

Do I Need Long-Term Care Insurance?

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Long-term care insurance refers to insurance coverage for medical or personal care services that you may need in the future due to a chronic illness or disability. It usually does *not* cover care received on a short-term basis following a hospitalization or an acute illness.

In the past, long-term care generally just covered nursing home care. Many of today's long-term care policies cover care provided in a variety of settings, including nursing homes, assisted living facilities, your own home, adult day care center or group living arrangements with supportive services. Wisconsin law dictates that long-term care policies sold within this state must provide coverage for both institutional and community-based care, meaning that the policy must provide coverage both in a nursing home, as well as in your own home.

The costs for long-term care policies vary greatly depending on the types of services included in the policy. The average cost of nursing home care in Wisconsin increases each year as well. For example, in 2005, the average cost for a day of nursing home care was \$164; however, in 2011, this amount has risen to \$215 per day.

Is a long-term care policy right for me? There are many factors which impact whether or not a person should buy long-term care insurance including age, financial status (assets & annual income), health, marital status, and overall retirement objectives. For example, if a minimum Social Security benefit is your only source of income, or if your assets are close to the Medicaid eligibility limit, you may not be able to afford a long-term policy. Additionally, pre-existing health issues may make it difficult to pass underwriting.

CONSIDERATIONS & POINTERS

- Understand the type of coverage you are buying.
 - Does the policy pay a fixed amount for each day you require care? Or does it pay out according to the provider's actual charges?
 - Does the policy cover care in an assisted living facility or community based residential facility as well as a nursing home?
 - Is there an elimination period? This refers to a certain number of days that you must pay for your care entirely out of pocket before the policy pays out any benefits. Usually the longer the elimination period, the lower the premium.
 - Is there a lifetime maximum benefit?
 - Does the policy give you a written assurance that if future policy upgrades are made you will be given an opportunity to decide whether you would like to upgrade your policy regardless of your health circumstances?
- What period of time are you buying benefits for?

- Does the policy pay benefits for one year, or the rest of your life?
- Can you increase the benefits later in life?
- Are premiums based on issue age (only increase if premiums are increased for everyone) or attained age (premiums automatically increase as you age)?
- What is the trigger point in order to receive benefits under the policy?
 - Who does the assessment of your care needs-the insurance company or a doctor/nurse/social worker not employed by the company?
- Is there a pre-existing condition waiting period? The longest pre-existing waiting period allowed in Wisconsin is six months.
- Does the policy provide for a waiver of premium after a specified time receiving benefits under that policy?
- Since costs in long-term care are expected to continue to rise, consider purchasing an inflation protection rider to assure that the policy continues to have a meaningful level of coverage in the future.

For additional information on long-term care policies, contact the Wisconsin Medigap Helpline at 1-800-242-1060.

Additional information on long-term care insurance policies, including the *Guide to Long-Term Care* and *Long-Term Care Insurance Policies Approved in Wisconsin*, are available at www.oci.wi.gov/pub_list/pi-047.htm Or by calling 1-800-236-8517.

**Portions of this article have been taken from the Office of the Commissioner of Insurance consumer publications.*