



Long-Term Care Insurance Comparison Guide

1-800-803-7174

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Published by MMAP, Inc with funding made available by the Center for Health Care Strategies. MMAP, Inc. is funded by a grant from the Michigan Office of Services to the Aging through funding received from the Centers for Medicare and Medicaid Services. MMAP, Inc. is also funded by the U.S. Administration on Aging.



LOCAL HELP FOR PEOPLE WITH MEDICARE



Table of Contents

| | |
|---|----|
| Table of Contents..... | 3 |
| About this publication | 4 |
| About MMAP | 4 |
| Introduction to long-term care insurance | 5 |
| What is long-term care? | 6 |
| What types of long-term care are available? | 7 |
| How much does long-term care cost? | 7 |
| How can I pay for long-term care? | 8 |
| Sources of Long-Term Care Coverage..... | 10 |
| Should I buy long-term care insurance? | 11 |
| Is long-term care insurance right for me? | 11 |
| What types of policies can I buy? | 11 |
| Who sells long-term care insurance? | 12 |
| How do long-term care insurance policies work? | 12 |
| How much do long-term care insurance policies cost?..... | 15 |
| What is a tax-qualified long-term care insurance policy?..... | 15 |
| Who can help me plan for my long-term care needs? | 16 |
| Long-Term Care Insurance Shopping Tips..... | 20 |
| What else should I know? | 22 |
| About the long-term care insurance comparison chart | 23 |
| Long-term care insurance comparison chart | 24 |
| Long-term care insurance comparison worksheet..... | 26 |
| What is a reverse mortgage? | 28 |
| Glossary of terms..... | 29 |
| Facts about your long-term care insurance policy | 33 |
| Notes | 34 |

About this publication

The Michigan Medicare/Medicaid Assistance Program developed this publication to help you understand long-term care and the insurance options that can help you pay for long-term care services. This guide will help you figure out the who, what, why, where, and how of long-term care insurance.

By the end of this publication, you will learn:

- What is long-term care insurance
- Who should consider purchasing long-term care insurance
- Why you might want to purchase a long-term care policy
- Where you can find more information
- How to choose the policy that best fits your needs

This guide is for informational purposes only. Please double check costs and coverage information before purchasing long-term care insurance. You can verify the information by contacting insurance companies directly.

Please call your local MMAP office (1-800-803-7174) when you finish reading this publication. A counselor in your community will help you with your remaining long-term care insurance questions and concerns. This assistance is free for all people with Medicare, their families and caregivers.

About MMAP

The Michigan Medicare/Medicaid Assistance Program is a free service that can help you make health insurance decisions. MMAP's mission is to educate, counsel, and empower Medicare beneficiaries and those who serve them so that they can make informed health benefit decisions.

MMAP is an independent program funded by state and federal agencies. It is not affiliated with the insurance industry. Nationally,

this program is called the State Health Insurance Assistance Program (SHIP). There is a SHIP in each state and U.S. territory.

When you call the MMAP 1-800-803-7174 hotline, you will be linked to a counselor in your community. Your counselor can help you:

- Explore long-term care insurance options
- Understand Medicare and Medicaid
- Compare or enroll in Medicare Prescription Drug Coverage
- Review your Medicare supplemental insurance needs
- Understand Medicare health plans
- Apply for Medicaid or a Medicare Savings Program, and
- Report Medicare and Medicaid fraud and/or abuse, scams or identity theft.

Introduction to long-term care insurance

Disability and illness are scary possibilities. Not only do they change lives, they're also very expensive! Long-term care insurance can protect people financially, ensuring that they can live as they do now even if the unexpected strikes.

Long-term care insurance is a type of private insurance policy that will help pay for your long-term care. You purchase a policy before you need long-term care services. Then, if you ever need long-term care, the policy will help pay for your expenses.

For some people, a long-term care policy is an affordable and attractive form of insurance. However, for others, the benefits don't justify the cost. It depends on your age, health status, retirement goals, income, and assets. You may want to consider long-term care insurance if you have significant assets and income you'd like to protect and if you want to choose the setting in which you receive long-term care services (e.g. nursing home, your home, etc.).

This guide will start by giving you an overview of long-term care, which will help you get a better idea of the types of care that may be covered by a long-term care insurance policy. Next, the guide will explain long-term care insurance and your insurance options. Finally, this guide includes a glossary that may help you understand the insurance terms and concepts you will read throughout the guide.

What is long-term care?

Long-term care is the kind of help you may need if you are unable to care for yourself because of a prolonged illness, cognitive impairment, or disability. Long-term care helps a person live as he or she is now; it may not help to improve or correct medical problems.

