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Your Guide to  
**LONG-TERM CARE  
INSURANCE**

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When you're in the prime of life, it's hard to imagine being unable to do the basic activities of daily living because of age or disability. But the reality is that most of us will need some type of Long-Term Care services in the future.

The U.S. Department of Health and Human Services says that 70 percent of people over the age of 65 will require some type of Long-Term Care, and more than 40 percent will need care in a Long-Term Care facility.

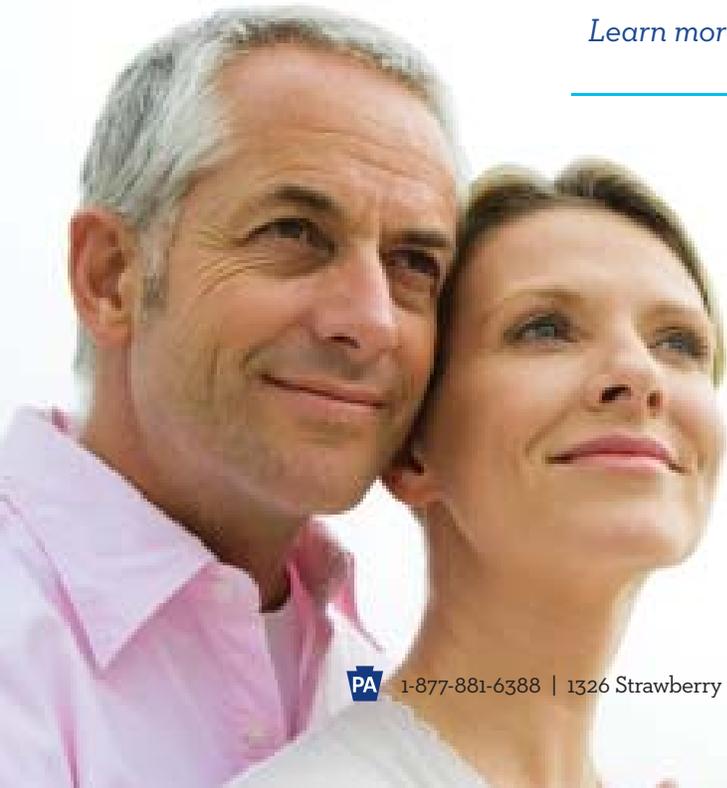
Long-Term Care services are not generally covered by health insurance, disability insurance or Medicare, so Long-Term Care insurance is an important option to consider.

It's never too early to start planning. Determining if Long-Term Care insurance is a smart choice for you is an important part of planning for the future, just like making a will and saving for retirement. This guide provides basic information on Long-Term Care insurance and additional resources you can use to make the best decision for you and your family.

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## *What is Long-Term Care insurance?*

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Long-Term Care insurance is used to pay for services that assist an individual who is no longer able to adequately or safely perform daily activities for an extended period of time due to age or disability.

Each policy has “benefit triggers” that cause benefits to start. When your mental or physical condition reaches a specified level of disability, you have met the benefit trigger requirements and are entitled to benefits from the policy.

Benefit triggers are usually based on the policyholder’s ability to perform activities of daily living (ADLs):

- Bathing
- Dressing
- Transferring to and from a bed or chair
- Using the toilet
- Caring for incontinence
- Feeding oneself

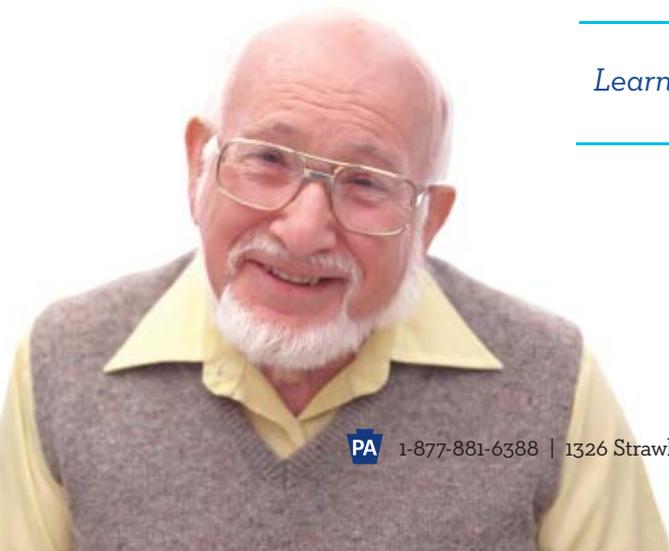
Sometimes Long-Term Care insurance will also cover additional services to help with household tasks such as housework, meal preparation and grocery shopping.

Since Long-Term Care services are typically not covered by health insurance, disability insurance or Medicare, paying for these services out-of-pocket can quickly become unaffordable. Long-Term Care insurance can offer peace of mind that these services will be paid for if you need them, whether you receive them at home or in a care facility.

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## *Will you need Long-Term Care insurance?*

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There are many factors to consider when deciding whether or not to purchase Long-Term Care insurance.

