

Legal Assistance for Seniors/HICAP Presents:

LONG TERM CARE INSURANCE: *Is It Right For You?*



Legal Assistance for Seniors



LOCAL HELP FOR PEOPLE WITH MEDICARE

Legal Assistance for Seniors

- Our mission is to ensure the independence and dignity of seniors by protecting their legal rights through education, counseling and advocacy.
- Our legal, community education, and individual Medicare counseling services (through HICAP) are all **free** of charge.
- LAS is a 501(c)(3) agency (non-profit) that has served seniors and others in Alameda county since 1976

LAS Helps With...

- Government Benefits (Social Security, SSI)
- Senior Immigrant Issues
- Elder Abuse Prevention
- Housing Protection
- Guardianship
- Planning for the Future
- Health Care Coverage
(Medicare and Medi-Cal)



Health Insurance Counseling and Advocacy Program (HICAP)

HICAP provides assistance with Medicare and related health insurance by offering **objective** information to consumers about their benefits, rights, and coverage options.



HICAP Services

- LAS receives HICAP federal and state funds through the Alameda County Area Agency on Aging
- HICAP Counselors are registered with the state of California & must fulfill continuing ed requirements
- LAS offers HICAP appointments at 30+ locations throughout Alameda County.
- LAS/HICAP provides educational presentations throughout the county to help Medicare beneficiaries know their rights and options
- Difficult cases can be referred to the legal department
- All services are free



LOCAL HELP FOR PEOPLE WITH MEDICARE

What Is Long Term Care?



Assistance
with
personal
care
provided
over a long
period of
time

- at home
- in the community
- in nursing homes

Long Term Care Often Defined As:

Needing Assistance with Activities of Daily Living

- Bathing
- Dressing
- Eating
- Toileting
- Continence
- Transferring
- Ambulating

ADLs Also Measured by Cognitive Impairment

- **Need supervision and reminding**
- **Safety issues for self or others**
- **Help with Instrumental Activities of Daily Living:**
 - Managing medications
 - Managing money
 - Housework
 - Shopping for groceries or clothing
 - Use of telephone or other form of communication
 - Transportation within the community



Who Needs Long Term Care?

Projected Need for LTSS:

70% can anticipate *some* form of long term support and services

42% will have a need that lasts less than a year at home

13% will have a need that lasts less than a year in a facility

Average duration is 3 years (3.7 years women, 2.2 years men)

20% will need some sort of help for >5 years

About 70% of nursing home residents are women and the average age of admission is 80 years old.

Source: U.S. Dept. of Health and Human Services

<https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

Last updated 10/15/2020

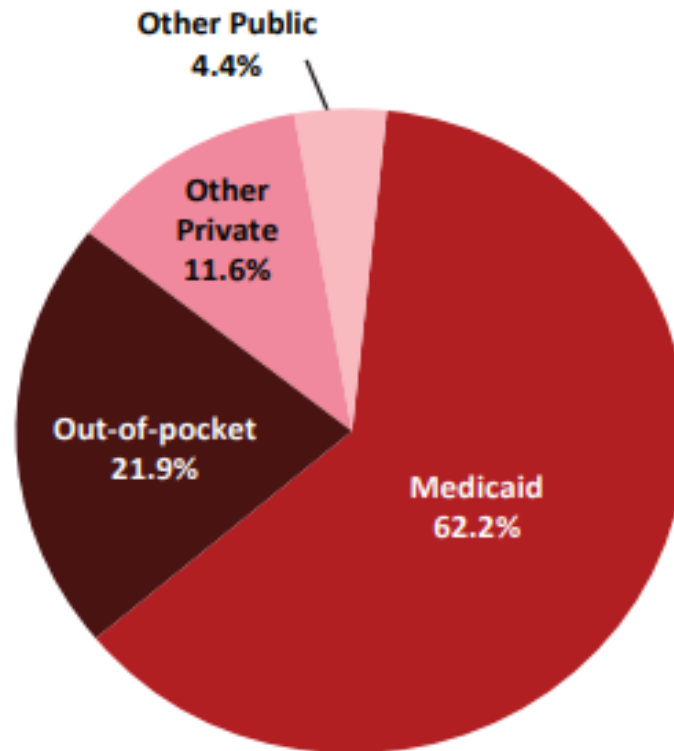
What Does LTC Cost?

- from Genworth Cost of Care Survey for 2020

Average Daily Cost per Region	Private Nursing Home Room	Semi-Private Nursing Home Room	Assisted Living Facility	Certified Home Health Aide (4 hrs)
United States	\$290	\$255	\$141	\$68
California	\$376	\$304	\$164	\$83
Sacramento - Yolo	\$450	\$327	\$177	\$88
San Francisco - Oakland	\$500	\$410	\$201	\$91
San Jose - Sunnyvale - Santa Clara	\$483	\$413	\$193	\$94
San Diego	\$475	\$353	\$149	\$85
Los Angeles - Orange County	\$348	\$265	\$164	\$83

Who Pays for Long Term Care Nationally?

