



MMAP, Inc.
Michigan Medicare/Medicaid Assistance Program

Navigating
Medicare

Long Term Care Insurance Comparison Guide



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Medicare

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LOCAL HELP FOR PEOPLE WITH MEDICARE

Table of Contents

About this book	4
About MMAP.....	5
What is long term care?.....	6
How much does long term care cost?.....	7
Who pays for long term care?.....	7
Should I buy long term care insurance?.....	9
What kinds of policies are available?	10
What is a Federally Tax-Qualified long term care insurance policy?.....	11
How do policies work?.....	13
Insurance shopping tips for consumers.....	21
About the Long Term Care Insurance comparison chart.....	25
Long Term Care Insurance Comparison Chart.....	26
Long Term Care Insurance Comparison Worksheet.....	28
Glossary of Terms.....	31

About this booklet

MMAP, Inc. developed this workbook with you in mind. This workbook will help you figure out your long term care needs, compare the various long term care insurance policies, help you understand what to look for when shopping for long term care insurance and determine which, if any, policy is the best for you.

Most people do everything they can to protect themselves and their families from financial worry and hardship. They buy homeowners insurance to protect against natural disasters. They buy life insurance to protect their family in case of a tragedy. But too many people fail to realize that it's just as important to protect against the financial strain that can arise when a family member needs long-term care.

Often, long-term care seems like a far away idea — particularly when there are more immediate needs like college tuition, retirement goals, and current financial obligations. But it's important to realize that putting together a solid, responsible long-term care plan before it's needed can save both care recipients and their families a great deal of financial and emotional hardship.

Long-term care costs are rising, and they can put an enormous financial strain on any family. But with the proper planning and foresight, they don't have to. The information in this booklet contains statistics that you may find helpful as you begin to think about your chances of needing long-term care. You'll also find glossaries of key terms, information about long-term care insurance and information about Medicare and Medicaid. Finally, this booklet points you to sources of information and tips on how to find appropriate experts.

Planning for long term care is a complicated process. It involves your whole family, and it takes time. But it's one of the most important things you can do to protect your family from financial hardship, both now and in the future.

If you do not already have a MMAP counselor, please call the MMAP 800 number (1-800-803-7174). You will be connected with a MMAP counselor in your community who can meet with you and help you with every step outlined in this book.

About MMAP

MMAP is a free health-benefits counseling service for Medicare and Medicaid beneficiaries and their families or caregivers. Our mission is to educate, advocate, counsel and empower people to make informed benefit decisions.

MMAP is an independent program funded by state and federal agencies. Nationally this program is called the State Health Insurance Assistance Program (SHIP).

When you contact the MMAP office (1-800-803-7174), you will be linked to your local MMAP site where a counselor can help you:

- Figure out your long term care needs,
- Explore long term care financing options, including long term care insurance,
- Review your Medicare supplemental insurance needs, compare policies and pursue claims and refund,
- Understand health care options under managed care and Medicare Advantage,
- Enroll in Medicare Savings Programs,
- Understand doctor bills, hospital bills and Medicare Summary Notices,
- Understand Medicare/Medicaid eligibility, enrollment, coverage, claims and appeals,
- Identify resources for prescription drug assistance, and
- Identify and report Medicare/Medicaid fraud and abuse.

What is long term care?

Long term care is the kind of help you need if you are unable to care for yourself because of a prolonged illness, cognitive impairment (problems with a person's short or long term memory or judgment as it relates to safety awareness) or a disability. Someone with a physical illness or disability often needs hands-on help with activities of daily living. People with cognitive impairments usually need supervision, protection, or verbal reminders to do everyday activities.

Long term care is provided by home care agencies, senior centers, adult daycare centers, traditional nursing homes and continuing care retirement communities. Family members often provide long term care as well. There are generally three types of long term care:

- **Skilled nursing care** is needed for medical conditions that require care by licensed medical personnel, such as a registered nurse (RN) or professional therapist. This care is available 24 hours a day in a nursing home, is ordered by a physician and involves a treatment plan. In certain situations skilled care is given in a person's home with help from a home care nurse provided through a Home Health Agency (HHA).
- 2. **Intermediate nursing care** is less specialized care needed for stable conditions that require daily (but not 24-hour) nursing supervision. Such care is ordered by a physician, carried out by unlicensed nurse aides and supervised by registered nurses. Intermediate care is generally needed for a long period of time. Depending on the situation, this care can be provided in a person's home or in a nursing home.

- **Custodial care**, sometimes called **personal care**, helps a person perform activities of daily living (ADL) such as bathing, eating, dressing and other routine activities. Custodial care is usually provided by unlicensed health care workers. It is less intensive or complicated than skilled or intermediate care and can be provided in many settings, including nursing homes, adult daycare centers or at home.

For information on how to choose a nursing home or other long term care facility or services, contact the Michigan Long-Term Care Ombudsman Program either on the internet at www.miseniors.net, or call 1-866-485-9393.

How much does long term care cost?

Long term care can be expensive. In 2004, the National average cost of a year in a nursing home was \$54,900. If you received skilled nursing care in your home and received one-hour visits from a nurse three times a week for an entire year, the bill would be about \$15,600. The same number of visits from a home health aide would total about \$4,680 for the year.

WHO PAYS FOR LONG TERM CARE

Nationally, more than half of all nursing home expenses are paid out-of pocket by individuals and their families. Somewhat less than half are paid by state Medicaid programs. Medicare, Medicare supplemental insurance and health insurance provided by employers will not pay for most long term care expenses.