### **HEALTH-RELATED CONSIDERATIONS**

- **LIFE EXPECTANCY:** Americans are living longer than ever before thanks to preventive care, healthy lifestyle choices and advances in medical technology. The longer you live, the more likely you will need Long-Term Care.
- **GENDER:** Women have longer life expectancies than men. Because women live longer, they are more likely to need Long-Term Care.
- **FAMILY STATUS:** If you have a spouse or adult children, you are more likely to receive informal care at home. However, providing Long-Term Care can become overwhelming to family caregivers and professional care may become necessary.
- **MEDICAL HISTORY:** If you smoke or have other health conditions, or if your family medical history indicates an increased risk of developing an illness, it is more likely you will need Long-Term Care.

### **FINANCIAL CONSIDERATIONS**

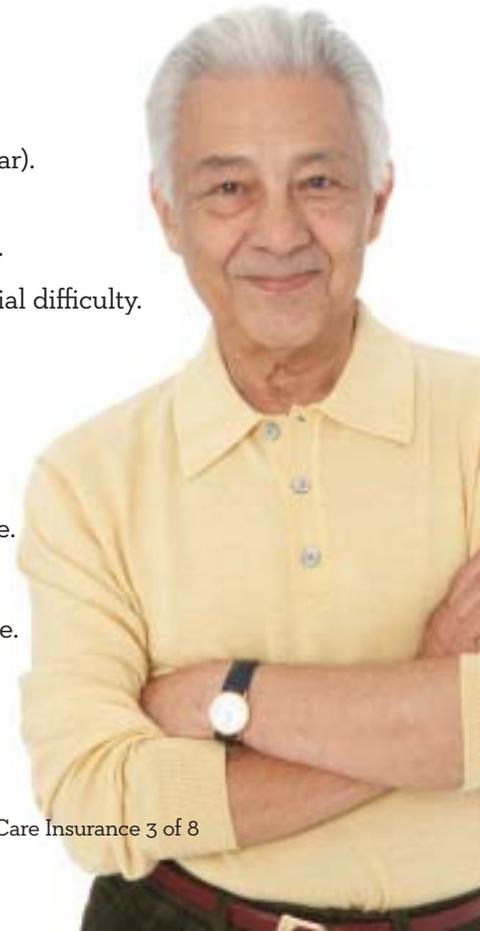
You may want to consider Long-Term Care insurance if you:

- Own assets of at least \$30,000 (not including your home or car).
- Have or will have an annual retirement income of at least \$25,000 - \$35,000 (individual) or \$35,000 - \$50,000 (couple).
- Can pay Long-Term Care insurance premiums without financial difficulty.

### **OTHER CONSIDERATIONS**

You may want to consider Long-Term Care insurance to:

- Avoid spending your assets on Long-Term Care services.
- Decrease the chance of needing to rely on Medical Assistance.
- Have more choices about the type of care received.
- Protect family members from having to pay for or provide care.



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## *What benefits are included in a Long-Term Care insurance policy?*

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In Pennsylvania, all Long-Term Care insurance policies purchased after July 17, 2007, are comprehensive policies and include the following services.

- **SKILLED NURSING CARE:** Daily nursing and rehabilitative care that can be performed only by, or under the supervision of, skilled medical personnel. The care received must be based on a doctor's orders.
- **INTERMEDIATE CARE:** Occasional nursing and rehabilitative care that must be based on a doctor's orders and can only be performed by, or under the supervision of, skilled medical personnel.
- **CUSTODIAL CARE:** Care to help individuals meet personal needs such as bathing, dressing and eating. Someone without professional training may provide this service.
- **HOME HEALTH CARE:** Services include, but are not limited to: part-time skilled nursing care; speech, physical or occupational therapy; homemaker services; home health aide; assistance with activities of daily living; adult day care; personal care; hospice services and respite care.
- **OTHER CARE:** Policies must cover care for Alzheimer's disease and other organic, cognitive disabilities diagnosed after the insurance policy is in force.

It is in your best interest to talk to your insurance company to understand what is covered, what is not covered and what additional coverage you may wish to purchase.

Most Long-Term Care insurance policies include these basic features:

- A daily benefit ranging from \$50 to \$250 per day.
- An elimination period (period before benefits begin) typically ranging from zero to 100 days.
- A benefit period ranging from one-year to a lifetime.

If you purchase a Long-Term Care policy, you will decide the amount and level of care you want and that fits your budget. Typically, the policy premium will increase with the level of services covered by the policy.