FIGURE 1 Long-Term Care Expenditures by Source, FY 2010



Total = \$207.9 Billion in LTC spending in 2010

Does not include informal unpaid care provided by family and friends.

Source: SCAN Foundation 2013: www.scanfoundation.org

What Is Skilled Care?

**Nursing or
Rehabilitation Services
(physical, speech, or
occupational therapy)**



**Must be delivered by
licensed providers on a
regular basis**

What Medicare Covers:

Skilled Nursing Facility Care (if preceded by 3-day hospital stay):

First 20 days

-Medicare pays 100% of approved amount

Additional 80 days

-Co-payment required
\$185.50 per day (2021)

Beyond 100 days
in a benefit period

-Medicare does not cover

Home Health Care:

No co-pays, but must meet Medicare's "skilled care" requirements

LTC Medi-Cal (Nursing Home Coverage)

An individual keeps:

\$35 per month for personal care

\$2,000 in countable assets



**(home and car are exempt,
with “intent to return”)**

LTC Medi-Cal (Nursing Home Coverage)

Married Couples Can Separate Assets

In 2021, the spouse/domestic partner at home can keep:

\$3,260 in monthly income

\$130,380 in “countable” assets

Visit www.canhr.org for more info on
Medi-Cal for Long Term Care

Long Term Care Insurance:

Nursing Home Only

(Includes Assisted Living Facility Coverage)

Home Care Only

(Includes Adult Day Care, Hospice, and Respite Care)

Comprehensive

(Includes all of the above)

Medical Underwriting



- Companies rarely sell to those with serious health conditions
- A few may sell to those with chronic conditions for higher premiums
- Health questionnaire with application and medical exam
- Companies have 2 years to verify health info with medical records

LTC Insurance Policy Features

Daily benefit

- ex: \$80 - \$300/day

Duration of benefits

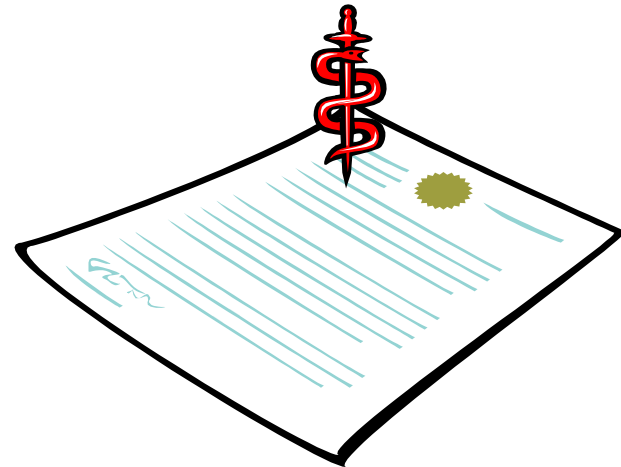
- ex: 1 year to lifetime

Length of waiting period (deductible)

- ex: 0, 30, 60, 100 days

Inflation protection (optional)

- ex: 5% simple or compounded



Additional Policy Features

Flexible Benefits

- total amount can be used interchangeably

Care Management and Assessment

- process to plan, coordinate and monitor LTC needs

Waiver of Premium

- no more premiums due while collecting benefits

Non Forfeiture Benefit

- shortened benefit period or return of premium

When Benefits Become Available

- Impairment in ADLs
 - Inability to perform 2 – 3 ADLs
 - Standardized definitions apply
 - Expected to need care for 90 days or more
- Cognitive Impairment
 - Needing substantial supervision due to severe cognitive impairment

Premium Example:

Age	Annual Premium
50	\$3,416 - \$8,034
65	\$4,446 - \$9,378
80	\$15,767*

Source: CA Department of Insurance Website, 2021

(Comprehensive, \$100/day, 3 years, 30 day elimination period, with 5% compound inflation protection, tax qualified policy, for a female)

*Only 1 policy result met the criteria

Long Term Care Rate and History Guide

- The Insurance Commissioner must annually prepare a consumer rate guide for long-term care (LTC) insurance.
 - Overview of long term care insurance - types of benefits and policies
 - Sample rates by company
 - Premium rate history report of each company that sells long term care insurance
 - Available on www.insurance.ca.gov/consumers



Companies Selling LTCI in CA

Company Name	Company's Customer Service Number
Bankers Life and Casualty Company	(800) 231-9150
Genworth Life Insurance Company	(800) 456-7766
Knights of Columbus	(800) 524-3611
Massachusetts Mutual Life Insurance Company	(800) 272-2216
Mutual of Omaha Insurance Company	(800) 775-6000
New York Life Insurance Company	(800) 224-4582
Northwestern Long Term Care Ins. Company	(800) 890-6704
Thrivent Financial	(800) 847-4836
Transamerica Life Insurance Company	(800) 338-0257

Taxes* and LTC Insurance

- Federally Tax Qualified Policies sold since 1996
- Pay when unable to perform 2 out of 6 ADLs
- Benefits not taxed as income
- Premiums are deductible as medical expense



Health expenses must be above 7.5% of AGI in order to itemize (above 10% in 2019).

