

INSURANCE FACTS  
for Pennsylvania Consumers

An Overview of  
**Long-Term Care  
Insurance**

**1-877-881-6388**  
Toll-free Automated *Consumer Line*

**[www.insurance.state.pa.us](http://www.insurance.state.pa.us)**  
Pennsylvania Insurance Department Website

*Pennsylvanians are living longer and are evaluating their planning options to assure a better future for themselves and their families. One planning option is long-term care insurance.*

*Long-term care insurance is one way you may pay for some or all of your long-term care needs. Policies are provided by private health insurance companies that help cover major expenses for long-term care. These policies help pay expenses that may pose the highest risk to you.*

*Long-term care insurance covers either facility-based skilled care or home care or both. The majority of policies available to consumers pay up to a set amount (usually a specific dollar figure per day) or up to a percentage of the actual expenses for care in a nursing home or home health care. No policy provides blanket coverage for all expenses.*

*When you consider long-term care insurance, you may have questions and concerns. Is long-term care insurance right for you? What kind of policy suits your needs? What company offers the “better buy” for those needs?*

*To assist you with these types of questions, the Insurance Department has created this brochure to help you better understand long-term care services and costs. If you have additional questions about long-term care insurance, please contact one of the Insurance Department’s regional offices. The numbers are listed on the back cover of this booklet.*

## Long-Term Care Defined

Long-term care refers to the kind of medical care or health related care that you could need if you have a long-term illness or long-term disability, which leaves you unable to care for yourself. Long-term care can be provided in an assisted living facility or at home. It provides care with activities of daily living such as dressing, personal hygiene or household chores. There generally are four different types of long-term care: skilled nursing care, intermediate care, custodial care and home health care.

*Generally, there are four different types of long-term care: skilled nursing, intermediate, custodial and home health care.*

***Skilled Nursing Care*** - Daily nursing and rehabilitative care that can be performed only by, or under the supervision of, skilled medical personnel. The care received must be based on a doctor's orders.

***Intermediate Care*** - Occasional nursing and rehabilitative care that must be based on a doctor's orders and can only be performed by, or under the supervision of, skilled medical personnel.

***Custodial Care*** - Primarily for the purpose of meeting personal needs such as walking, bathing, dressing, eating or taking medicine. It is usually provided by someone without professional medical skills or training.

***Home Health Care*** - Usually received at home as part-time skilled nursing care, speech therapy, physical or occupational therapy, part-time services from home health aides or help from homemakers or choreworkers.

## Expenses Associated with Long-Term Care

Long-term care services can be expensive. There are four main ways that long-term care expenses are paid: Medicare, Medicaid, long-term care insurance and private pay or out of pocket.

**Medicare** pays 100% of skilled nursing facility care for the first 20 days and 80% for the next 80 days if Medicare determines the benefit or care is warranted and covered by Medicare. The Medicare benefit covers a maximum of 100 days in a skilled nursing facility, so after the 100 days is exhausted there is no more coverage or payment. This benefit is only provided if you are admitted to a Medicare certified facility within 30 days after a minimum three-day hospital stay. A physician must certify that your admission is medically necessary. Medicare may also pay for part-time skilled home health care if you are homebound and a physician certifies the care is medically necessary. Medicare supplement or “medigap” policies generally only cover the enrollee’s portion of a Medicare covered benefit and generally do not cover long-term care expenses beyond the 100-day Medicare benefit.

**Medicaid** will pay your nursing home or home care expenses only if your income and assets are less than a set amount (which is currently \$2,400). If you are single, that means you must spend virtually all of your savings and other assets before Medicaid will provide coverage. If you are married, your spouse may be able to keep sufficient assets to provide for themselves.

**Long-term care insurance (LTCI)** is coverage you can purchase privately from insurance companies to cover or supplement the long term care nursing expenses that government programs do not cover. There is more information on long-term care insurance in the next section.

**Private Pay or Out of Pocket Expenses** are long-term care expenses, which are not covered by one of the programs previously listed, and require you to use your assets, income and resources to pay for the care.

