

# Long Term Care Insurance

## The Facts

Presented by

Al Marino, CLTC

Amsterdam Consulting Group  
50 Jericho Turnpike  
Suite 106  
Jericho, NY 1153  
(516) 333-5571  
[www.acgbenefits.com](http://www.acgbenefits.com)  
amarino@acgbenefits.com



Corporation for Long Term Care Certified  
[www.ltc-cltc.com](http://www.ltc-cltc.com)



---

# Is Long Term Care Protection For You?

You Need To Answer Four Questions

- Why do you want Long Term Care Insurance?
- Is there a reasonable chance you will need it?
- What is the best plan and combination of benefits for you?
- Can you afford it?

# *What is Long Term Care?*

- Long Term Care is care provided to help you to perform the necessary Activities of Daily Living, otherwise known as “ADLs”.
  - Bathing, Dressing, Transferring, Toileting, Continence, Eating.
- It is also care provided when you are Cognitively Impaired, due to Alzheimer’s Disease, Senility, or even from Mental & Nervous Disorders.
- A continuum of care...Home Health Care, Adult Day Care, Assisted Living & Nursing Home.

---

# *What Can Cause Loss of Activities of Daily Living*

- Stroke
- Arthritis
- Diabetes
- Accident
- Multiple Sclerosis (ms)
- ALS (Lou Gehrig's Disease)
- Aging
- Alzheimer's Disease
- Senility
- Mental Nervous Disorder

# *The Impact of a Long Term Care Event*

## **An LTC Event can have a Significant Impact on a Family**

- Impacts more than just you, it impacts your family.
- Assets & Income that were allocated for retirement, or to ensure a surviving spouse is set financially, or to be left for children and grandchildren must now be spent.
- Children must adjust their lives to care for parents.

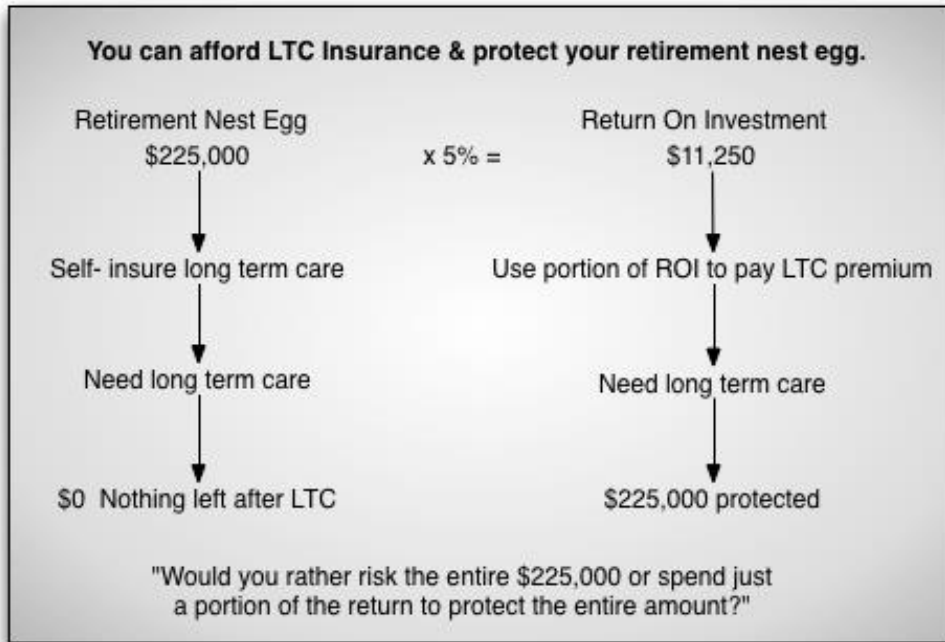
# Comparing Risks to Long Term Care

- 5 out of 1,000 will have a house fire (average loss is \$3,428)<sup>(1)</sup>
- 70 out of 1,000 will have an auto accident (average loss is \$3,000)<sup>(1)</sup>
- 700 out of 1,000 who reach age 65 will require Long Term Care (average cost is \$26,000 to \$70,000 per year)<sup>(2)</sup>