Medicare covers the cost of some skilled nursing care in an approved nursing home or in your home, but only in specific situations. Medicare does not cover custodial or intermediate care.

Medicare supplemental insurance (Medigap) is private insurance designed to help cover some of the gaps in Medicare coverage, such as co-payments and deductibles. These policies do not cover long term care expenses.

Personal Resources account for over one-third of all nursing home costs. Individuals and their families use savings and investments, often sell assets, such as their homes, to pay for their long term care needs.

Medicaid pays for nearly half of all nursing home care. To receive Medicaid assistance, you must meet federal poverty guidelines, although your spouse at home will be allowed to keep some of your income and assets. Many people who begin paying for nursing home care out of their own pockets spend down their financial resources until they become eligible for Medicaid. For help understanding Medicaid eligibility requirements review the MMAP publication entitled *When Your Spouse is in a Nursing Home* (available on MMAP's web site, www.mmapinc.org or through your local MMAP counselor at 1-800-803-7174).

Note: Medicare and Medicaid have their own definitions of skilled nursing care, which do not necessarily match definitions found in long term care insurance policies

Should I buy long term care insurance?

Not everyone should buy a long term care insurance policy. For some a long term care policy is an affordable and attractive form of insurance. For others the cost is too great and the benefits are insufficient to justify the cost. Buying a long term care policy should not cause a financial hardship and make you give up more pressing financial needs. Each person should carefully examine his or her needs and resources to decide whether long term care insurance is appropriate for them.

The need for long term care can arise gradually or suddenly after an acute illness. Some people need nursing home care for only short periods. Others may need it for many months or years.

One national study projects that 42% of Americans who reach the age of 70 can expect to utilize some type of long term care during the remainder of their lives. Among all persons who live to age 65, about 1 in 3 will spend three months or more in a nursing home; about 1 in 4 will spend one year or more in a nursing home; and, only about 1 in 11 will spend 5 years or more in a nursing home.

The risk of needing nursing home care is greater for women than men: 13% of the women in this study, compared to 4% of the men, are projected to spend five or more years in a nursing home. Probability of needing nursing home care also increases with age.

Note: If you have existing health problems, such as Alzheimer's Disease or Parkinson's Disease, you will probably not be able to buy a policy due to a pre-existing condition.

IS LONG TERM CARE INSURANCE RIGHT FOR YOU?

You should **NOT** buy long term care insurance if:

- You can't afford the premiums
- You have limited assets
- Your only source of income is a Social Security benefit or Supplemental Security Income (SSI)
- You often have trouble paying for utilities, food, medicine, or other important needs

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 want to pay for your own care
- You want to stay independent of the support of others

What kinds of policies are available?

There are no standardized long term care policies as there are for Medicare supplemental insurance. Many companies write policies, and many combinations of benefits and coverage are available.

Most policies pay a fixed dollar amount each day you receive care. *Unless these policies provide a way for benefits to increase as nursing home costs rise (inflation protection or adjustment), you may be left with a benefit that is too low when the time comes to use the policy.*

You can also buy long term care benefits as part of an individual life insurance policy. Under this arrangement, a certain percentage of the policy's death benefit is paid if the policyholder requires long term care. However, the death benefit and the cash values are reduced when long term care benefits are paid, and the policies may have strict rules for qualifying for coverage. This guide does not discuss those policies. For more information, contact the Michigan Office of Financial and Insurance Regulation at 1-877-999-6442.

What is a Federally 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.

These difference were created by the Health Insurance Portability and Accountability Act (HIPAA). A federally tax-qualified long term care insurance policy, or a qualified policy, offers certain federal income tax advantages. If you have a qualified long term care policy, and you itemize your deductions, you may be able to deduct part or all of the premium you pay for the policy. You may be able to add the premium to your other deductible medical expenses. You may then be able to deduct the amount that is more than 7.5% of your adjusted gross income on your federal income tax return. The amount depends on your age, as shown in the table on page 12. You will need to check with your personal tax advisor to find out how much you can deduct.

Tax- deductible plans — Some long term care policies, called federally tax-qualified policies, are tax deductible on your federal tax return. If you have a tax-qualified policy and you itemize your deductions, you may be able to deduct part or all of the premiums you pay. You may be able to add the premiums to your other deductible medical expenses.

If you bought a long term care insurance policy before January 1, 1997, it is probably tax-qualified. Federal law allowed these policies to be “grandfathered” as tax-qualified even though they may not meet all the standards that new policies must meet to qualify.

Check with your tax preparer or the Internal Revenue Service (IRS) to see whether your policy is deductible before you try to claim it on your tax return.

Deduction available through a Federally Tax-Qualified long term care insurance policy	
Your Age	Maximum Amount That You Can Claim <i>(These amounts will increase annually by the Medical Consumer Price Index)</i>
40 years old or younger	\$240
More than 40 but not more than 50	\$450
More than 50 but not more than 60	\$900
More than 60 but not more than 70	\$2,390
More than 70	\$2,990

Who sells Long term care insurance?

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

How do long term care insurance policies work?

Michigan legal requirements — Michigan law sets certain standards for long term care insurance policies sold in this state. Since 1990, long term care policies sold in Michigan must:

- Provide coverage for all levels of nursing home care — skilled, intermediate and custodial.
- Provide coverage for home care services. The home care benefit must be at least half the daily dollar amount of coverage for nursing home care.
- Pay for care even without a prior hospital or skilled nursing facility stay.
- Not exclude or limit coverage for Alzheimer's Disease or related disorders after a policy is purchased.
- 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.
- Not limit coverage for pre-existing conditions for more than six months.