Long-term care can include a variety of services, such as:

- Help with activities of daily living (bathing, dressing, etc.)
- Home health care
- Hospice care
- Adult day center care
- Respite care
- Care in a nursing home, or
- Care in an assisted living facility.

These long-term care services can be provided by adult day centers, senior centers, home care agencies, traditional nursing homes, and continuing care retirement communities. Family members and friends often provide long-term care services too.

What types of long-term care are available?

There are three general types of long-term care, including:

- **Skilled Nursing Care** – Care that requires treatment from licensed medical personnel, such as a registered nurse (RN) or professional therapist. This care must be ordered by a physician, involves a treatment plan, and is available 24 hours a day in a nursing home. In some situations, skilled care can also be provided in a person's home through licensed home health care professionals.
- **Intermediate Nursing Care** – Less specialized care that is needed to treat stable medical conditions that require daily (but not 24-hour) nursing supervision. Intermediate nursing care is ordered by a physician, carried out by unlicensed nurse aides, and supervised by registered nurses. This type of care is generally needed for a long period of time and can either be provided in a person's home or in a nursing home.
- **Custodial Care** – This type of care helps a person perform activities of daily living (ADLs), such as bathing, eating, and dressing. Custodial care is also called personal care, and is usually provided by unlicensed health care workers. It is less complicated than skilled or intermediate care and can be provided in many settings, including nursing homes, adult day centers, or in a person's home.

How much does long-term care cost?

Long-term care can be expensive. In 2008, the average cost for a year of care in a U.S. nursing home was \$68,000. Personal care in your home can be costly, as well. In 2008, it cost approximately \$18,000 per year to receive three visits a week from a home health aide.

Long-term care costs vary based on the type and amount of care you need, the provider you use, and where you live. The following

chart shows the average cost of long-term care services in Michigan and the U.S.

| Type of Long-Term Care Service | Michigan Average Cost | United States Average Cost |
|----------------------------------|-----------------------|----------------------------|
| Nursing Home - Semi-private room | \$207/day | \$185/day |
| Nursing Home – Private room | \$225/day | \$206/day |
| Assisted Living Facility | \$2,600/month | \$3,185/month |
| Home Health Aide | \$19/hour | \$19/hour |
| Homemaker Services | \$19/hour | \$18/hour |
| Adult Day Center Services | \$64/day | \$60/day |

Source: Genworth 2010 Cost of Care Survey, Genworth Financial, April 2010

How can I pay for long-term care?

You can pay for long-term care services with your personal resources, a long-term care insurance policy, a reverse mortgage, or assistance from Medicaid (if you meet specific criteria). You should not rely on Medicare, Medicare Supplemental Insurance, or employer-sponsored health insurance to pay for long-term care services; they will not pay most long-term care expenses.

- **Medicaid** – Medicaid pays for long-term care for people whose income and assets are below certain guidelines. Medicaid pays for approximately 49 percent of all long-term care expenses in the United States. However, many people that need long-term care services do not meet the financial requirements to receive Medicaid assistance. For help understanding Medicaid, contact your local MMAP counselor by calling 1-800-803-7174.
- **Medicare** – Medicare covers the cost of skilled nursing care, but only in limited situations for a limited amount of time. It does not cover any custodial or intermediate nursing care.

Medicare pays for 20 percent of the nation's long-term care expenses.

- **Personal Resources** – Many people pay for long-term care services by using their personal savings or investments. Sometimes, people sell their homes or take out reverse mortgages to pay for their long-term care needs. (For more information about reverse mortgages, please see page 28.) Approximately 18 percent of the nation's long-term care expenses are paid for by using personal resources.
- **Long-Term Care Insurance** – Long-term care insurance is a type of private insurance policy that will help pay for your long-term care. Approximately 7 percent of the nation's long-term care expenses are paid for by private insurance policies.

Sources of Long-Term Care Coverage

| | Medicaid | Medicare | Long-Term Care Insurance | Health Insurance | Personal Resources |
|---|---|--|---------------------------------|---|---------------------------|
| Skilled Nursing Facility Care | Yes | Yes, 100% coverage for first 20 days. Co-payment of \$137.50 for days 21 - 100 | Yes, coverage depends on policy | Yes, coverage for co-payment if Medicare eligible | Yes |
| Intermediate or Basic Nursing Facility Care | Yes | No | Yes, coverage depends on policy | No | Yes |
| Skilled Care In-home | Yes | Yes, if provided part-time and ordered by a physician | Yes, coverage depends on policy | No | Yes |
| Basic or Custodial Care In-Home | Yes | No | Yes, coverage depends on policy | No | Yes |
| Assisted Living Facility | Yes, coverage for medical needs for people receiving Supplemental Security Income | No | Yes, coverage depends on policy | No | Yes |
| Adult Day Center | Yes | No | Yes, coverage depends on policy | No | Yes |

Should I buy long-term care insurance?