*There are four main ways that long-term care expenses are paid: Medicare, Medicaid, LTC Insurance and Private Pay or Out of Pocket Expenses.*

## Premium and Purchase Factors

Insurance companies generally consider the following criteria when establishing premium rates: age, elimination or deductible periods, amount paid/duration of benefits, optional inflation riders, nonforfeiture of benefits and optional return or premium, and survivor benefits.

**Age** - In general, the younger you are when you buy a policy, the lower the premium will be. Most companies will not sell policies to individuals over 79 years of age.

**Elimination or deductible periods** - These periods are the number of days you must stay in a facility, or the number of home care visits you must have received, before policy benefits begin. Usually, the longer the elimination or deductible period, the lower the premium.

**Amount paid and duration of benefits** - In general, the more money the policy will pay or the longer the benefit period, the more you will pay for the policy. For example, a policy that pays you \$100 a day for up to five years of nursing home care will cost more than a policy that pays \$50 a day for three years.

**Optional Inflation Riders** - Tax qualified policies are required to offer inflation riders as an option to insureds. Many insurers offering non-tax qualified policies offer optional inflation riders for an additional premium. These riders usually increase the daily benefit each year by a specified amount of at least 5%.

*Insurance companies generally consider the following criteria when establishing premium rates: age, elimination or deductible periods, amount paid/duration of benefits, optional inflation riders, nonforfeiture of benefits and optional return or premium, medical underwriting and survivor benefits.*

**Nonforfeiture Benefits and Optional Return of Premium** - Tax qualified policies are required to offer nonforfeiture benefits as an option to insureds. After March 17, 2003, insurers must begin offering optional nonforfeiture benefits for all long-term care insurance policies (both non-tax qualified and tax qualified). If an insured stops paying premiums, a nonforfeiture rider provides paid long-term care coverage equal to at least 30 times the daily benefit. These benefits are generally not available until the insured has been covered by the policy for three or four years.

Some insurers offer a return of premium rider for an additional premium. Some return of premium riders may pay a benefit only if an insured dies while other return of premium riders provide a benefit when either the insured dies or stops paying premiums. In either case, the return of premium benefit returns a pre-defined portion of the total premiums paid for the policy.

**Survivor Benefits** - Some insurers offer a survivorship rider for an additional premium. When both husband and wife purchase a long-term care policy (usually identical) and one spouse dies, the surviving spouse's policy becomes paid up if both policies have remained in force for the stated number of years (usually about 7 to 10 years).

**Medical Underwriting** - Most insurers who sell long-term care insurance use medical underwriting to determine if they will sell you a long-term care insurance policy. Medical underwriting is a process done by insurance companies that reviews a number of factors including your health history. Long-term care insurance companies use the information gathered during the underwriting process to determine if you will be sold a policy. Long-term care insurers are not required to sell you a long-term care insurance policy if you do not meet their underwriting standards.

## Tax Qualified Long-Term Care Policies

Federal law allows individuals to deduct a portion of the premium of a tax-qualified long-term care policy from your taxes if you itemize your taxes and your medical and dental expenses exceed 7.5% of your adjusted gross income. In addition, benefits received from a tax qualified long-term care policy may not be taxable.

An individual must meet the eligibility requirements for a tax-qualified long-term care policy to qualify for benefits under that policy. A licensed health care practitioner must certify that an individual is “chronically ill” and prescribe a plan of care. An individual is considered chronically ill if care is expected to be needed for at least 90 days or requires substantial supervision due to severe cognitive impairment.

Long term care policies issued before January 1, 1997 are automatically considered tax-qualified. Any policy issued or modified after January 1, 1997 must meet the federal requirements to be considered tax-qualified.

You are encouraged to consult a tax advisor to learn how tax qualified long-term care policies could affect you.

## Long-Term Care Insurance Limitations

All insurance policies contain limitations and exclusions that you should know and understand. The following limitations are long-term care specific:

*The following limitations are long-term care specific: pre-existing condition waiting period, eligibility requirements, and defined exclusions*

**Pre-existing condition waiting period** — The waiting period that must pass before the policy pays for care related to a health problem you had when you applied for the policy. There could be a waiting period of up to six months before you would receive benefits for that condition.

**Eligibility** — Each company sets its own age limits after which time you will be unable to buy a policy. Most policies are available to those individuals between the ages of 18 and 79. The renewability provision lists the circumstances under which the policy can be cancelled by the insurance company or how much and when premiums can be raised. All policies must be guaranteed renewable.