- Offer an inflation adjustment option;
- Provide a brief outline of the policy during the sales presentation;
- Provide a 30-day “free look” period. If you decide you do not want the policy within the first 30 days after you receive it, you are entitled to a full refund. After 30 days, a pro-rated refund is available.

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 offered — Insurance companies offer policyholders a choice of daily benefits—usually \$50 to \$250 per day for care in a nursing home. It is important that you know what nursing facilities in your area charge before you select a benefit amount. Also, the home care benefit is likely to be just half the daily rate paid for nursing home care.

Another consideration is the length of benefit period — that is, how long the policy will pay for care. Most companies offer a variety of benefit periods, ranging from 1 year to 5 years to unlimited. The longer the benefit period, the higher the premium.

Policy waiting periods — Most policies come with an elimination period, sometimes called a deductible or waiting period. That means coverage would begin 20, 30 or 100 days after you enter a nursing home. During the elimination period, you must pay the cost of long term care. The amount of the monthly premium is based on the length of the waiting or elimination period.

Eligibility for benefit payments — The inability to do activities of daily living (ADLs) for yourself is the most common factor insurance companies use to decide when you are eligible for benefit payment. Companies generally require that you be impaired in two or three of the six ADLs to be eligible for benefit payment. Many policies also require a doctor's statement of medical necessity before payment can begin.

Other policy options — Policies may also offer a death benefit, which will refund to your estate all premiums paid minus any benefits paid. Many companies offer death benefits only to applicants below the age of 65 or 70.

Insurance companies typically consider six things as separate ADLs: bathing, dressing, toileting, transferring, walking and eating.

Be wary of policies that combine ADLs into groups — this makes it more difficult to qualify for payment.

Long-Term Care Benefits

*Michigan does not license or regulate Assisted Living facilities

	Medicare	Medicaid	Individual Private Pay	Health Insurance	Long Term Care Insurance
Basic/ Custodial In-home Care	No payment	Payment through Medicaid waiver or Medicaid chore services, Care is provided on a part time intermittent basis	Yes	No payment	Yes, dependent on policy coverage
Skilled Care In-home	Yes, if part-time intermittent basis and ordered by physician	Restricted by Medicare payment or medically necessary	Yes	No payment	Yes, dependent on policy coverage
Skilled Nursing Facility Care	Yes, first 20 days, day 21-100 with \$101.50/day co-pay and three day prior hospitalization	Yes, co-pay or if not Medicare eligible	Yes	Co-pay if Medicare eligible	Yes, dependent on policy coverage
Basic or In- intermediate Care Nursing Facility	No payment	Payment through Medicaid waiver	Yes	No payment	Yes, dependent on policy coverage
Adult Day Care	No payment	Payment through Medicaid waiver	Yes	No payment	Yes, dependent on policy coverage
Assisted Living*	No payment	Payment for medical needs only if on SSI	Yes	No payment	Yes, dependent on policy coverage

What do I look for when seeking help from a Professional for Long-Term Care Planning?

Attorneys specialize in different areas of law. For long-term care planning you will need an attorney that is knowledgeable in estate, tax and Medicaid law. The following questions may help in making your selection. Ask the prospective attorney:

1. Is there anyone else in your office/firm that is familiar with Medicaid issue?
2. What training have you completed/attended about Medicaid? How recent were they?
3. Do you have any references or clients that you helped with
4. Are you familiar with Medicaid rules and regulations?
5. Do you have an up-to-date Medicaid manual in your office?
6. Medicaid rules and regulations?
7. How often (or what percentage of your clients) do you work with Medicaid issues?
8. When was the last time that you worked with a client with a Medicaid that I could speak with?
9. Do you have business relationships or partnerships with other financial or insurance professionals that will benefit from your recommendations to me?

A financial planner is someone who provides you with a comprehensive system of money management recommendations, including advice on taxes, estate planning, insurance, educational funding for your children, real estate and investments, including securities. That person

may be licensed to sell insurance and securities or may refer you to someone who is licensed. Financial planners are not covered by uniform state or federal regulations, so their qualifications and business practices can vary considerably.

There are three recognized designations for financial planners:

- Certified Financial Planner (CFP) candidate must pass a two-day, ten-hour examination covering investment management, Employee benefits, insurance, taxes, retirement, and estate planning. In addition, a candidate must have financial planning experience totaling three years, or without a college degree, five years. To maintain their CFP designation, financial planners must earn 30 hours of continuing education credits every two years.
- Chartered Financial Consultant (ChFC) Most planners with this designation have a background in the insurance industry. A candidate needs three years of related experience and must pass ten two-hour tests. The American Society of Chartered Life Underwriters and Chartered Financial Consultants offers additional educational programs and tools to help members better serve their client's financial needs.
- Personal Financial Specialist (CPS/PFS) this is an additional designation for Certified Public Accountants. They often have a background as tax specialists.

To get the most out of your financial planning you should have some idea of what you want to accomplish, for example policy analysis, estate planning, investment advice, education financing, long-term care planning, etc. It also helps to familiarize yourself with financial planning strategies and terminology. Reading personal finance publications and talking to others can help.