It depends on your age, health status, retirement goals, income, and assets. For some people, a long-term care policy is an affordable and attractive form of insurance. For others, the benefits don't justify the cost. You probably should not buy a long-term care policy if it will cause financial hardship and make you give up more pressing financial needs. You should carefully examine your needs and resources to decide whether long-term care insurance is a good choice for you.

Is long-term care insurance right for me?

You should not buy long-term care insurance if:

- You cannot afford the premiums now or after you retire
- You have few assets
- Your only source of income is Social Security retirement/disability income or Supplemental Security Income (SSI)
- You have trouble paying for utilities, food, medicine, or other important needs
- You are already receiving Medicaid

You should consider buying long-term care insurance if:

- You have significant assets and income
- You want to protect some of your assets and income
- You can pay for the premiums without financial difficulty, now and in the future

What types of policies can I buy?

Many insurance companies offer different policies that have many combinations of long-term care benefits and coverage. Long-term care insurance policies are not standardized like Medicare Supplemental Insurance (Medigap) policies.

Most policies pay a fixed amount for each day that you receive long-term care (e.g. \$100/day). However, unless the policies provide a way for that amount to increase as long-term care costs increase (e.g. inflation protection or adjustment), you may be left with a benefit that is too low when you need to use the policy, especially if health care costs continue to rise.

Please see pages 24 and 25 for examples of the long-term care insurance policies available in Michigan.

Who sells long-term care insurance?

Private insurance companies sell long-term care insurance. Policies may be sold through insurance agents or through the mail without agents. Some companies also sell coverage through senior citizen organizations, fraternal societies, continuing care retirement communities, and other groups. Additionally, some employers now offer long-term care policies to their employees and retirees.

You can also buy long-term care insurance as part of an individual life insurance policy or convert the equity you have in a life insurance or annuity policy into long-term care insurance (tax free). However, this guide does not discuss those policies. For more information, please contact the Michigan Office of Financial and Insurance Regulation at 1-877-999-6442.

How do long-term care insurance policies work?

Michigan law sets standards for long-term care insurance policies sold in this state. Starting in 1990, long-term care policies sold in Michigan must:

- Provide coverage for all levels of nursing home care, including skilled, intermediate, and custodial care.
- Provide coverage for home care services.
- Pay for care even without a prior hospital or skilled nursing facility stay.

- Be guaranteed renewable. As long as you pay your premiums, the insurance company cannot drop you if you reach a certain age or become ill.
- Offer an inflation adjustment option.
- Not limit coverage for pre-existing conditions for more than six months.
- Not exclude or limit coverage for Alzheimer's disease or related disorders after a policy is purchased.
- Provide a 30-day "free look" period. If you decide you do not want the policy within the first 30 days, you are entitled to a full refund. If you decide you do not want the policy after 30 days, you can get a partial refund

What's Not Covered - Generally, long-term care insurance will not pay for care related to:

- Mental and nervous disorders or diseases, other than Alzheimer's or other dementia;
- Alcoholism and drug addiction
- Illnesses caused by an act of war
- Treatment already paid for by the government
- Attempted suicide or intentionally self-inflicted injuries

Amount of Coverage – Most policies pay a fixed amount for each day that you receive long-term care services, known as the daily benefit amount (DBA). For instance, policies may pay \$50 to \$250 for each day that you receive care in a nursing home. You can choose the amount of coverage your policy provides.

It is important that you know what nursing facilities in your area charge before you select a daily benefit amount. That will help you understand how much coverage you'll get from your long-term care policy. In 2009, the average cost for nursing home care in Michigan was \$198 per day. It is also important to remember that this cost probably will increase over time. For that reason, you may want to

consider a policy with inflation protection so your benefits will increase as health care costs increase.

Long-term care insurance policies offer different levels of coverage for nursing home and home health care. The home health care benefit is usually equal to half of the daily nursing home benefit.

You can also choose how long you would like a policy to pay for long-term care services. This is called the benefit period. Most companies offer a variety of benefit periods, ranging from 1 year to 5 years. Some companies also offer policies that will pay for an unlimited amount of care.