**Exclusions** — Specific conditions for which long-term care insurance will not pay. For example, policies may not pay for long-term care related to mental or nervous conditions, alcoholism or other health conditions or situations. However, organic disorders such as Alzheimer’s Disease must be covered.

## Helpful Hints

### *Determine your resources*

**Determine your resources** — What kind of resources do you have or do you plan to have to take care of your long-term care needs? This information will help you decide if you need long-term care insurance at all and how much coverage you may need. If you need advice, consult a relative, friend, attorney or financial planner who understands your financial needs. Your Area Agency on Aging has trained individuals through the APPRISE program who can also help you understand your insurance needs.

### *Shop and Compare*

**Shop and compare** — Pennsylvania has approximately 80 companies selling long-term care insurance. The insert in this publication provides a listing of these companies. Agents must supply you with the publication “A Shopper’s Guide to Long-Term Care Insurance” **prior** to presentation of an application. If one is not provided, ask for it.

Beginning September 16, 2002 (or March 17, 2003 for group policies), an agent must supply you with certain disclosure forms at the time of application or enrollment or no later than at the time of delivery of the policy or certificate. These disclosure forms include: a rate history of the companies long-term care insurance policies, the potential of future rate increases, the Long Term Care Insurance Personal Worksheet and Things You Should Know Before You Buy Long Term Care Insurance.

### ***Look for Specifications***

**Look for specifications** — Policies generally pay only for expenses in facilities that are licensed by the Commonwealth and participate in Medicaid/Medicare or meet the policy’s definition of skilled, intermediate or custodial care. Check the nursing homes in your area to make sure they meet policy definitions.

### ***Know the policy coverage and limitations***

**Know the policy’s coverages and limitations** — Ask your agent to explain all coverages and any provisions that would limit or restrict the benefits contained in the policy. The agent must provide you with a “Long-Term Care Insurance Outline of Coverage.” This document will provide you with the terms, conditions, benefits, limitations, and exclusions of the recommended policy. It is the agent’s responsibility to explain anything that may be confusing to you. If an agent refuses to explain the policy and provide an outline of coverage, do not buy from that agent. You can also contact your Area Agency on Aging APPRISE program with questions.

### ***Don’t feel pressured***

**Don’t be pressured** — Take advantage of Pennsylvania’s mandated 30-day free look provision for long-term care policies. Once you receive a policy, you have 30 days to review and return it (we suggest registered mail), if you change your mind. If the policy is purchased through a direct response solicitation, you will have the right to return it within 30 days of its delivery. For your protection, agents are prohibited from engaging in “high pressure” sales tactics to induce or force you to purchase a long-term care insurance policy.

***Medical Underwriting***

**Medical Underwriting** - Most long-term care policies require that you pass medical underwriting criteria. This is usually either an examination or signing a release for information from your physician. For more information on medical underwriting, please see the earlier section titled “Premium and Purchase Factors.”

***Accelerated Benefits***

**Accelerated Benefits** - Many insurance companies offer accelerated benefit riders that can be added to life insurance policies and annuities. These benefit riders are not long-term care insurance.

***Home Service Contracts***

**Home Service Contracts** - Home service contracts that provide for services such as cooking, lawn care and laundry are not long-term care insurance. These contracts are not insurance and are not regulated by the Insurance Department.

## Long-Term Care Glossary

### ***Activities of Daily Living (ADLs)***

Activities that measure a person's level of dependence. These activities include bathing, continence, dressing, eating, toileting, transferring (mobility). Your policy must pay benefits if you are unable to perform the specified number of ADLs.

### ***Adult Day Care***

Daytime, community-based programs for functionally impaired or disabled adults that provide a variety of health, social and related services. Its purpose is to enable individuals to remain at home and to provide family members relief from constant care.

### ***Alternate Care Facility***

Facility that is primarily engaged in providing ongoing long-term care, has a trained employee available 24 hours a day, and provides 3 meals a day, accommodating special diets.

### ***Alzheimer's Disease***

A progressive, degenerative form of dementia that causes severe intellectual deterioration.

### ***Assisted Living Facilities***

Residential care settings providing the frail elderly with personal care services, shopping, housekeeping, and transportation.