The following questions may help in your selection of a financial planner:

1. How long have you been doing financial planning and working directly with clients?
2. What credentials do you have?

3. What did you do before you started doing financial planning?
4. Who are your typical clients/areas of specialization? Examples might be retirees, young or middle age, middle-income, business.
5. Will I be working directly with you or with others in your firm?
6. May I see a few sample plans that you have developed for others?
7. Can I have a list of references?
8. Will other professionals such as accountants and attorneys be helping prepare my plan? If so, who are they?
9. How do you keep your clients posted on financial information that is important to them?
10. Do you do follow-up reviews?
11. 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?
12. Will you implement the plan or will you refer me to others to do that?
13. 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 and/or income? Do you receive a commission from a third party resulting from the products you sell me to carry out the financial planning recommendations? Is it a combination of fees and commission?
14. Can you provide me with a disclosure statement such as a Form ADV detailing your compensation methods, conflicts of interest, business affiliations & personal qualifications?

Insurance Professionals Insurance agents sell a number of insurance products such as health, casualty, life, business, long-term care, and annuities. Different licenses are required for each kind of insurance an agent sells. State Insurance Departments maintain annual analysis of complaints filed against insurance companies and agencies. Insurance agents can be independent agents having access to many different company's policies, direct writers which work for one company or captive agents while are independent contractors for major insurance companies.

In choosing an agent you are actually choosing two parties — the insurance company and the agent. You need to be comfortable with both.

The following questions may help in your selection:

1. What insurance products such as life, causality, health, business, etc. do you sell?
2. How long has your agency been in business?
3. How long have you been with this agency?
4. How long have you been selling insurance?
5. What did you do before you sold insurance?
6. What trainings or continuing education classes have you completed? When were they?
7. Do you have a professional designation such as Chartered Life Underwriter (CLU) Chartered Financial Consultant (ChFC), or Certified Financial Planner (CFP)?
8. How are claims handled and by whom?
9. How can you accommodate any future changes that I have in my life with regard to insurance needs and planning?
10. What other services do you provide?

Insurance Shopping Tips

- Check with several insurance companies and agents before making a decision. Prices and benefits will vary, and it takes diligence to find the best bargain.
- Don't buy insurance in a hurry. There are no "sales" in insurance and a reputable company will still be there tomorrow.
- Don't buy multiple policies. If you decide to buy long term care insurance, one policy that meets your needs and circumstances is all you need.
- Get a business card with identifying and contact information (address and phone number) from the agent. Call the company to make sure that person is employed there and is licensed to sell insurance.
- **Never, 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 back law so, if you didn't get what you thought you were buying you can receive a full refund within the first 30 days.
- Check your current life insurance policy to determine if your life insurance policy contains any provisions that may offer long-term care options.
- A long-term care policy is an insurance product and should not be viewed as a savings program and should not be confused with estate planning.
- Michigan does not license assisted living facilities so make certain your policy does not specify benefit payments only for "licensed facilities." If the policy does contain this provision, before purchasing the policy obtain in writing from the company that the company waives this requirement as related to Michigan residents.

More Insurance Shopping Tips

- Do your own investigation of different prices and features before buying a policy.
- Check with your agent about a cap or limit on benefits before making a purchase.
- Ask your agent about additional costs to add inflation protection to a policy.
- Take your time, ask questions of your agent and do not be pressured. Don't be misled by advertising and don't be misled that your medical history doesn't matter because it does. A physical will more than likely be required and there is nothing in the law that limits how far back in an individual's medical history a company can review.
- If you do not receive your policy within sixty (60) days, contact the company directly.
- Understand what "benefit triggers" the company will apply to 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 of Benefits".

Contact MMAP at 1-800-803-7174; or www.mmapinc.org to discuss your long term care options with a counselor.

The Michigan Office of Financial and Insurance Regulation (OFIR) is responsible for the regulation of Blue Cross Blue Shield, HMOs, banks, credit unions, insurance companies, investment advisers, securities broker-dealers, consumer finance lenders, insurance agents and securities agents.

OFIR has insurance, financial institutions and securities information available online at the OFIR web site, www.michigan.gov/ofir. All information is also available through the OFIR toll free number, 1-877-999-6442.

Always check the insurance company's financial stability. Several agencies and firms analyze the financial health of insurance companies and give 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 1-800-439-2200 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.moodys.com

Standard & Poor's 1-212-208-1527
www.standardandpoors.com

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

Planning for Long-Term Care is Like Juggling Tax Laws, Probate Laws, and Medicaid Laws

Key Things to Remember:

Tax law, probate law and Medicaid law are three different areas. What might be good for one is not necessarily good for another. For example, you can give away \$10,000 per year per person which might be good to avoid inheritance and gift taxes however it is divestment for Medicaid and carries a penalty; you can make property jointly held or have a trust which may be good for avoiding probate but can carry some tax liabilities and can increase assets or be considered divestment for Medicaid which carries a penalty.

You can rarely “beat the system” in all three areas.

The trend in legislation is to tighten eligibility and choices in health and long-term care, placing greater emphasis on the funding of this care by individuals through private payment and/or private insurance.

Different states have different rules for Medicaid and end-of-life decision-making.

Think ahead about alternative decision-making authority (such as power of attorney, joint ownership) before it is needed. But choose wisely.

When looking at housing options think ahead to how accessible it is in the future to transportation, shopping and handicap modification.

Financial planning and investing are not the same. Financial planning is the long and short range plan that you and generally a professional develop to assure security in the future. Investing is one of the vehicles that are used in carrying out a financial plan.