Policy Waiting Periods - Most policies come with a waiting period, or elimination period. That means that your insurance coverage does not begin until you have received long-term care services for a certain number of days (e.g. 20, 30, or 100). During this period, you are responsible for the entire cost of your long-term care. However, after the elimination period, your long-term care policy will begin to pay for some or all of your expenses.

Eligibility for Benefits – Before you can use your long-term care insurance policy, the company has to decide that you are eligible to receive benefits. Generally, companies look at your ability to complete activities of daily living, such as eating, bathing, or dressing. Companies usually require that you be impaired in at least two or three activities of daily living to be eligible for your insurance benefits. These are known as benefit triggers. Many companies also require a doctor's statement of medical necessity before you can receive benefits.

Other Policy Options – Long-term care policies offer other options to let you customize your benefits. For instance, policies may offer a death benefit, which gives your estate a refund of some of the premiums you paid for your long-term care insurance policy. Policies may also offer options that let you downgrade to a cheaper insurance policy if you can no longer afford the monthly premiums

or policies may waive your premium while you are receiving long-term care services.

How much do long-term care insurance policies cost?

Long-term care insurance policies can be expensive, but that's because it insures against expensive health situations. Premiums are based on a variety of factors, including your age and health when you buy a policy and the level of coverage, benefits, and options you choose for your policy. The older you are when you purchase a policy, the more expensive it will be. Your policy may also be more expensive if you already have any health conditions and the policy premium costs may increase over time. Lastly, better coverage will cost more. Your premium will be higher if you choose a higher daily benefit amount, a shorter elimination period, or a policy with inflation protection. Please see the chart on pages 24 and 25 for more information about long-term care insurance policy costs in Michigan.

What is a tax-qualified long-term care insurance policy?

You may be asked to choose between a "tax-qualified" long-term care insurance policy and one that is "non-tax-qualified." There are important differences between the two types of policies.

A federally tax-qualified long-term care insurance policy offers federal income tax advantages for people who itemize their deductions. If you have a qualified long-term care policy, you may be able to deduct part or the entire premium you pay for the policy.

You are only allowed to deduct a certain amount, based on your age, as shown in the table on the next page. This cap increases annually based on the Medical Consumer Price index. To determine your deduction, add the long-term care insurance premium to your other deductible medical expenses. Up to the cap, you can deduct

the amount that is more than 7.5% of your adjusted gross income on your federal income tax return.

If you purchased a long-term care policy before 1997, it is probably tax-qualified. Federal law allowed these policies to be grandfathered and considered as tax-qualified policies. Check with your tax advisor to see whether your policy is deductible before you try to claim it on your tax return.

| 2009 Federal Tax Deduction Limits | |
|--|--------------------------|
| Your Age | Maximum Deduction |
| 40 or younger | \$320 |
| More than 40 but less than 50 | \$600 |
| More than 50 but less than 60 | \$1,190 |
| More than 60 but less than 70 | \$3,180 |
| 70 or older | \$3,980 |

For more information see: www.irs.gov/publications/p502

Who can help me plan for my long-term care needs?

There are professionals who can help you plan for your long-term care needs, including attorneys, financial planners, and insurance professionals.

Attorneys specialize in different areas of the law. For long-term care planning, you will need an attorney that is knowledgeable in estate, tax, and Medicaid law. You may want to interview a few attorneys before choosing someone to help you with your long-term care planning. Here are a few questions that can be important to ask a prospective attorney:

- Do you have partnerships with financial or insurance professionals who will benefit from the recommendations you make to me?
- What training have you completed about Medicaid or long-term care planning?
- How recent was the training? How often do you work with Medicaid or long-term care planning issues?
- Is there anyone else in your office that works with these issues?
- Are you familiar with Medicaid rules and regulations?
- Do you have access to the Medicaid manuals?
- Do you have any references or clients that you helped with Medicaid or long-term care planning?

Financial planners provide you with money management recommendations, including advice on taxes, estate planning, insurance, and investments. Financial planners may be licensed to sell insurance or they may refer you to someone who is licensed. Be careful! Financial planners are not regulated by uniform state or federal regulations, so their qualifications can vary considerably. There are currently three recognized designations for financial planners:

- **Certified Financial Planner (CFP)** – Certified Financial Planners are usually the most experienced of the financial planners. CFPs must pass a two-day, ten-hour examination covering investment management, employee benefits, insurance, taxes, retirement, and estate planning. They must also have three to five years of financial planning experience. To maintain their designation, CFPs must earn 30 hours of continuing education credits every two years.
- **Chartered Financial Consultant (CFC)**– Most planners with this designation have a background in the insurance industry.

CFCs must have three years of related experience and must pass ten, two-hour tests.