### ***Bed Reservation***

This policy benefit covers the payment to a Nursing Home Facility when a policyholder is temporarily hospitalized, to reserve his or her room.

### ***Benefit***

Amount payable by the insurance company when the insured suffers a loss covered by the policy.

### ***Benefit Period***

Length of time a specific benefit will be paid. It begins when the insured becomes eligible for benefits and ends when the insured has been out of claim status for a given period of time.

***Chronically Ill Individual***

A person who has been certified by a licensed health care practitioner as being unable to perform at least 2 ADLs for at least 90 days due to a loss of functional capacity or requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

***Cognitive Impairment***

A Long-Term Care policy must pay for services when a deficiency in a person's short or long-term memory requires substantial supervision to maintain safety of the insureds and those around them. A doctor must certify cognitive impairment.

***Company Care Coordinator***

A professional who can work with you and your family to determine the appropriate Plan of Care. In most cases, the coordinator must be approved or recommended by the insurance company.

***Custodial Care***

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

***Daily Benefit***

The amount of insurance benefits that a policy will pay per day for covered long-term care expenses.

***Elimination Period***

A type of deductible; the number of days the individual must pay out of pocket for covered services before the insurance company will begin to make payments. The longer the elimination period, the lower the premium.

***Emergency Systems***

Includes but is not limited to the following: Installation and monthly service of a medical alert system, local services by a licensed ambulance.

***Extended Care Facility***

Synonym for Assisted Living Facility.

***Guaranteed Purchase Option (GPO)***

This benefit guarantees a policyholder the right to purchase additional units of a daily benefit.

### ***Guaranteed Renewable***

When a policy cannot be cancelled and must be renewed by the company when it expires unless benefits have been exhausted. The company cannot change the coverage or refuse to renew the coverage for anything but non-payment of premiums.

### ***HIPAA***

“Health Insurance Portability and Accountability Act” Federal legislation passed in 1996 that allows, under specified conditions, for long-term care policies to be qualified for certain tax benefits.

### ***Home Health Care (HHC)***

Services include but are not limited to: part-time skilled nursing care, speech, physical or occupational therapy, homemaker services, home health aide, assistance with ADLs, adult day care, personal care, hospice services and respite care.

### ***Homemaker Services***

Basic domestic services that are provided at home to assist a person with chronic illness or disability to remain at home and as independent as possible. Services include housekeeping, cooking, transportation, shopping and bathing.

### ***Hospice***

Care provided to terminally ill patients and their families that emphasizes patient comfort rather than cure. Addresses emotional needs such as coping with pain and death.

### ***Incurred Payment Disbursement***

This payment method will pay less than the daily maximum if the actual cost for services is less. For instance, if the policy has a \$100 Daily Benefit, but the actual expenses are only \$80 a day, the policy would only pay \$80 a day.

### ***Indemnity Payment Disbursement***

This payment method will pay the actual dollar amount of the benefit regardless of the cost of services. For example, if the policy has a \$100 Daily Benefit, the policy would pay \$100, even if the actual cost of the service rendered were \$75 or \$125.

### ***Inflation Protection***

Allows policyholder to increase insurance benefits over time to offset higher service costs associated with inflation.

<b><i>Intermediate Care</i></b>	Occasional nursing and rehabilitative care that must be based on a doctor's orders and can only be performed by, or under the supervision of, skilled medical personnel.
<b><i>Lapse</i></b>	Termination of a policy when a renewal premium is not paid.
<b><i>Medicaid</i></b>	A joint federal/state program that pays for health care services for those with low incomes or very high medical bills relative to income and assets.
<b><i>Medicare</i></b>	The federal program providing hospital and medical insurance to people aged 65 or older and to certain ill or disabled persons. Benefits paid for nursing home and home health care services are limited.
<b><i>NAIC</i></b>	National Association of Insurance Commissioners - Membership organization of insurance commissioners whose goal is to promote uniformity of state regulation and legislation related to insurance.
<b><i>Non Tax-Qualified Policy</i></b>	Policyholders cannot claim deductions for long term care premiums on non tax-qualified plans.
<b><i>Non-cancelable Policies</i></b>	Insurance contract that cannot be cancelled. Also, the insurance company cannot change the rates.
<b><i>Non-forfeiture Benefit</i></b>	Insurance feature that, upon voluntary termination of premiums, allows the full daily benefit to be paid for a shortened benefit period.
<b><i>Nursing Home Care (NHC)</i></b>	Care in a licensed nursing facility; includes Assisted Living facilities.
<b><i>Outline of Coverage (OC)</i></b>	Provides a very brief description of the important features of the policy. You should compare this outline of coverage to outlines of coverage for other policies. This is not an insurance contract.
<b><i>Policy Form Number</i></b>	A unique number used for policy identification.
<b><i>Pre-existing Conditions</i></b>	Medical conditions, illness or disability that existed before a person purchases an insurance policy.