About the long term care insurance comparison chart

The chart on the next page is meant as an example of some of the features and costs for some long term care insurance policies sold in Michigan. They are examples only. MMAP is not recommending or endorsing these companies. The chart is for illustration purposes only. The rates quoted were current at the time of printing and are subject to change. Since policies are not standardized and have many options, you should do your own investigation of different prices and features before buying a policy.

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 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 agent about additional costs to add inflation protection to a policy.

Long Term Care Insurance Comparison Chart*

Company	Daily Nursing Home Benefit
Metropolitan Life Insurance Company 51 Madison Avenue New York, NY 10010 (212) 576-7000	\$100/day
New York Life Insurance Company 51 Madison Avenue New York, NY 10010 (212) 576-7000	\$100/day
John Hancock Mutual Life Insurance Company P. O. Box 111 Boston, MA 02117 (1-800- 543-6415, (617) 572-6000, www.jhancock.com	\$100/day
Physician Mutual Insurance Company 2600 Dodge Omaha, NE 68131 1-888-932-7642, (206) 343-7300, www.pmic.com	\$100/day (\$3,000/month)
Transamerica Life Insurance Company 4333 Edgewood Road, NE Cedar Rapids, IA 52499 (319) 398-8511	\$100/day
Unum Life Insurance Company of America 2211 Congress St., Statutory Acctg & Rep -B-197 Portland, ME 04122 1-800-482-3990, (207) 575-2211, www.unumprovident.com	\$100/day

For more information about specific policies or insurance companies, contact The Michigan Office of Financial and Insurance Regulation at 1-877-999-6442. (www.michigan.gov/ofir)

Daily Home Health Benefit	Elimination Period	Benefit Period	Premium at age 65*
\$50/day	20 days	3 years	\$815.12/year
\$50/day	20 days	3 years	\$1,374.12/year
\$100/day	30 days	3 years	\$1,116.72/year
\$50/day	20 days	3 years	\$928.84/year
\$50/day	20 days	3 years	\$940.80/year
\$50/day	20 days	3 years	\$1,047.10/year

*Contact the insurance companies directly for the most current rates.

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

LONG TERM CARE INSURANCE COMPARISON WORKSHEET

Policy 1

Company _____

Agent _____

Phone: _____

Care Covered/Length of Benefit/Amount of Coverage

Nursing Home, Skilled			
Nursing Home, Intermediate			
Nursing Home, Basic			
Home Care, Personal Care			
Homemaker			
Adult Daycare			
Assisted Living Facility			

Benefits

Inflation Adjustment %, Simple or Compounded _____

Buying Additional Coverage, When and How Much _____

Limits on Number of Days _____

Lifetime Limits _____

Nursing Home Benefit _____

Home Care Benefit _____

Adult Daycare Benefit _____

Elimination Period _____

Benefit Triggers:- Doctor Certification _____

- Impairment of ADLs _____

- Cognitive Impairment _____

How Long Before Coverage for Pre-Existing Conditions _____

Length of Lookback in Medical History for Pre-Existing Conditions _____

Other Provisions

Waiver of Premium: How Long Before Begins _____

Nonforfeiture Benefit _____

Death Benefit _____

Cost

Premium Excluding Riders _____

Inflation Rider _____

Nonforfeiture/Death Rider _____

Total Cost

Reverse Mortgages

A reverse mortgage is a special type of loan made to older homeowners that enables them to convert the equity in their home to cash to finance living expenses, home improvements, in-home health care or other needs. Payments are made by a lender to the home owner. 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, in a single lump sum of cash; as a regular monthly cash advance; as a "credit line" account that lets you decide when and how much of your available 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.

A reverse mortgage is different than a home equity loan. With a home equity loan repayments begin immediately and the home can have an existing first mortgage on it. For a reverse mortgage, the mortgage isn't repayable until the borrower no longer occupies the home as his or her principle residence. This can occur when the borrower dies, sells the home or moves out of the home, say to a nursing home. For a reverse mortgage the 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 which 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, which 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.

The repayment obligation is equal to the principle balance of the loan, plus accrued interest, plus any finance charges paid for through the mortgage. The repayment obligation however, can not exceed the value of the home.

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

Some programs require senior home owners applying for a reverse mortgage to complete an approval financial education session (counseling) before they can fill out an application for a reverse mortgage.

Reverse mortgages are a method of financing long term care needs. It is advisable to fully investigate reverse mortgages as this is not always the best choice for everyone.

Glossary of terms

30 day Lookback Provision in Michigan insurance law where 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.

ADLs Activities of daily living Physical functions that an independent person performs each day, including bathing, dressing, eating, toileting, walking or wheeling, and transferring into and out of bed.

Acute A sudden and severe condition.

Adult Day Care A local facility where older or disabled adults gather for supervision, social programs and a mid-day meal.

Advanced Directives A written statement of an individual's preferences and directions regarding health care. Advanced Directives protect a person's rights even if he or she becomes mentally or physically unable to choose or communicate his or her wishes.

Administration on Aging An agency of the U.S. Department of Health and Human Services. AOA is an advocate agency for older persons and their concerns at the federal level. AOA works closely with its nationwide network of State and Area Agencies on Aging (AAA).

Alzheimer's Disease A progressive and irreversible organic disease, typically occurring in the elderly and characterized by degeneration of the brain cells, leading to dementia.

A.M. Best Rating Independent company that has been rating the financial stability of insurance companies since the late 1800's. Ratings range from A++ (superior) to C (fair). Other rating services include Standard & Poors, Moodys, Duff & Phelps.

Ambulate To walk.