(1) Society of actuaries

(2) Wall Street Journal, June 2004

# You Can Afford Long Term Care Insurance



**Admittedly you may need Long Term Care Service, the statistics prove that. Now what!**

- LTC Insurance can be expensive, but compared to what? If you need the benefit and have the insurance, those premiums turn out to be very inexpensive.
- If you don't purchase LTC insurance, it doesn't eliminate the risk of needing the insurance. The problem has not gone away.
- The cost may come in the form of spending down your assets to qualify for Medicaid, Using your savings to pay for your care, or paying premiums for a LTCi Policy. No matter what there is a cost

# National Average, Current & Projected Long Term Care Costs

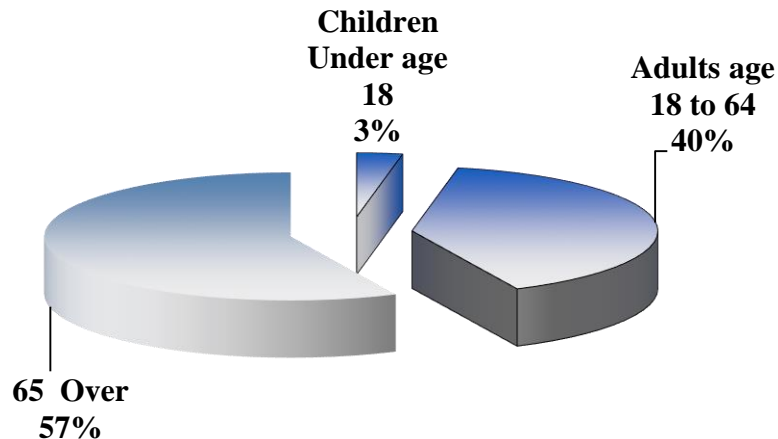
| <u>Service</u>           | <u>2005</u> | <u>2015</u>  | <u>2025</u>  |
|--------------------------|-------------|--------------|--------------|
| Home Health Care         | \$18/hr     | \$30/hr      | \$47/hr      |
| one 8 hr shift           | \$144/day   | \$240/day    | \$376/day    |
|                          | \$52,560/yr | \$87,600/yr  | \$137,240/yr |
| Assisted Living Facility | \$83/day    | \$129/day    | \$359/day    |
|                          | \$30,288/yr | \$47,085/yr  | \$80,665/yr  |
| Nursing Home             | \$192/day   | \$298/day    | \$485/day    |
|                          | \$70,080/yr | \$108,770/yr | \$177,025/yr |

Assumes annual 5% increase

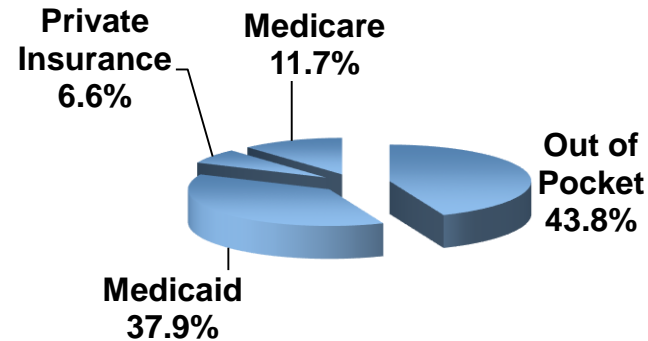


# Who Needs & Who Pays for Long Term Care Insurance

## Who Needs LTC Insurance



## Who Pays For Long Term Care



# *The Rights & Benefits of Medicare*

## **Medicare Part A**

*After at least a 3 day hospital stay, if continuous Skilled Care is required in a Skilled Nursing Facility, then:*

- Medicare pays all approved amounts for the first 20 days
- Medicare pays all but \$109.50 per day for days 21 through day 100
- **101<sup>st</sup> day and beyond Medicare pays \$0**

## **Medicare Part B**

*Home Health Care*

- Medicare pays 100% for Skilled HHC services.
- **No coverage for Custodial care.**