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## *What is NOT included in a Long-Term Care insurance policy?*

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All policies have their own conditions, limitations and exclusions that may apply. Please read any potential policy very carefully to know what is not covered. Here is a partial list of what Pennsylvania law allows Long-Term Care policies to **exclude**:

- **PRE-EXISTING CONDITIONS:** A pre-existing condition is an illness or disability for which you received medical advice or treatment during a specified period before applying for coverage. Most policies will not pay benefits for these conditions for a certain length of time, usually six months, after you become a policyholder.
- **FAMILY CAREGIVERS:** Most policies will not pay for family members to provide Long-Term Care services, although they may pay to train family members to provide care.
- **MENTAL AND EMOTIONAL DISORDERS OR DISEASES**  
(other than Alzheimer's disease)
- **ALCOHOLISM AND DRUG ADDICTION**
- **TREATMENT ALREADY PAID FOR BY MEDICARE OR BY ANY GOVERNMENT PROGRAM EXCEPT MEDICAL ASSISTANCE**
- **ATTEMPTED SUICIDE OR INTENTIONALLY SELF-INFLICTED INJURIES**

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## *Types of Long-Term Care policies*

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### **LONG-TERM CARE PARTNERSHIP POLICIES**

A Long-Term Care Partnership policy allows policyholders to protect their assets, dollar-for-dollar, in the amount of policy benefits paid out on their behalf if they ever need to apply for Long-Term Care benefits under Pennsylvania's Medical Assistance Program.

In Pennsylvania, Medical Assistance is the largest payer of Long-Term Care services. To qualify, an individual must spend down or exhaust their resources, leaving many families reliant on public assistance. For example, a person whose Partnership policy paid for \$100,000 of care would be entitled to keep \$100,000 in assets if they need to apply for Medical Assistance in the future.

All Long-Term Care Partnership policies require inflation protection features and are tax-qualified policies (see right).

If you purchased a Long-Term Care policy after February 8, 2006, and it is not a Long-Term Care Partnership policy, you may exchange it for a Partnership policy. Call your insurance company to learn more.

### **TAX-QUALIFIED POLICIES**

If you have a tax-qualified policy, federal law allows you to claim a portion of the premium as a medical deduction if you itemize your taxes and if your medical and dental expenses exceed 7.5 percent of your adjusted gross income. Benefits received from a tax-qualified Long-Term Care policy are treated as not taxable.

To be eligible for benefits under a tax-qualified Long-Term Care insurance policy, a licensed health care practitioner must certify that you are "chronically ill" and prescribe a plan of care. An individual is considered chronically ill if he or she is unable to perform two activities of daily living (bathing, dressing, using the toilet, transferring to and from a bed or chair, caring for incontinence and feeding oneself) for at least 90 days or requires substantial supervision due to severe cognitive impairment.

Long-Term Care policies issued before January 1, 1997, are automatically considered tax-qualified.

### **NON TAX-QUALIFIED POLICIES**

A non tax-qualified policy does not get the same tax treatment as a tax-qualified policy, but it has more flexibility as to when benefits become payable. In addition, it may have lower premiums.

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## *How much does a Long-Term Care insurance policy cost?*

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The cost of a policy will depend on several factors, such as:

- **Age:** Generally, you will pay a lower premium if you purchase the policy at a younger age.
- **Elimination or deductible periods:** These periods are the number of days you must stay in a facility or the number of home care visits you have received before the policy benefits take effect. Usually, the premium will be lower if the policy has a longer elimination or deductible period.
- **Amount paid and duration of benefits:** You will most likely pay a higher premium if you choose a policy with higher limits or a longer benefit period. For example, a policy that pays \$100 a day for five years will cost more than a policy that covers \$50 a day for three years.
- **Discounts for husband/wife:** A policy may include a discount if it covers both husband and wife.

Cost will also be affected by optional coverage (called “riders”) that may be offered to you for an additional premium.

- **Inflation protection riders:** An inflation protection rider usually increases the daily benefit by a specified percentage amount each year. Inflation protection riders help the policy keep up with the rising cost of inflation.
- **Non-forfeiture benefits rider:** In Pennsylvania, all policies must offer non-forfeiture benefits as an option. If a policyholder purchases this rider and stops paying premiums, a non-forfeiture rider will pay Long-Term Care coverage equal to at least 30 times the daily benefit. Non-forfeiture benefits are usually not available until the policyholder has been covered by the policy for three years.

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## *How can I buy Long-Term Care insurance?*

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Most people buy Long-Term Care insurance from an insurance agent or broker, or through a financial planner. A list of all companies selling Long-Term Care insurance can be found at [PAHealthOptions.com](https://PAHealthOptions.com).

Some employers also offer Long-Term Care insurance as a benefit option. Purchasing Long-Term Care insurance through your employer may be beneficial because:

- You may pay a lower premium due to a group rate.
- It may be easier to qualify for coverage because of few or no questions about your health history.
- You may have more flexible payment arrangements, such as payroll deduction.

### **ADDITIONAL RESOURCES:**

At [PAHealthOptions.com](https://PAHealthOptions.com) you can find more information about Long-Term Care insurance.

- **The Personal Long-Term Care Assessment Questionnaire** walks you through a series of questions to help you evaluate if Long-Term Care insurance is a good choice for you.
- **The Long-Term Care Glossary** is a guide to definitions and explanations of words and phrases frequently found in Long-Term Care insurance material.

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