Annuity A savings vehicle sold and managed by an insurance company. Interest is tax deferred and annuity is issued for a specific length of time (similar to a CD). It can be annualized into regular scheduled payments.

Area Agencies on Aging (AAA) Local government agencies which provide or contract for services for older persons within their area.

Assisted Living Senior housing that provides individual apartments, which may or may not have a kitchenette. Facilities offer 24 hour on site staff, congregate dining, and activity programs. Limited nursing services may be provided for an additional fee.

Attained Age A method of setting insurance rates based on the age of the beneficiary at the present time.

Basic Care/Custodial/Personal Care Care that does not require the services of a skilled medical professional such as help with ADLs.

Caregiver Any individual who takes care of an elderly person or someone with physical or mental limitations.

Case Management A system in which one individual helps the insured person and his or her family determine and coordinate necessary health care services and the best setting for those services.

Center for Medicare and Medicaid (CMS) Formerly the U.S. Health Care Financing Administration, CMS is an element of the Department of Health and Human Services, which finances and administers the Medicare and Medicaid programs. Among other responsibilities, CMS establishes standards for the operation of nursing facilities that receive funds under the Medicare or Medicaid programs.

Chronic A lasting, lingering or prolonged illness or symptom.

Conservatorship A person appointed by the court to make financial decisions of an adult judged unable to effectively manage their financial affairs. The court determines the adult's capacity to make informed decisions based upon evidence of the adult's abilities and what harm may befall the adult.

Divestment A term used in finance that refers to the reduction of some kind of asset in return for some kind of gain. Divestment is the opposite of investment

Durable Power of Attorney A document by which a person appoints a legal representative to manage some or all of their affairs. This authority continues in place after the person who granted the authority can no longer make informed decisions. It must be drawn up however, while the person is still capable of making informed decisions. While not required, an attorney usually assists in drawing up the document.

Durable Power of Attorney for Health-Care Decisions A document by which a person names another person who can make health-care decisions for them in the event they become incapacitated and unable to make their own decisions. Often confused with a living will.

Eligibility for Benefits The manner in which the insurance company determines whether benefits are paid, usually tied to evaluation of ability to perform ADLs. Sometimes called benefit triggers.

Elimination Period Length of time after a beneficiary becomes eligible for long-term care benefits before payment starts, usually 20, 30, 60 90, or 100 days. Sometimes called a deductible or waiting period.

Estate Everything a person owns, personal and real property.

Estate Plan The tools set in place to distribute or manage a person's property in the event of their incapacitation or death, marriage or divorce. These tools include a will, durable power of attorney, trusts, durable power of attorney for medical care/living wills, life insurance, assignment of survivorship rights, nuptial agreements, and other legal documents.

Exclusions Services that are not covered.

Expense Incurred Method Payment for benefits only when eligible services are received. Benefits can be paid to beneficiary or provider.

Fee for Service Method of charging whereby a physician or other practitioner bills for each encounter or service rendered. This is the usual method of billing by the majority of physicians.

Grandfather A legal term that means all existing conditions that were present at the time of a law, legal agreement, or ordinance do not have to be changed since they were there when the conditions were legal.

Guaranteed Renewable Insurance company guarantees that the policy can be renewed to maintain the coverage and can only be cancelled for non-payment of premium.

Guardianship A person appointed by the court to make personal care decisions of an adult judged unable to make an informed decision, based upon evidence of the adult's abilities and what harm may befall the adult.

Health Care Directive A written legal document which allows a person to appoint another person (agent) to make health care decisions should he or she be unable to make or communicate decisions

Health Care Power of Attorney The appointment of a health care agent to make decisions when the principal becomes unable to make or communicate decisions.

Health and Human Services, Department of An executive department of the federal government that is responsible for the oversight of the Medicare and Medicaid programs.

Home Health Agency (HHA) An agency that provides medical services in a home setting. 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. May include light housekeeping services.

Hospice Hospice/palliative care is provided to enhance the life of the dying person. Often provided in the home by health professionals, today there are many nursing facilities and acute care settings that also offer hospice services. Hospice care, typically offered in the last six months of life, emphasizes comfort measures and counseling to provide social, spiritual and physical support to the dying patient.

Hospice Care The provision of short-term inpatient services for pain control and management of symptoms related to terminal illness.

Incompetence Determined by a legal proceeding. Requires that the individual is incapable of handling assets and exercising certain legal rights.

Indemnity Method Payment for benefits in the amount specified in the policy without regard to the specific services received. Benefits are paid to the beneficiary.

Inflation Protection (simple and compound) Increase in daily benefits over time to compensate for increasing costs of long-term care. Figured on a percentage (usually 5%) and can be figured **Long Term Care (LTC)** 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 by family members who are assisted with voluntary or employed help, adult day health care, or care in assisted living or skilled nursing facilities.

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

Long Term Care Insurance A policy designed to help alleviate some of the costs associated with long term care. Benefits are often paid in the form of a fixed dollar amount (per day or per visit) for covered expenses and may exclude or limit certain conditions from coverage.

Irrevocable trust A trust which cannot be changed or canceled once it is set up without the consent of the beneficiary. Contributions cannot be taken out of the trust by the grantor. Irrevocable trusts offer tax advantages that revocable trusts don't, for example by enabling a person to give money and assets away even before he/she dies. **opposite of** revocable trust.

Issue Age A method of setting insurance rates based on the age of the beneficiary at the time the insurance policy is issued.