<b><i>Premium</i></b>	The amount paid by the policyholder in return for protection against financial loss due to occurrence of an event.
<b><i>Rescind</i></b>	When the insurance company voids or cancels a policy.
<b><i>Respite Care</i></b>	Short-term care to a dependent individual to alleviate stress and relieve family caregivers.
<b><i>Restoration of Benefits</i></b>	Once a policyholder is treatment free for at least 6 consecutive months, benefits already paid will be ignored in determining the Lifetime Maximum Benefit for future Long-Term Care facility stays.
<b><i>Return of Premium (ROP)</i></b>	A non-forfeiture benefit that is pre-defined to return a certain portion of premiums paid at a time when premium payments cease. Usually any claims paid are deducted for ROP.
<b><i>Shortened Benefit Rider</i></b>	Insurance feature that, upon voluntary termination of premiums, allows the full daily benefit to be paid for a shortened benefit period.
<b><i>Skilled Nursing Care</i></b>	Daily nursing and rehabilitative care that can be performed only by, or under the supervision of, skilled medical personnel. The care received must be based on a doctor's orders.
<b><i>Tax-Qualified Policy</i></b>	Plans that allow policyholders to deduct their long term care premiums as medical expenses on his or her income tax return, up to a specified amount.
<b><i>Underwriting</i></b>	The process of examining, accepting, or rejecting insurance risks, and classifying policyholders in order to charge the proper premium.
<b><i>Waiver of Premium</i></b>	A provision that relieves the insured from paying premiums while receiving benefits.

# Worksheet 1: Personal Long-Term Care Insurance Assessment

---

## I. Personal Goals

These are some of the primary reasons people buy long-term care insurance. Do these apply to you?

**Yes**    **No**

I consider it important to be able to leave most of my estate for my spouse or children when I die. *If this is not important to you, then you could pay your own bills until you are eligible for Medicaid and would not need insurance.*

I have assets (investments or savings), which I would **not** want to use for my long-term care. *You would need at least \$30,000 to \$50,000 to pay your own long-term care bills for one year. There is no magic number, and you have to decide for yourself whether protecting your assets is worth the premiums you would pay to protect them.*

If I had to go into a nursing home, I would **not** want Medicaid to pay the bills. *You have to weigh how strongly you feel about this against the cost of buying insurance to take the place of Medicaid.*

I want to choose the specific nursing home or home care services that I would utilize and I do not have sufficient savings or assets to pay for this. *Medicaid may not pay for home care services, and some nursing homes limit the number of Medicaid recipients they are willing to serve. In addition, there are no guarantees that any specific nursing home will accept a resident.*

## II. Affordability

Although long-term care insurance may fit your goals, if you plan to pay for the policy out of your monthly income you should **not** buy it **unless** you can afford it. If you are over 65, premiums may be as much as \$100-\$300 a month.

Fill in the chart to determine the amount you have left after paying all your expenses. This will give you an estimate of how much you could spend on a long-term care insurance policy. Consider the fact that changes in expenses and income may occur following the death of your spouse.