- **Personal Financial Specialist (PFS)**- This is an additional designation for Certified Public Accountants. PFSs focus on personal financial planning and often have backgrounds as tax specialists.

To get the most out of your financial planning you should think about what you want to accomplish. For instance, you may want to explore long-term care planning, estate planning, or investment advice. You may want to interview several financial planners before choosing one. The following questions may help you select a financial planner:

- How long have you been doing financial planning and working directly with clients?
- What credentials do you have?
- Who are your typical clients or what are your areas of specialization?
- Will I be working directly with you or with others in your firm?
- May I see a few sample plans that you have developed for other clients?
- May I have a list of references?
- Will other professionals, such as accountants and attorneys, be helping prepare my plan? If so, who are they?
- How do you keep your clients up-to-date about financial information that is important to them?
- Do you do follow-up reviews?
- What is your approach to financial planning? For example, do you bring together all financial goals or only advise on specific areas? How cautious or aggressive are you?
- How will you be paid? For example, do you draw a salary from the company you work for? Do you receive fees from me based

on an hourly rate or percentage of my assets or income? Do you receive a commission from a third party for the products you sell me?

Insurance Professionals sell a number of products such as health, life, long-term care insurance, and annuities. Insurance agents must be licensed to sell each of these different insurance products. Some insurance agents sell policies from many companies, while others only sell policies from the one company that they work for. When you choose an agent you are actually choosing two parties — the insurance company and the agent. You need to be comfortable with both. You may want to interview several insurance professionals before selecting someone to help you with your long-term care planning. The following questions may help in your selection:

- What insurance products do you sell? (e.g. long-term care, life, health, etc.)
- How long have you been selling insurance?
- How long have you been with your insurance agency?
- How long has your agency been in business?
- What did you do before you sold insurance?
- What trainings or continuing education classes have you completed? When were they?
- Do you have a professional designation such as Certified Financial Planner or Chartered Financial Consultant (ChFC)?
- How are insurance claims handled and by whom?
- How can you accommodate any future changes that I have in my insurance needs and planning?
- What other services do you provide?

Long-Term Care Insurance Shopping Tips

Long-Term Care Insurance Shopping Tips

- Check with several insurance companies and agents before making a decision. Prices and benefits vary and you may be able to find a better policy for you if you shop around.
- Don't buy insurance in a hurry. There are no "deals" in insurance and a reputable agent will still be there tomorrow.
- Don't buy multiple policies; one policy is all you need.
- Check to see if there is a cap or limit on benefits before you purchase a policy.
- Get a business card from the insurance agent. Call the company to make sure the agent is employed there and licensed to sell insurance.
- Never pay in cash! Your payment should be a check or money order made out to the company, not to the agent.
- Read the policy carefully when you receive it in the mail. Make sure it is what you thought you were buying. Michigan has a 30-day "free-look" law, so if you didn't get what you thought you were buying you can get a full refund within the first 30 days.

Long-Term Care Insurance Shopping Tips

- Michigan does not license assisted living facilities, so make sure your policy does not say it will only pay benefits for “licensed facilities.” If a policy does have that provision, before you purchase it you should ask the company for something in writing that says it will waive that requirement for Michigan residents. (Note: Adult Foster Care or Homes for the Aged, which fall under the assisted living umbrella, are licensed in Michigan.)
- Ask how much it costs to add inflation protection to a policy.
- Take your time, ask questions, and don’t be pressured. Don’t be misled by advertising or led into thinking that your medical history doesn’t matter; it does. A physical probably will be required and there is no limit to how far back a company can review your medical history.
- Understand how the company will determine when you become eligible for your benefits. This information can usually be found under the section in the policy entitled “Eligibility for the Payment Benefits.”

Contact MMAP to discuss your long-term care questions with a counselor.

1-800-803-7174

What else should I know?

You can contact the Michigan Office of Financial and Insurance Regulation (OFIR) if you have a complaint or problem with an insurance agent or company. OFIR regulates HMOs, banks, credit unions, insurance companies, insurance agents, investment advisers, securities broker-dealers, consumer finance lenders, and securities agents. OFIR has insurance and financial information available online at its web site, www.michigan.gov/ofir. All information is also available through the OFIR toll free number, 1-877-999-6442.