**Less than 2% of Nursing Home income is derived from Medicare and Medicare Supplement plans.**

**It is estimated than Medicare pays only 11% of Home Health Care Cost.**

# *The Rights & Benefits of Medicaid*

## Medicaid

### To Be Eligible The Following Must Apply

- **Home:** Regardless of income. Some states protect the home for a period of up to 6 months if single.
- **Automobile:** Up to \$4,500 value, no limit if used to go to work or used to receive medical care.
- **Personal:** Household goods, personal items up to \$2,000.
- **Property:** Up to \$6,000 equity in a personal and real property, if essential for support.
- **Life Insurance:** Cash surrender value of \$1,600.
- **Assets:** Approximately \$3,950. Assets transferred are subject to a 6 month look back.
- **Burial Costs:** Funeral and burial plots up to \$1,500.
- **Personal Needs:** Allowance is \$35 to \$70 per month, monies spent for personal expenses not covered by Medicaid.
- **Married Couples:** There is a Community Spouse Resource Allowance – it allows the community spouse to retain half of the assets not to exceed \$99,540 and not less than \$74,820 the primary residence is not counted as an asset. The community spouse is able to retain their income, however they may be asked to contribute 25% of any monthly income that exceeds \$2,489.

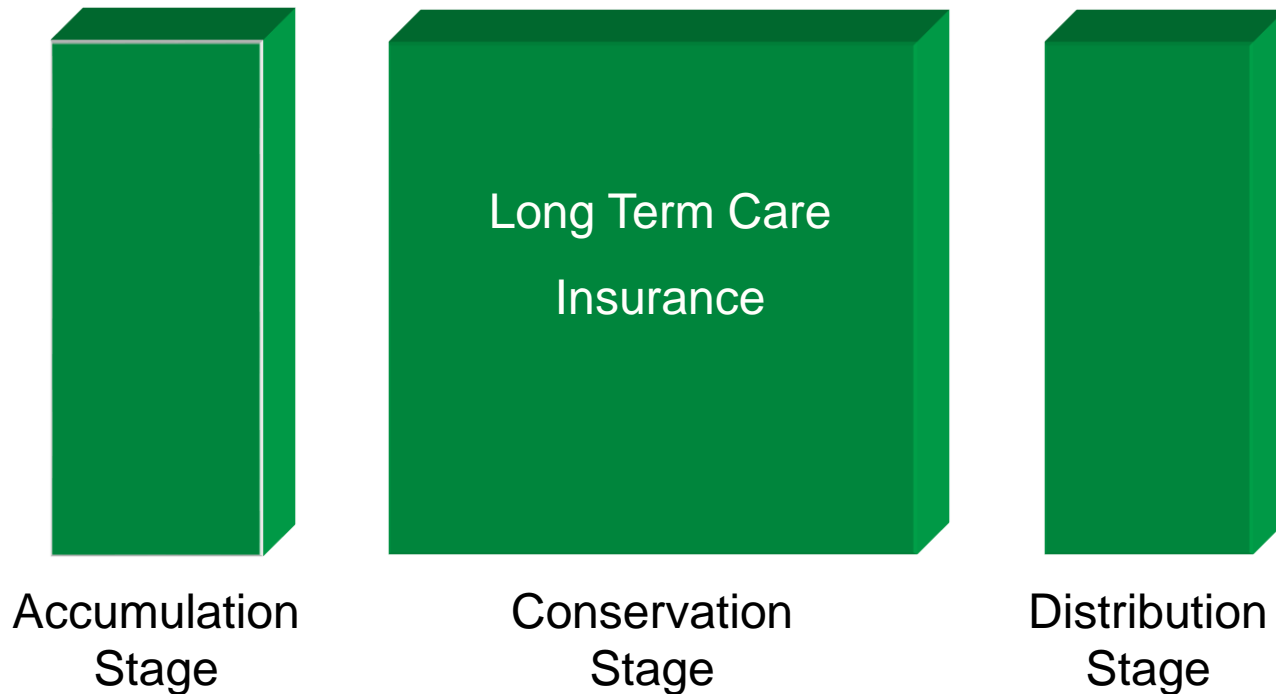
# *Recovery From Your Estate*

## Medicaid

- States are required to recover Nursing Home Medicaid Expenses from the estates of deceased recipients.
- States can go against any real or personal property, including the home you held in your own name.
- The state may even recover from assets you gave away or otherwise disposed of prior to death, or property you held jointly with another.