## Monthly Expenses

Rent or mortgage \$ \_\_\_\_\_  
Food & household supplies \$ \_\_\_\_\_  
Clothes \$ \_\_\_\_\_  
Utilities \$ \_\_\_\_\_  
Car (payments, gas, repairs) \$ \_\_\_\_\_  
Loans & credit cards \$ \_\_\_\_\_  
Medical (drugs, office visits, not covered by insurance) \$ \_\_\_\_\_  
Insurance (car, home, health, life) \$ \_\_\_\_\_  
Taxes (income, personal property) \$ \_\_\_\_\_  
All other monthly expenses (vacation, gifts, education, recreation, leisure, etc.) \$ \_\_\_\_\_  
**Total Expenses** \$ \_\_\_\_\_

## Monthly Income

Wages \$ \_\_\_\_\_  
Social Security \$ \_\_\_\_\_  
Pension \$ \_\_\_\_\_  
Interest & dividends \$ \_\_\_\_\_  
Rental property \$ \_\_\_\_\_  
All other income \$ \_\_\_\_\_  
**Total Income** \$ \_\_\_\_\_

## Net Income

*(This is how much money you now have available for all other uses, including emergencies.)*

**Total Income** \$ \_\_\_\_\_ –  
**Total Expenses** \$ \_\_\_\_\_ =  
**Total Net Income** \$ \_\_\_\_\_

## Future Changes in Net Income

If you buy a long-term care policy, you will probably have to pay premiums for many years, and the premiums may increase over the years. Consider how changes in your financial situation (retirement, changing interest rates, death of a partner, etc.) might affect your ability to pay premiums for long-term care insurance.

## Do you have other sources of premium payments?

If paying the premiums for long-term care insurance would require a substantial part of your net income, you **probably should not** buy a long-term care policy, unless you can say “yes” to one of the following questions:

**Yes**    **No**

*Would your children or family help pay your insurance premiums?*

*Would you use a savings account, cash in your investments or sell assets to pay premiums? Before you consider this option, you may wish to consult your lawyer or a financial advisor.*

### III. Risk Assessment

#### What are the chances you'll need long-term care?

No one can predict the future. You could live to be 100 and never need a day of long-term care. Or, a sudden stroke could cause you to require nursing home care for the rest of your life.

However, your chances of needing long-term care increase if:

- Family members tend to live into their 80s or longer.*
- You have heart problems, high blood pressure, diabetes or other serious or chronic health problems.* Companies are unlikely to sell you a policy once you have received home care or nursing home care, or have a recent history of serious health problems.
- You're female.* Women tend to live longer and use more long-term care than men.
- You live alone or have no family who could take care of you at home.*

Buying long-term care insurance can be expensive and is a difficult decision to make. You may want to consult with family members, a health insurance counselor, an attorney or a financial advisor.

## WORKSHEET 2: Information about the availability and cost of long-term care in your area

---

Find out what facilities and services provide long-term care in your area (or in the area where you would be most likely to receive care) and what the costs are for these services. List the information below.

Name of nursing facility: \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

Name of nursing facility: \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

Check which types of care are available and list the cost (per month).

skilled nursing care \$ \_\_\_\_\_

intermediate nursing care \$ \_\_\_\_\_

personal/custodial care \$ \_\_\_\_\_

Check which types of care are available and list the cost (per month).

skilled nursing care \$ \_\_\_\_\_

intermediate nursing care \$ \_\_\_\_\_

personal/custodial care \$ \_\_\_\_\_

.....  
Name of home health agency \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

.....  
Name of home health agency \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

Check which types of care are available and list the cost.

\_\_\_ skilled care \$ \_\_\_\_\_ /visit

\_\_\_ intermediate care \$ \_\_\_\_\_ /visit

\_\_\_ personal/custodial care \$ \_\_\_\_\_ /visit

Check which types of care are available and list the cost.

\_\_\_ skilled care \$ \_\_\_\_\_ /visit

\_\_\_ intermediate care \$ \_\_\_\_\_ /visit

\_\_\_ personal/custodial care \$ \_\_\_\_\_ /visit

.....  
Other facility or service you might use (e.g. adult daycare center)

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

Available services \_\_\_\_\_

Costs of services \_\_\_\_\_

.....  
Other facility or service you might use (e.g. adult daycare center)

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Contact person \_\_\_\_\_

Available services \_\_\_\_\_

Costs of services \_\_\_\_\_

## WORKSHEET 3: Information about companies selling long-term care insurance

---

### Company Selling Long-Term Care Policy "1"

Name of company \_\_\_\_\_

Company address \_\_\_\_\_

Phone number \_\_\_\_\_

Toll-free number \_\_\_\_\_

Is this company licensed to do business in your state of residence? \_\_\_\_\_ yes \_\_\_\_\_ no

Name of agent (if applicable) \_\_\_\_\_ Phone Number \_\_\_\_\_

Address \_\_\_\_\_

Company ratings Name of rating agency \_\_\_\_\_ Rating \_\_\_\_\_

Name of rating agency \_\_\_\_\_ Rating \_\_\_\_\_

.....