Always check an insurance company's financial stability before purchasing a long-term care insurance policy. Several agencies and firms analyze the financial health of insurance companies and give them ratings. These ratings are available to the public. A high rating does not guarantee a company will stay in business, but it gives some information about the company's current standing. The following companies rate insurance companies:

A.M. Best Company 1-908-439-2200 www.ambest.com

Demotech, Inc. 1-614-761-8602 www.demotech.com

Fitch, Inc. 1-800-753-4824 www.fitchratings.com

Moody's Investors Service 1-212-553-1653 www.moody's.com

Standard & Poor's 1-212-438-2400 www.standardandpoors.com

Weiss Research, Inc. 1-800-289-9222 www.weissratings.com

About the long-term care insurance comparison chart

The chart on the following pages will give you an overview of some long-term care insurance policies sold in Michigan. You can use this chart to compare some long-term care insurance policies and insurance companies. However, these are only examples. You should also do your own investigation of policies and prices. Please contact the insurance companies directly for more information and to get a personalized rate quote.

The chart only contains a sample of long-term care insurance policies. It does not include all companies that sell long-term care insurance policies in Michigan. ***Inclusion in this guide is not an endorsement of the policy or insurance company selling the policy.*** The information in this chart is based upon the most current information available from the Michigan Office of Financial and Insurance Regulation (OFIR). The rates quoted were current at the time of printing and are subject to change. For a complete list of companies that sell long-term care insurance in Michigan, call OFIR at 1-877-999-6442.

Other notes about the chart:

- Some of the policies listed have a lifetime cap (limit) on the amount of dollars they will pay out. Check with your insurance agent about a cap or limit on benefits before making a purchase.
- The premium prices listed are based on coverage for a healthy 65 year old. Rates and the companies' willingness to insure you may vary depending on your age and health status.
- All companies must offer an inflation adjustment option. The premiums listed in the chart are calculated without the inflation option. Ask your insurance how much it will cost to add inflation protection to a policy.

Long-term care insurance comparison chart

| Company | Nursing Home Benefit | Home Health Benefit | Benefit Period | Elimination Period | Premium at age 65 |
|--|-----------------------------|----------------------------|-----------------------|---------------------------|--------------------------|
| Bankers Life and Casualty Company 600 West Chicago Avenue Chicago, IL 60610 (312) 396-6000 | \$100/day | \$50/day | 3 years | 30 days | \$1,383/year |
| John Hancock Insurance Company 200 Berkeley Street Boston, MA 02117 1-800-270-1700 | \$100/day | \$100/day | 3 years | 30 days | \$1512/year |
| Metropolitan Life Insurance Company 1 MetLife Plaza Long Island City, NY 11101 1-800-308-0179 | \$100/day | \$50/day | 3 years | 30 days | \$912/year |

| Company | Nursing Home Benefit | Home Health Benefit | Elimination Period | Benefit Period | Premium at age 65 |
|---|-----------------------------|----------------------------|---------------------------|-----------------------|--------------------------|
| Physicians Mutual Insurance Company 2600 Dodge Street Omaha, NE 68131 1-800-228-9100 | \$100/day | \$50/day | 3 years | 30 days | \$1,155/year |
| Unum Life Insurance Company 2211 Congress Street Portland, ME 04122 (207) 575-2211 | \$100/day | \$50/day | 3 years | 60 days | \$1,513/year |

These insurance companies are used for example purposes only. MMAP does not endorse any of these companies.

The rates listed here are estimates. Please contact the insurance companies directly for the most current rates.

Long-term care insurance comparison worksheet

| Policy 1 | | | |
|--|-----------------------------|----------------------|-----------------------|
| Company Name: | | | |
| Agent Name: | | | |
| Phone Number: | | | |
| Benefits | | | |
| | Care Covered (Yes or No) | Length of Benefit | Amount of Coverage |
| Nursing Home, Skilled | | | |
| Nursing Home, Intermediate | | | |
| Nursing Home, Basic | | | |
| In-Home, Skilled Care | | | |
| In-Home, Personal Care | | | |
| Adult Day Care | | | |
| Assisted Living Facility | | | |
| Elimination Period: | | | |
| Inflation Adjustment %, Simple or Compounded: | | | |
| Lifetime Limits: | | | |
| Limits on Number of Days: | | | |
| Determining Eligibility for Benefits: | | | |
| Pre-Existing Condition Waiting Period: | | | |
| Length of Look Back for Pre-Existing Conditions: | | | |
| Nursing Home Benefit: | | | |
| Home Health Benefit: | | | |
| Adult Day Care Benefit: | | | |
| Assisted Living Facility Benefit: | | | |
| Other Provisions | | | |
| Waiver of Premium: | | | |
| Death Benefit: | | | |
| Cost | | | |
| Basic Premium, excluding Riders: | | | |
| Cost for Inflation Rider: | | | |
| Cost for Waiver of Premium/Death Benefit Rider: | | | |

