

Key Features to Shop for in a Long Term Care Insurance Policy

If you are considering buying Long-term Care (LTC) insurance the following is a checklist of the key features to look for when you shop for a LTC Insurance policy.

- ✓ Become familiar with costs in your area and where you think you will be when you need LTC insurance. Buy as large a benefit amount as you can afford. Generally speaking, a LTC insurance Policy that comes as close as possible to covering the full cost of a nursing home that you would choose for yourself or a family member. For example, if the daily cost of a desirable nursing home is \$250 per day, today, then purchase a policy that provides at least \$250 per day benefit. If you purchase a policy that has a lower daily benefit, you will have a greater amount to cover out of your other funds.
- ✓ Buy as much “inflation protection” as you can afford. Compounded inflation protection is the most desirable. You will then have the best chance of your LTC benefit covering more of your actual out-of-pocket costs for LTC.
- ✓ Choose a shorter rather than longer elimination period. Remember, that during the elimination period, you will not get any payout from the LTC policy and will have to pay the full expense for LTC out of your pocket. A 30 day elimination period is most desirable. The most commonly purchased LTC insurance has a 90 to 100 day elimination period which leaves you with a long elimination period during which you cover the entire cost of LTC out of your other funds.
- ✓ Given the new Medicaid look back period of 5 years, buy LTC coverage for a 5 year coverage period. The cost of an “unlimited lifetime” term is usually too high and not worth the expense. In the unlikely event that you stay in a nursing home longer than 5 years, Medicaid will probably cover the cost of that care. If a 5 year policy does not fit into your budget – consider a 3 year policy. If you need LTC after that 3 year time frame – you will need to look at other means of financing the LTC you need.
- ✓ Remember that you will still have to continue paying for other routine health care expenses such as Medicare B and D premiums, Medigap insurance, co-payments, deductibles, dental and eye care, just to name the basics. Those LTC expenses will be in addition to the routine health care expenses you are already paying, such as prescription medication. LTC coverage does not

cover all of your out-of-pocket expenses, even when you are eligible for the LTC coverage.

- ✓ If possible purchase a policy with a “non-forfeiture of benefit” clause. That means if you stop paying for the policy, you will retain some amount of benefit for what you have paid in over time.
- ✓ Consider purchasing a LTC policy through a group, such as your employer. Overall, you will find the best rates and ease of qualifying for coverage if you participate in a group plan. This may be the best option if you have been denied LTC insurance because of “pre-existing conditions”. You may be eligible for inclusion in a group and not even be aware. Many “employer” group policies allow extended family members to apply under that group. The Federal Government and the United States Postal Service makes this type of group available to its workers.
- ✓ If you have a spouse, consider a “shared care” policy. Benefits may be shared between you and your spouse. It is still recommended that you purchase 5 years of coverage for each spouse so as not to have one spouse use too much LTC and the other not have enough of a benefit if needed.
- ✓ Be sure to evaluate the company you are considering purchasing the LTC insurance from. Only purchase insurance from a company that has an A rating from Moody’s or Standard and Poor’s to insure that you are purchasing insurance from a well established company that is most likely to be there to give you good service when you need it.

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