### Company Selling Long-Term Care Policy "2"

Name of company \_\_\_\_\_

Company address \_\_\_\_\_

Phone number \_\_\_\_\_

Toll-free number \_\_\_\_\_

Is this company licensed to do business in your state of residence? \_\_\_\_\_ yes \_\_\_\_\_ no

Name of agent (if applicable) \_\_\_\_\_ Phone Number \_\_\_\_\_

Address \_\_\_\_\_

Company ratings Name of rating agency \_\_\_\_\_ Rating \_\_\_\_\_

Name of rating agency \_\_\_\_\_ Rating \_\_\_\_\_

.....

### Company Selling Long-Term Care Policy "3"

Name of company \_\_\_\_\_

Company address \_\_\_\_\_

Phone number \_\_\_\_\_

Toll-free number \_\_\_\_\_

Is this company licensed to do business in your state of residence? \_\_\_\_\_ yes \_\_\_\_\_ no

Name of agent (if applicable) \_\_\_\_\_ Phone Number \_\_\_\_\_

Address \_\_\_\_\_

Company ratings Name of rating agency \_\_\_\_\_ Rating \_\_\_\_\_

Name of rating agency \_\_\_\_\_ Rating \_\_\_\_\_

# WORKSHEET 4: Information about long-term care insurance policies

Fill in the information below so that you will be able to compare policies. Most of the information you need is in the outline of coverage and the policy; however, some information you will need to calculate or obtain by talking to your agent or company representative.

	Policy 1	Policy 2	Policy 3
<b>Levels of Care Coverage</b>			
Does the policy provide benefits for these levels of care?	yes / no	yes / no	yes / no
• skilled nursing care	yes / no	yes / no	yes / no
• intermediate care	yes / no	yes / no	yes / no
• personal/custodial care			
In Pennsylvania all 3 levels of care are required.	yes / no	yes / no	yes / no
Does it pay for any nursing home stay, regardless of the level of care you receive? If not, what levels are excluded?	_____	_____	_____
<b>Places covered under the policy</b>			
Does the policy pay for care in any licensed facility? If not, what are the restrictions on where you can obtain care?	yes / no	yes / no	yes / no
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Does the policy provide home care benefits for these types of care?	yes / no	yes / no	yes / no
• skilled care	yes / no	yes / no	yes / no
• care given by home health aides	yes / no	yes / no	yes / no
• homemaker services	yes / no	yes / no	yes / no
Does the policy pay for care received in these settings?	yes / no	yes / no	yes / no
• adult day care centers	yes / no	yes / no	yes / no
• community centers	_____	_____	_____
• other settings? (list)	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

**Policy 1**

**Policy 2**

**Policy 3**

**Benefit Duration and Amounts**

What is the maximum daily benefit amount?

- nursing home care
- home care

Are there limits on the number of days (or visits) per year for which benefits will be paid? If so, what are the limits ?

- nursing home care
- home care (days or visits)

What is the length of the benefit period you are considering?

Are there limits on the amounts the policy will pay during your lifetime? If so, what are the limits?

- nursing home care
- home care
- total lifetime limit

**Inflation Protection**

Are the benefits adjusted for inflation?

Are you allowed to buy additional increments of coverage? If so:

- when can you buy additional coverage?
- how much can you buy?
- when can you no longer buy additional coverage?

Are benefits increased automatically? If so, what is the amount of the increase?

Is this a simple or compound increase?

When do automatic increases stop?

If you buy inflation coverage, what daily benefit would you receive for nursing home care?

- 5 years from now
- 10 years from now

\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____
yes / no	yes / no	yes / no
_____	_____	_____
_____	_____	_____
___ years	___ years	___ years
yes / no	yes / no	yes / no
\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____
yes / no	yes / no	yes / no
yes / no	yes / no	yes / no
_____	_____	_____
_____	_____	_____
_____	_____	_____
yes / no	yes / no	yes / no
_____ %	_____ %	_____ %
_____	_____	_____
_____	_____	_____
\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____

If you buy inflation coverage what daily benefit would you receive for home care?

