options, if you can afford one. If you don't understand one of the options (or have any questions about the policy), ask

questions and make sure to get answers in writing. The different options may include:

- **Nursing Home Care.** A nursing facility that provides full range of care — nursing, assistance with personal care and activities of daily living, and/or skilled care — 24-hour medical, nursing, and rehabilitation care.
- **Assisted Living.** A residential setting (usually apartment style) where personal care and other services such as meals are available and adjustable to meet individual needs.
- **Adult Day Services.** A program, outside of the home, for adults who need some help during the day only. It provides health, social, and other support services in a protected setting.
- **Home Care.** Home health care can include many services, such as nursing care, personal care, physical therapy, giving medicine, wound care, and help in managing a disease or injury.

Other things to think about:

- Some insurance companies pay for modifications to a home.
- Some policies require nursing homes and home care agencies to be certified by Medicare. Make sure the services in your area meet the requirements of the policy.
- Make sure the policy is portable (if you move to another state, will the policy still cover you?).

- Do research to make sure the policy you are buying comes from a company with a good history and is financially stable.

Tips to Help You Once You Have Decided to Buy

Once you have decided to buy a long-term care policy, read the policy carefully before you sign. Never let anyone pressure or scare you into making a quick decision. Never pay for an insurance policy in cash and always make your check payable to the company. Nearly all states require that insurance companies give you a 30-day “free-look” period, which begins after you receive the signed policy. During this period, you can return a policy and receive a full refund.

Long-term care insurance may not cover all long-term care costs, some may still have to be paid out-of-pocket. In fact, some people buy less coverage because full coverage premiums are too high.

Different companies use different wording in their policies and may even use different definitions. Make sure you understand everything in the policy. Most policies have certain things in common that you should know about which include:

- **Daily Benefit.** The amount the insurance company will pay each day you qualify for benefit.
- **Benefit Period.** The length of your coverage, usually one year to lifetime.
- **Elimination Period.** The number of days you must pay out-of-pocket before the insurance begins to pay, after it is determined you are in need of services.
- **Benefit Triggers.** The conditions that decide whether and when you receive benefit payments.
- **Tax Status.** This refers to whether your benefit payments are taxed, and whether your premium costs are tax-deductible.
- **Pool of Money.** This type of policy allows you to decide how much money per day you want to have covered and for how long you want the coverage to last.
- **Inflation Protection.** This increases the benefit amount of your coverage to keep up with the increase in costs of services over the years.
- **Nonforfeiture Protection.** After you have paid for your coverage for a certain length of time, some insurance policies guarantee you a benefit, even if you discontinue the coverage, or stop paying for it.
- **Premium Waiver.** This allows you to stop paying your premium after you enter a nursing home or are certified for home care. You will need to start paying your premium again once your care is complete.
- **Guaranteed Renewal.** This makes sure your policy will not expire unless you have used up your benefits or you have not made your premium payments.

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