Long-term care insurance comparison worksheet

| Policy 2 | | | |
|--|-----------------------------|----------------------|-----------------------|
| Company Name: | | | |
| Agent Name: | | | |
| Phone Number: | | | |
| Benefits | | | |
| | Care Covered (Yes or No) | Length of Benefit | Amount of Coverage |
| Nursing Home, Skilled | | | |
| Nursing Home, Intermediate | | | |
| Nursing Home, Basic | | | |
| In-Home, Skilled Care | | | |
| In-Home, Personal Care | | | |
| Adult Day Care | | | |
| Assisted Living Facility | | | |
| Elimination Period: | | | |
| Inflation Adjustment %, Simple or Compounded: | | | |
| Lifetime Limits: | | | |
| Limits on Number of Days: | | | |
| Determining Eligibility for Benefits: | | | |
| Pre-Existing Condition Waiting Period: | | | |
| Length of Look Back for Pre-Existing Conditions: | | | |
| Nursing Home Benefit: | | | |
| Home Health Benefit: | | | |
| Adult Day Care Benefit: | | | |
| Assisted Living Facility Benefit: | | | |
| Other Provisions | | | |
| Waiver of Premium: | | | |
| Death Benefit: | | | |
| Cost | | | |
| Basic Premium, excluding Riders: | | | |
| Cost for Inflation Rider: | | | |
| Cost for Waiver of Premium/Death Benefit Rider: | | | |

What is a reverse mortgage?

A reverse mortgage is a special type of loan made to older homeowners that allows them to convert the equity in their home into cash. They can then use that cash to finance long-term care, living expenses, home improvements, or other needs. With a reverse mortgage, you can turn the value of your home into cash without having to move or to repay the loan each month. The cash you get from a reverse mortgage can be paid to you in several ways: all at once; as a monthly cash advance; as a "credit line" account that lets you decide when and how much cash is paid to you; or as a combination of these payment methods.

No matter how this loan is paid out to you, you typically don't have to pay anything back until you die, sell your home, or permanently move out of your home. To be eligible for most reverse mortgages, you must own your home and be 62 years of age or older. Your home must be free and clear (or nearly so) of debt and tax liens.

The size of the reverse mortgage depends on the type of reverse mortgage, the borrower's age, the home's property value and current interest rates. The older the applicant is the larger the monthly payment or line of credit. This is due to the shorter life expectancy that is used in determining the size of the payment.

Interest is charged for the mortgage. The interest is usually an adjustable rate that can change monthly or yearly. The loan can be repaid by the borrower or the borrower's family or estate, with or without the sale of the house. If the home is sold the proceeds go to the lender with any excess going to the borrower or the borrower's estate. If proceeds are less than the value of the loan the shortfall is usually covered by insurance and is not the responsibility of the borrower or the borrower's estate.

Reverse mortgages are offered through banks, thrifts, mortgage banking firms, consumer finance firms, and financial services corporations.

Glossary of terms

30-Day Look Back Period – A provision in Michigan law that says long-term care insurance policies must allow a policy holder to cancel a long-term care policy within 30 days of purchase with a full refund. Refunds after 30 days are pro-rated.

Activities of Daily Living (ADLs) - Everyday and activities individuals usually do without help. ADLs include bathing, dressing, eating, toileting, walking or wheeling, and transferring into and out of bed. Many long-term care insurance policies use the inability to perform a certain number of ADLs to decide when to pay benefits.

Adult Day Center Care – Care provided during the day at a community-based center for adults who need assistance or supervision during the day, but who do not need round-the-clock care.

Adult Foster Care (AFC) - A family home, small group home, large group home or congregate facility licensed to provide supervision, protection and personal care to ambulatory adults age 18 and over who are aged, developmentally disabled, mentally ill or physically disabled and who require supervision on an ongoing basis but do not require continuous nursing care.

Alzheimer's Disease - A progressive, degenerative form of dementia that causes severe intellectual deterioration.

Assisted Living Facility – A residential living arrangement that provides individualized personal care and health services for people who require assistance with activities of daily living. The types and sizes of facilities vary; they can range from a small home to a large apartment-style complex. They also vary in the levels of care and services that can be provided. Assisted living facilities offer a way to keep a relatively independent lifestyle for people who don't need the level of care provided by nursing homes.

Custodial (Personal Care) - Care to help individuals meet personal needs such as bathing, dressing, and eating. Someone without professional training may provide care.

Eligibility for Benefits - The manner in which an insurance company determines whether benefits are paid. Eligibility for benefits is usually tied to an individual's inability to perform activities of daily living. It is also sometimes called a benefit trigger.