- 5 years from now
- 10 years from now

After the limits have been reached for inflation adjustments, what is the maximum benefit you will receive for these levels of care?

- nursing home care
- home care

**Other Policy Provisions**

Is there a waiver-of-premium provision? If so, how long do you have to be in a nursing home before it begins?

Does the company offer a nonforfeiture benefit? If so, what kind?

Does the company offer a return of premium benefit? If so, are there any restrictions before the benefit is paid?

Must you use a care coordinator to receive the maximum benefits provided by the policy?

**Commencement of Benefits**

How long is the elimination or waiting period before benefits begin for these levels of care?

- nursing home care
- home health care

How long will it be before you are covered for a pre-existing condition? (The maximum is 6 months in Pennsylvania.)

How far back will the company look in your medical history to determine a pre-existing condition? (The maximum is 6 months in Pennsylvania.)

	<b>Policy 1</b>	<b>Policy 2</b>	<b>Policy 3</b>
	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
	yes / no ____ days	yes / no ____ days	yes / no ____ days
	yes / no _____	yes / no _____	yes / no _____
	yes / no yes / no	yes / no yes / no	yes / no yes / no
	yes / no	yes / no	yes / no
	____ days ____ days	____ days ____ days	____ days ____ days
	____ months	____ months	____ months
	____ months	____ months	____ months

**Benefits Eligibility Determination**

Which gatekeeper(s) does the policy use to determine eligibility for benefits? (It may have more than one.)

- doctor certification
- medical necessity
- failure to perform activities of daily living

(ADLs)

If the policy uses an ADL gatekeeper, are ADLs clearly defined and does the policy specify what is meant by failure to perform one?

Does the policy have a separate or different way to qualify for benefits if you have suffered a cognitive impairment, such as Alzheimer’s Disease?

**Policy Costs**

What is the monthly premium *excluding* all riders?

What is the annual premium if home care is covered?

What is the annual cost of the inflation rider?

What is the cost of a nonforfeiture benefit?

Is there any discount if you and your spouse both buy policies?

If so, what is the amount of the discount?

Do you lose the discount when one spouse dies?

What is the total annual premium *including* all

	Policy 1	Policy 2	Policy 3
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
yes / no	yes / no	yes / no	yes / no
yes / no	yes / no	yes / no	yes / no
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____

## Where should I call for more information?

If you have any unresolved problems or questions concerning long-term care insurance, you should contact the Pennsylvania Insurance Department on our toll-free automated *Consumer Line* at **1-877-881-6388**, visit us on the world wide web at [www.insurance.state.pa.us](http://www.insurance.state.pa.us) or any of our four regional offices.

### Harrisburg Regional Office

Room 1321 Strawberry Square  
Third and Walnut Streets  
Harrisburg, PA 17120  
(717) 787-2317  
fax (717) 787-8585  
TTY/TDD: (717) 783-3898

### Philadelphia Regional Office

Room 1701 State Office Building  
1400 Spring Garden Street  
Philadelphia, PA 19130  
(215) 560-2630  
fax (215) 560-2648  
TTY/TDD: (215) 560-2471

### Pittsburgh Regional Office

Room 304 State Office Building  
300 Liberty Avenue  
Pittsburgh, PA 15222  
(412) 565-5020  
fax (412) 565-7648  
TTY/TDD: (412) 565-2376

The Insurance Department has developed an electronic premium guide available on our website at [www.insurance.state.pa.us](http://www.insurance.state.pa.us). This guide will provide you with information about specific long-term care insurance companies, the policies they offer and the premiums they charge.

In addition, the Department of Aging has a website with information about long-term care at [www.palongtermcare.state.pa.us](http://www.palongtermcare.state.pa.us). They also provide health insurance counseling and assistance through the APPRISE program at your local Area Agency on Aging.

## An Overview of Long-Term Care Insurance November 2002



A consumer service initiative of the  
**Pennsylvania Insurance Department**

**1-877-881-6388**

[www.insurance.state.pa.us](http://www.insurance.state.pa.us)