

Long-Term Care Insurance



of different policies available in their states. You can request these from their offices.

Local Area Agencies on Aging in your community often have an ombudsman who is either familiar with these issues or can refer you to someone who is.

Your attorney or financial planner may also be a source of independent advice.

The Role of the Elder Law Attorney

Planning for the expenses of long-term care as well as planning for other issues related to disability is an important part of the practices of many Elder Law attorneys. The need for long-term care insurance and the type of insurance to choose is an important topic to discuss with your Elder Law attorney. Always be certain to assure that the attorney has experience and training in the area in which you are seeking assistance.

About the National Academy of Elder Law Attorneys (NAELA)

NAELA, founded in 1987, is a national association of Elder Law Attorneys devoted to the education and training of attorneys who can meet the needs of seniors and people with disabilities, and who advocate for the needs of such individuals.

While NAELA Elder Law attorneys work one-on-one with clients in their local areas, NAELA also examines and advocates on national public policy issues facing seniors in America including long-term health care; planning for retirement; estate planning and probate; guardianship and conservatorship; health care decision making; and elder abuse and neglect.

This informational brochure is provided as a public service and is not intended as legal advice. Such advice should be obtained from a qualified Elder Law attorney.

More information on NAELA and a directory of NAELA members in your area can be found at www.NAELA.org.

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The Law and Aging Series



The Issues

Many people are under the mistaken belief that Medicare and supplement health insurance policies will cover the cost of long-term care. These plans provide benefits to help pay for hospital care and physician services, but they provide very limited payment for the cost of long-term nursing home care.

While Medicaid does assist with the cost of long-term care, it is a needs-based program. Relying on Medicaid to cover your care may limit the care options available to you. The purchase of long-term care insurance gives you the flexibility to choose the type of care you need in the setting you desire.

There are many different policies offered by a number of companies and no two are alike, so it is very important to be an educated consumer.

What You Need to Know

When deciding whether to buy a long-term care policy and what type of coverage to buy, you need to carefully review the policy's terms. You should ask the following questions:

- How much coverage do I need? You must decide on a daily benefit amount: the amount of payment you need to help cover your cost of care. You must decide on the benefit period, which can typically range from 2-5 years of coverage.
- Does the policy cover nursing home, assisted living and care in your own home? Most policies now cover all three, but some offer only reduced benefits for assisted living or home care.
- What is the elimination period? This is the period of time during which you will have to pay on your own before payments under the policy begin.
- What triggers payment under the policy terms? You become eligible to collect benefits under most policies when you have been diagnosed with a cognitive impairment or are unable to perform two (sometimes three) activities of daily living. It is also important to understand who will be responsible for making this decision.
- Is there inflation protection? The amount of coverage you need today may be inadequate 10 or 20 years from now. Most companies offer inflation riders for an additional premium.
- What happens if you forget to pay a premium bill? Is there a grace period and a process to notify someone

so you do not lose coverage?

- Is the policy coordinated with Medicaid? Most states allow insurers to offer a "Medicaid partnership" policy. Under this type of policy, if you later need to apply for Medicaid, you could protect from Medicaid "spend-down" up to the amount of coverage.
- Is the insurance company highly rated (A or A+ with A.M. Best Rating Service)?

Where to Go for Help

Many of the questions we have raised are complicated, but they are important in understanding what you are buying. After you have reviewed long-term care policies, you may want to have them reviewed by someone independent of the insurance company.

Many states have insurance commissions or insurance departments that have prepared comparative reviews