Joint Ownership Owning property jointly with another means that the joint tenant will become the owner of jointly held property when one dies. It is used to avoid probate and can also be used to provide easy access to bank funds for payment of bills for an incapacitated person. With equity property (land, stock, bonds, etc.) each joint owner owns an equal share unless stated otherwise. With cash property (check or savings accounts) each joint tenant has total access to the entire amount.

Length of Stay The time a patient stays in a hospital or other health facility.

Living Will A legal document in which a competent person directs in advance that artificial life-prolonging treatment not be used if he or she has or develops a terminal and irreversible condition and becomes incompetent to make health care decisions.

Long Term Home Health Care Program A coordinated plan of care and services provided at home to invalid, infirm, or disabled persons who are medically eligible for placement in a hospital or residential health care facility for an extended period of time, but such a program was unavailable. Such a program is provided in the person's home or in the home of a responsible relative or other adult, but not in a private proprietary home for adults, private proprietary nursing home, residence for adults, or public home.

Medicaid The federally supported, state operated public assistance program that pays for health care services to people with a low income, including elderly or disabled persons who qualify. Medicaid pays for long term nursing facility care, some limited home health services, and may pay for some assisted living services, depending on the state.

Medicaid-Certified Bed A nursing facility bed in a building or part of a building which has been determined to meet federal standards for serving Medicaid recipients.

Medically Necessary Medical necessity must be established (via diagnostic and/or other information presented on the claim under consideration) before the carrier or insurer will make payment.

Medicare The federal program providing primarily skilled medical care and medical insurance for people aged 65 and older, some disabled persons and those with end-stage renal disease.

Medicare Part A Hospital insurance that helps pay for inpatient hospital care, limited skilled nursing care, hospice care, and some home health care. Most people get Medicare Part A automatically when they turn 65.

Medicare Part B Medical insurance that helps pay for doctors' services, outpatient hospital care, and some other medical services that Part A does not cover (like some home health care). Part B helps pay for these covered services and supplies when they are medically necessary. A monthly premium must be paid to receive Part B.

Medicare Bed A nursing facility bed in a building or part of a building, which has been determined to meet federal standards for serving Medicare patients requiring skilled nursing care.

Michigan Medicare/Medicaid Assistance Program (MMAP) A free counseling services for Medicare and Medicaid beneficiaries fund by the State of Michigan and Center for Medicare and Medicaid Services. MMAP counselors provided information and assistance designed to empower beneficiaries to make knowledgeable decisions regarding their health care benefits.

Non-forfeiture Benefit All tax qualified policies offer a nonforfeiture benefit which provides a return of some premiums paid or a reduced benefit if the policyholder stops paying the premiums after some period of time.

Nursing Facility (NF) or Nursing Home A facility licensed with an organized professional staff and inpatient beds and that provides continuous nursing and other health-related, psychosocial, and personal services to patients who are not in an acute phase of illness, but who primarily require continued care on an inpatient basis. A nursing home provides a variety of services such as a room, meals, recreational activities, assistance with activities of daily living and protection/supervision to residents. Nursing homes are licensed by the state and are required to follow state and federal regulations. Some nursing homes specialize in areas such as Alzheimer's disease, pain management, incontinence training and cardiac rehab.

Ombudsman The Ombudsman Program is a public/government/community-supported program that advocates for the rights of all residents in 24-hour long-term care facilities. Volunteers visit local facilities weekly, monitor conditions of care and try to resolve problems involving meals, finances, medication, therapy, placements and communication with the staff. The Ombudsman visits the nursing home on a regular basis. It is their job to mediate disputes, investigate complaints and be an advocate for residents.

Patient Assessment Also called resident assessment. A standardized tool that enables nursing homes to determine a patient's abilities, what assistance the patient needs and ways to help the patient improve or regain abilities. Patient assessment forms are completed using information gathered from medical records, discussions with the patient and family members, and direct observation.

Period of Confinement The time during which an individual receives care for a covered illness. The period ends when the individual has been discharged from care for a specified period of time, usually six months.

Personal Care Involves services rendered by a nurse's aide, dietician or other health professional. These services include assistance in walking, getting out of bed, bathing, toileting, dressing, eating and preparing special diets.

Power of Attorney A legal document allowing one person to act in a legal matter on another's behalf pursuant to financial or real-estate transactions.

Pre-Admission Screening An assessment of a person's functional, social, medical, and nursing needs, to determine if the person should be admitted to nursing facility or other community-based care services available to eligible Medicaid recipients. Screenings are conducted by trained preadmission screening teams.

Pre-existing Conditions Health conditions that have been experienced before or at the time of application for long-term care insurance.

Premium Refund Upon Death Provision that refunds to the beneficiary's estate premiums paid minus benefits received.

Prior Hospitalizations A requirement that a beneficiary must be hospitalized before they can access benefits.

Private Pay Patients Patients who pay for their own care or whose care is paid for by their family or another private third party, such as an insurance company. The term is used to distinguish patients from those whose care is paid for by governmental programs (Medicaid, Medicare, and Veterans Administration).

Probate A court supervised procedure for validating a will (if there is one), paying bills and distributing the property of a deceased person.

Program of All-Inclusive Care for the Elderly (PACE) PACE programs serve individuals with long term care needs by providing access to the entire continuum of health care services, including preventive, primary, acute and long term care.

Provider Someone who provides medical services or supplies, such as a physician, hospital, x-ray company, home health agency, or pharmacy.