# *Estate & Financial Planning with LTC insurance*

How LTC Insurance Fits Into Your Estate & Financial Plan



---

# Long Term Care Benefits

# *LTC Policy Benefits*

- **Waiting Period** (elimination period): Time period before benefit starts, usually 30, 60 or 90 days.
- **Benefit Period** (benefit max): How long will the benefits last, usually 3, 5, 6 years. Some plans have a Lifetime benefit period.
- **Daily Benefit**: How much the policy pays each day.
- **Inflation Protection**: Increases to daily benefit to help offset inflation over time. Most policies have 3% simple or 3% compounding inflation protection added to the policy.
- **Nursing Home Care (NHC) Benefit**: How much the policy will pay to a Nursing Home.
- **Home Health Care (HHC) Benefit**: How much the policy will pay for Home Health Care. Usually a percentage of the NHC benefit.

# *LTC Reimbursements*

## The 2 Types of Reimbursement Levels

|                                    | Expense Reimbursement                                  | Cash                                                                   |
|------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------|
| Benefit Dollars                    | Pool of Money to Use                                   | Months of Benefits                                                     |
| Reimbursement                      | Claims are paid via reimbursement                      | Insured receives full monthly benefit each month insured is on benefit |
| Who can be reimbursed for Services | Payment only to profession, approved service providers | Money can be used anyway the client wishes                             |



# *Example of Reimbursement Levels*

In the following example, Joan is on benefit and uses 24 days of home health care. Her policy is for \$200 per day. The follow shows how much the different policy reimbursement type effect payment.

| This example assumes 24 Home Care days in a month | Expense Reimbursement     | Cash                                           |
|---------------------------------------------------|---------------------------|------------------------------------------------|
| Policy Benefit                                    | \$200 per Day             | \$6,000 per Month                              |
| Daily Cost of Care                                | \$180                     | \$180                                          |
| Benefit Paid                                      | \$4,320 (\$180 x 24 days) | \$6,000 (Monthly Benefit if any days are used) |

# Business Deductibility of Premium Payment

If the premium is paid by a business the following types of businesses may deduct 100% of the eligible premium limit for a qualified LTC insurance policy as an above line business expense:

- The Self Employed
- Partnership
- Limited Liability
- S Corporation

C Corporations can deduct up to 100% of the LTC Insurance Premiums.

# *NYS Partnership Plan*

NYS Partnership Plan is a Covenant between you and the state of New York. You promise to purchase LTC with minimum benefits and the state promises at the end of the 3 year benefit period, when you LTC benefit has been exhausted, you will be able to qualify for Medicaid and the state will not touch your assets. You will need to contribute your income to paying for LTC benefits.



## **NYS Partnership plan May Not Be Suitable If:**

- You have a lot of income
- You have few assets to protect
- You can afford Longer Term Benefits

**NYS Partnership Program is a great way to avoid purchasing an expensive longer term LTC policy, because of the asset protection provided in this program**

# *What to Look For When Shopping for a Long Term Care Policy*

## *You should compare:*

- Premium Costs
- How long has the company been writing LTC insurance?
- Company's premium history.
- When can benefits start?
- How are preexisting conditions treated?
- What are the daily maximums and are they indexed for inflation?
- Under what condition are premiums waived?
- What "fine print" benefits are covered?
- What other optional benefits are available? What do they cost?
- What are the settings for covered care? NHC or HHC.

---

# The Most Important Reasons to Purchase a Long Term Care Policy

- Preserves Dignity
- Preserves Assets and Estate
- Relieves Emotional Stress on Family Members
- Avoid Physical Dependence on Family
- Quality of Care
- Guarantee Affordability of Services
- Peace of Mind

---

# Amsterdam Consulting Group



---

Long Term Care  
Insurance  
Professionals

