

## LONG-TERM CARE

*A supplement to the Long-Term Care insurance guide.*

These definitions are offered to give you a general understanding of the terms you will hear when looking for Long-Term Care insurance. Please note that your individual company may define similar terms differently. The definitions page in your policy is the final authority regarding your coverage.

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#### **ACTIVITIES OF DAILY LIVING (ADLS)**

These are activities that measure a person's level of dependence. Activities could include bathing, continence, dressing, eating, toileting and transferring (mobility). Your policy must pay benefits if you are unable to perform the specified number of ADLs.

**ADULT DAY CARE** A daytime, community-based program for functionally impaired or disabled adults that provides a variety of health, social and related services. Their purpose is to enable individuals to remain at home and to provide family members relief from constant care.

**ALTERNATE CARE FACILITY** A facility that is primarily engaged in providing ongoing Long-Term Care, has a trained employee available 24 hours a day, and provides three meals a day, accommodating special diets.

**ALZHEIMER'S DISEASE** A progressive, degenerative form of dementia that causes severe intellectual deterioration.

#### **ASSISTED LIVING RESIDENCES**

A residential care setting that provides supplemental healthcare services as well as food, shelter, personal care, assistance or supervision to those who need assistance or supervision for activities such as dressing, bathing, diet and financial management.

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**BED RESERVATION** This policy benefit covers the payment to a nursing home facility when a policyholder is temporarily hospitalized, to reserve his or her room.

**BENEFIT** The amount payable by the insurance company when the policyholder suffers a loss covered by the policy.

**BENEFIT PERIOD** The length of time a specific benefit will be paid. It begins when the policyholder becomes eligible for benefits and ends when the policyholder has been out of claim status for a given period of time.

**BENEFIT TRIGGERS** Activities of daily living and cognitive impairment levels that trigger the need for Long-Term Care.

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**CHRONICALLY ILL INDIVIDUAL**

A person who has been certified by a licensed healthcare practitioner as being unable to perform at least two activities of daily living (ADLs) for at least 90 days due to a loss of functional capacity or requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

**COGNITIVE IMPAIRMENT** A Long-Term Care insurance policy must pay for services when a deficiency in a person's short or long-term memory requires substantial supervision to maintain the safety of the policyholder and those around them. A doctor must certify cognitive impairment.

**COMPANY CARE COORDINATOR**

A professional who can work with you and your family to determine the appropriate plan of care. In most cases, the coordinator must be approved or recommended by the insurance company.

**CUSTODIAL CARE** Care to help individuals meet personal needs such as bathing, dressing and eating. Someone without professional training may provide this service.

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**DAILY BENEFIT** The amount of insurance benefits that a policy will pay per day for covered Long-Term Care expenses.

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**ELIMINATION PERIOD** A type of deductible; the number of days the individual must pay out of pocket for covered services before the insurance company will begin to make payments. The longer the elimination period, the lower the premium.

**EMERGENCY SYSTEMS** Includes but is not limited to installation and monthly service of a medical alert system and local services by a licensed ambulance.

**EXTENDED CARE FACILITY** Synonym for Assisted Living Facility.

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**FREE-LOOK** A period of 30 days from time of policy delivery in which you may look over the features of your policy and, if dissatisfied, return the policy for a full refund of the premium.

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**GUARANTEED PURCHASE OPTION (GPO)**

This benefit guarantees a policyholder the right to purchase additional units of a daily benefit.

**GUARANTEED RENEWABLE** A policy that cannot be cancelled and must be renewed by the company at the end of its term, unless benefits have been exhausted. The company cannot change the coverage or refuse to renew the coverage for anything but non-payment of premium.

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**HIPAA** "Health Insurance Portability and Accountability Act." Federal legislation passed in 1996 that allows, under specified conditions, for Long-Term Care policies to be qualified for certain tax benefits.

**HOME HEALTHCARE (HHC)** 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 (ADLs), adult day care, personal care, hospice services and respite care.

**HOMEMAKER SERVICES** Basic domestic services that are provided at home to assist a person with chronic illness or disability to remain at home and as independent as possible. Services include housekeeping, cooking, transportation, shopping and bathing.

**HOSPICE** Care that is provided by a public agency to terminally ill patients and their families that emphasizes patient comfort rather than cure. Addresses emotional needs such as coping with pain and death.