***Consult tax advisor**

CA Partnership for Long Term Care

- Alliance between State of CA (DHCS), one participating insurance company + CalPERS
- Partnership policies provide additional asset protection above Medi-Cal limits:
 - *Each \$ paid out by policy protects equal dollar amount in assets*
 - *Medi-Cal is back-up if needed*
- Policies are tax-qualified and must include inflation protection

Companies Selling Partnership Policies

- **Genworth Financial**

- **888-436-9678**



CALIFORNIA PARTNERSHIP FOR
LONG-TERM CARE

- **CalPERS Long-Term Care Program**

- **800-982-1775**

A note from <https://www.calpers.ca.gov/page/active-members/health-benefits/long-term-care> as of February 2021

- CalPERS has decided to temporarily suspend open enrollment for the LTC program due to current uncertainty in the long-term care market. Therefore, effective June 17, 2020 and until further notice, CalPERS LTC will not be accepting new applications for coverage.
- In November 2020, the CalPERS Board of Administration approved a rate increase on all LTC Program policies to be phased in over two years. The LTC fund is facing a shortfall due to lower than expected investment returns and an adjustment in actuarial assumptions. Given this shortfall, rate increases are necessary to cover the projected future costs of providing benefits to policyholders.

For more information go to www.rureadyca.org
or <http://www.dhcs.ca.gov/services/ltc/Pages/CPLTC.aspx>

Cal PERS Plans

- Offered to California public employees, retirees, spouses & other family members
- Self-funded program; not an insurance company
- Comprehensive and Partnership tax-qualified plans
- Need 3 of 6 ADLs to qualify (stricter criteria)
- Flexibility in use of benefits (monthly pool)
- Once per lifetime deductible
- Application period now open with no closing date
- Rate Increases (by 85%) in 2015 for most plans

For more information, go to  **CalPERS**
<https://www.calperslongtermcare.com/>

Minimum Suitability Standards for LTCL

- Premiums no more than 7% of annual income
- Non-housing assets of at least \$50K
 - Total coverage consistent with assets
- Ability to absorb premium increases
 - At least a 50% increase during lifetime

Some Consumer Protections

- Agents are required to provide Outline of Coverage
- Agents must provide “LTC Insurance Personal Worksheet” to help evaluate financial suitability
- Companies must provide 30 day “free look”
- Policies must include “forgetfulness feature” for premium payment lapses
- Companies must allow you to reduce coverage for lower premium
- Policies must be guaranteed renewable
- Agents must refer prospective buyer to HICAP



Factors Which Influence Purchase

Health Status - chronic condition?

Age - over 80 or 84?

Income - premiums affordable?

Assets - enough to protect?

Heirs - to protect assets for?

Personal Situation - caregiver, family history?



Questions to Ask...



- Can I afford this policy now and in the future if my income changes?
- Have I compared several policies?
- Have I researched companies?
- Who can file claims if I'm unable?
- Have I consulted someone else? Family? HICAP?



LTC Insurance Resources

www.longtermcare.gov (202) 619-0724

National Clearinghouse for Long Term Care Information

www.insurance.ca.gov (800) 927-HELP (4357)

CA Department of Insurance Rate and History Guide

www.rureadyca.org (916) 552-8990

California Partnership for Long Term Care

www.cahealthadvocates.org (800) 434-0222 (HICAP)

Consumer Information on Long Term Care

www.canhr.org (415) 974-5171 or (800) 474-1116

Consumer information on nursing homes, assisted living, Medi-Cal for LTC, and elder law attorney referrals

www.aging.ca.gov (916-419-7500)

California Department of Aging; can order or download **Taking Care of Tomorrow - A Consumer's Guide to Long Term Care**

For an Appointment...

with a HICAP Counselor in your area,
call (510) 839-0393
or statewide **(800) 434-0222**

www.lashicap.org



Are you looking for rewarding volunteer opportunities? Call our office and ask to speak with the Volunteer Coordinator for more information about how you can become a Medicare counselor with HICAP.

If you would like us to present this information to a group or organization you know, please call our office and ask for the community education department or speak to us before you leave.