Representative Payee A person appointed by Social Security Administration (SSA) to receive and spend another person's (beneficiary) Social Security benefits for the beneficiary's welfare. The SSA through an evaluation process decides if the beneficiary is in need of a representative payee.

Resident Care Plan A written plan of care for nursing facility residents, developed by an interdisciplinary team which specifies measurable objectives and timetables for services to be provided to meet a resident's medical, nursing, mental and psychosocial needs.

Respite Care Scheduled short-term nursing facility care provided on a temporary basis to an individual who needs this level of care but who is normally cared for in the community. The goal of scheduled short-term care is to provide relief for the caregivers while providing nursing facility care for the individual. Short-term stay beds used for respite care must be distinct from general nursing facility beds.

Reasonable and Necessary Care The amount and type of health services generally accepted by the health community as being required for the treatment of a specific disease or illness.

Resident A person living in a long-term care facility. Since nursing facilities are licensed health care facilities, residents are often also referred to as patients

Restoration of Benefits Original benefits restored even if benefits have been previously paid. Generally there is a time where no benefits are received between benefit periods.

Reverse Mortgage Reverse mortgages are a special type of loan made to older homeowners that enables them to convert the equity in their home to cash to finance living expenses, home improvements, in-home health care or other needs. Payments are made by a lender to the home owner.

Skilled Nursing Care Nursing and rehabilitative care that can be performed only by, or under the supervision of, licensed and skilled medical personnel.

Skilled Nursing Facility (SNF) Provides 24-hour nursing care for chronically-ill or short-term rehabilitative residents of all ages.

Sub-Acute Care A level of care designed for the individual who has had an acute event as a result of an illness, and is in need of skilled nursing or rehabilitation but does not need the intensive diagnostic or invasive procedures of a hospital.

Sub-Acute Care Facilities Specialized units often in a distinct part of a nursing facility. Provide intensive rehabilitation, complex wound care, and post-surgical recovery for persons of all ages who no longer need the level of care found in a hospital.

Supplemental Security Income (SSI) A federal program that pays monthly checks 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 The tax deductibility of long term care insurance premiums depending upon meeting the federal government's threshold of personal adjusted gross income.

Term Life Insurance A life insurance policy that has a death benefit without cash value prior to death.

Third Party Notification A third party is named to receive notification if insurance premiums are not paid.

Trust A three-party arrangement whereby the “grantor” transfers property to a “trustee” who will hold and manage the property for a “beneficiary.” Trusts can be set up to serve a variety of purposes such as to provide for management of property in case of illness or incapacitation as well as minimize estate taxes and ease in transition of ownership of property at one’s death.

Underwriting Insurance companies examining an applicant’s health history before issuing a policy.

Variable Life Insurance Premiums are channeled into investments such as bonds, stocks and mutual funds. The policy’s cash value is not guaranteed and the death benefits can be either higher or lower depending on the investments’ returns.

Waiver of Premium A provision that allows you to stop paying premiums once benefits have started.

Whole Life, Universal Life, Ordinary Life, Straight Life Life insurance policy that provides a death benefit in addition to a cash value that can be received as a lump sum prior to death or be borrowed against. Universal or Adjustable life allows certain flexibilities in timing and size of premiums.

Will A document that designates heirs, including alternative heirs and a “personal representative” to settle an estate and distribute belongings. A will does not avoid probate.

Abbreviations

AAA Area Agency on Aging

ADL's Activities of Daily Living

AoA Administration on Aging

CMS Center for Medicare and Medicaid Services

DHA Department of Human Services formerly Family Independence Agency (**FIA**)

HHA Home Health Agency

LTC Long Term Care

MMAP Michigan Medicare/Medicaid Assistance Program

OSA Office of Service to the Aging

QMB Qualified Medicare Beneficiaries

SNF Skilled Nursing Facility

SSA Social Security Administration

SSI Supplemental Security Income

Reference Guides

In addition to this booklet, there are several other excellent reference books available free of charge.

Choosing Long-Term Care , A Guide For People With Medicare. CMS Publication #CMS-02223. Available through CMS at 1-800-633-4227.

A Shopper's Guide to Long-Term Care Insurance. NAIC publication LTC-LP. Available from Michigan Office of Financial and Insurance Regulation (OFIR) at 1-877-999-6442

Facts about your long term care insurance policy

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

Insurance Policy

Person Covered _____

Policy Number _____

Date Purchased _____

Annual Premium _____

Name of company _____

Address _____

Phone Number _____

Agent's Name _____

Phone Number _____

Address _____

Type of Long Term care policy

____ Nursing Home only ____ Home Care only ____ Tax-qualified

____ Other ____ Comprehensive (nursing home, assisted living, home & community care)

How long is the waiting period before benefits begin? _____

How do I file a claim? (Check all that apply)

____ I need prior approval	____ Contact the company	____ Fill out a claim form
____ Submit a plan of care	____ Assessment by company	____ Doctor notifies the company
____ Assessment by care manager		

How often do I pay premiums? ____ Annually ____ Semi-annually ____ Other

The person to be notified if I forget to pay the premium _____

Address _____ Phone Number _____

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

Where do I keep this long term care policy? _____

Other information _____

Friend or relative who knows where my policy is _____



MMAP, Inc.

Michigan Medicare/Medicaid Assistance Program

Navigating
Medicare

**To reach a MMAP counselor
in your community
call 1-800-803-7174
(our 800 number directs calls to the
MMAP site closest to you)
or visit our web site at
www.mmapinc.org**

**Web site is accessible to people
with disabilities.**



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