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**INCURRED PAYMENT DISBURSEMENT**

This payment method will pay less than the daily maximum if the actual cost for services is less. For instance, if the policy has a \$100 daily benefit, but the actual expenses are only \$80 a day, the policy would only pay \$80 a day.

**INDEMNITY PAYMENT DISBURSEMENT**

This payment method will pay the actual dollar amount of the benefit, regardless of the cost of services. For example, if the policy has a \$100 Daily Benefit, the policy would pay \$100, even if the actual cost of the service rendered were \$75 or \$125.

**INFLATION PROTECTION** Allows policyholder to increase insurance benefits over time to offset higher service costs associated with inflation.

**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.

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**LAPSE** The termination of a policy when a

renewal premium is not paid.

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**MEDICAL ASSISTANCE** A joint federal/state program that pays for healthcare services for those with low incomes or very high medical bills relative to income and assets.

**MEDICARE** The federal program providing hospital and medical insurance to people age 65 or older and to certain ill or disabled persons. Benefits paid for nursing home and home healthcare services are limited.

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**NON TAX-QUALIFIED POLICY** Policyholders cannot claim tax deductions for Long-Term Care premiums on non tax-qualified plans.

**NON-CANCELABLE POLICIES** Insurance contract that cannot be cancelled. Also, the insurance company cannot change the rates.

**NON-FORFEITURE BENEFIT** Insurance feature that, upon voluntary termination of premiums, allows the full daily benefit to be paid for a shortened benefit period.

**NURSING HOME CARE (NHC)** Care received in a licensed nursing facility.

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**OUTLINE OF COVERAGE (OC)** Provides a very brief description of the important features of the policy. You should compare this outline of coverage to outlines of coverage for other policies. This is not an insurance contract.

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**PARTNERSHIP PROGRAMS** Allows policyholders to go on Medical Assistance with a higher level of assets and/or income than would otherwise be allowed.

**PERSONAL CARE HOME** A residential care setting that provides food, shelter, personal care, assistance or supervision to those who need it for activities such as dressing, bathing, diet and financial management.

**POLICY FORM NUMBER** A unique number used for policy identification.

**PRE-EXISTING CONDITION** A medical condition, illness or disability that existed before a person purchased an insurance policy.

**PREMIUM** The amount paid by the policyholder in return for protection against financial loss due to occurrence of an event.

#### **PREMIUM REFUND UPON DEATH**

This provision refunds to your beneficiaries any excess of premiums that you paid over benefits that you may have received. In some policies, the provision is limited to deaths prior to a specified age, such as 65.

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#### **QUALIFIED PARTNERSHIP POLICY**

A Long-Term Care insurance policy that protects assets of the policyholder if Medical Assistance ends up paying for some of the policyholder's Long-Term Care. The policy also has beneficial tax treatment. Required inflation protection features protect younger purchasers from increases in expenses caused by inflation.

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**RESCIND** When the insurance company voids or cancels a policy.

**RESPITE CARE** Short-term care to a dependent individual to alleviate stress and relieve family caregivers.

**RESTORATION OF BENEFITS** Once a policyholder is treatment-free for at least six consecutive months, benefits already paid will be ignored in determining the lifetime maximum benefit for future Long-Term Care facility stays.

**RETURN OF PREMIUM (ROP)** A non-forfeiture benefit that is pre-defined to return a certain portion of premiums paid at a time when premium payments cease. Usually, any claims paid are deducted from ROP.

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**SHORTENED BENEFIT RIDER** Insurance feature that, upon voluntary termination of premiums, allows the full daily benefit to be paid for a shortened benefit period.

**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.

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**TAX-QUALIFIED POLICY** Plans that allow policyholders to deduct their Long-Term Care insurance premiums as medical expenses on their income tax return, up to a specified amount.

**THIRD-PARTY NOTIFICATION** This is a benefit that allows a friend, relative or other person to be notified if the policy is about to lapse for non-payment of premium. This is particularly beneficial when the policyholder suffers from a cognitive impairment.



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**UNDERWRITING** The process of examining, accepting or rejecting insurance risks; and classifying policyholders in order to charge the proper premium.

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**WAIVER OF PREMIUM** A provision that relieves the policyholder from paying premiums

## **LONG-TERM CARE GLOSSARY**

A Supplement to “Your Guide to Long-Term Care Insurance”