Elimination Period – The length of time before a beneficiary becomes eligible to receive for long-term care insurance benefits. An elimination period is usually 20, 30, 60, 90, or 100 days. It is also sometimes called a deductible or waiting period.

Guaranteed Renewable – An insurance policy is guaranteed renewable if the insurance company guarantees the policy can be renewed and can only be cancelled for not paying the premium.

Home Health Agency (HHA) - An agency that provides medical services in an individual's home. The services may be provided by a nurse, occupational, speech or physical therapist, social worker, or home health aide.

Home Health Aide - A person who provides personal care such as bathing, dressing and grooming.

Hospice – Continuous care provided at home or in a facility with a homelike setting for a terminally ill person with a life expectancy of six months or less.

Inflation Protection – A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of long-term care services.

Long-Term Care - The broad spectrum of medical and support services provided to persons who have lost some or all capacity to function on their own due to a chronic illness or condition, and who are expected to need such services over a prolonged period of time. Long-term care can consist of care in the home, adult day care, or care in an assisted living or skilled nursing facility.

Long-Term Care Facilities - A range of institutions that provide health care to people who are unable to live independently in the community. Facilities may provide short-term rehabilitative services as well as chronic care management.

Long-Term Care Insurance - Insurance that helps pay for some of the costs associated with long-term care. Benefits are often paid in the form of a fixed amount (per day or per visit) for covered expenses.

Medicaid – A joint federal/state program that pays for health care services for those with low incomes or very high medical bills relative to their income and assets.

Medicare - The federal program providing primarily skilled medical care and medical insurance for people aged 65 and older, some people with disabilities, and people with end-stage renal disease. Benefits for nursing home and home health services are limited.

MMAP, Inc. (Michigan Medicare/Medicaid Assistance Program) - MMAP is a free service that can help you make health insurance decisions. MMAP's mission is to educate, counsel, and empower Medicare beneficiaries and those who serve them so that they can make informed health benefit decisions.

Nursing Facility or Nursing Home – A licensed facility that provides general nursing care to those who are chronically ill or unable to take care of daily living needs. Nursing homes may also be referred to as long-term care facilities.

Personal Care (Custodial Care) - Care to help individuals meet personal needs such as bathing, dressing, and eating. Someone without professional training may provide care.

Pre-existing Condition – Illness or disability for which you were treated or advised within a certain time period before applying for an insurance policy.

Respite Care – Care provided by a third party that relieves family caregivers for a few hours to several days and gives them an occasional break from daily care giving responsibilities.

Reverse Mortgage – A special type of loan made to older homeowners that enables them to convert the equity in their home into cash to finance long-term care, living expenses, or other needs.

Skilled Nursing Care - Nursing and rehabilitative care that can be performed only by, or under the supervision of, licensed and skilled medical personnel. The care is usually needed 24 hours a day and must be ordered by a physician.

Skilled Nursing Facility - Provides 24-hour nursing care for chronically ill individuals and short-term rehabilitative services to residents of all ages.

Supplemental Security Income - A federal program that pays monthly benefits to people in need who are 65 years or older or who are blind or otherwise disabled. The purpose of the program is to provide sufficient resources so that any one who is 65 or older, blind, or otherwise disabled, can have a basic monthly income. Eligibility is based on income and assets.

Tax Qualified Long-Term Care Insurance Policy – A policy that conforms to certain standards in federal law and offers certain federal tax advantages.

Waiver of Premium - A provision that allows you to stop paying premiums once you have started receiving long-term care insurance benefits.

Facts about your long-term care insurance policy

Use this form after you buy a policy. Fill out this form and put it with your important papers. You may want to make a copy for a friend or relative.

Insurance Policy

Person Covered: _____

Policy Number: _____

Date Purchased: _____

Annual Premium: _____

Insurance Company and Agent

Company Name: _____

Address: _____

Phone Number: _____

Agent Name: _____

Phone Number: _____

Address: _____

Type of policy

_____ Nursing Home only _____ Home Care only _____ Tax-qualified

_____ Other _____ Comprehensive

How long is the waiting period before benefits begin? _____

How do I file a claim? _____

How often do I pay premiums? _____

Are premiums deducted from my bank account? _____ Yes _____ No

Where do I keep this long-term care policy? _____



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Published by MMAP, Inc with funding made available by the Center for Health Care Strategies. MMAP, Inc. is funded by a grant from the Michigan Office of Services to the Aging through funding received from the Centers for Medicare and Medicaid Services. MMAP, Inc. is also funded by the U.S. Administration on Aging.