

Legal Assistance for Seniors/HICAP Presents:

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



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## 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

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## 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)



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## 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.



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## 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



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## What Is Long Term Care?



Assistance  
with  
personal  
care  
provided  
over a long  
period of  
time

- at home
- in the community
- in nursing homes

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## Long Term Care Often Defined As:

### **Needing Assistance with Activities of Daily Living**

- Bathing
- Dressing
- Eating
- Toileting
- Contenance
- Transferring
- Ambulating

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## 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



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## 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 12/29/2021

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## What Does LTC Cost?

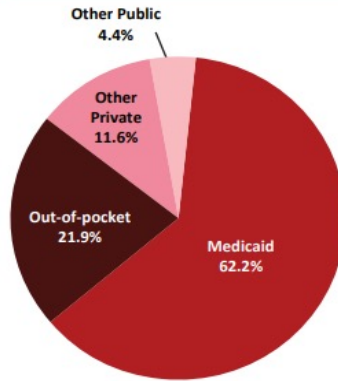
- from Genworth Cost of Care Survey for 2020

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	\$96
California	\$376	\$304	\$164	\$116
Sacramento - Yolo	\$450	\$327	\$177	\$123
San Francisco - Oakland	\$500	\$410	\$201	\$128
San Jose - Sunnyvale - Santa Clara	\$483	\$413	\$193	\$132
San Diego	\$475	\$353	\$149	\$120
Los Angeles - Orange County	\$348	\$265	\$164	\$116

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## 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](http://www.scanfoundation.org)

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## What Is Skilled Care?

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



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

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## 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 \$194.50 per day (2022)
Beyond 100 days in a benefit period	<b>-Medicare does not cover</b>

**Home Health Care:** **No co-pays**, but must meet Medicare's "skilled care" requirements

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## 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")

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## 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](http://www.canhr.org) for more info on  
Medi-Cal for Long Term Care

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## 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)

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## 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

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## 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



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## 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

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## 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

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## Premium Example:

Age	Annual Premium
50	\$4,096 - \$8,034
65	\$5,332 - \$9,378
80	\$15,767*

Source: CA Department of Insurance Website, Dec 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

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## 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](http://www.insurance.ca.gov/consumers)

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## Companies Selling LTCl in CA

Company Name	Company's Customer Service Number
Bankers Life and Casualty Company	(800) 621-3724
Genworth Life Insurance Company	(800) 456-7766
Knights of Columbus	(800) 380-9995
Mutual of Omaha Insurance Company	(800) 896-5988
National Guardian Life Insurance Company	(888) 505-2332
New York Life Insurance Company	(800) 224-4582
Northwestern Long Term Care Ins. Company	(800) 890-6704
Thrivent Financial	(800) 847-4836

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## 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**

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## 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

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## Companies Selling Partnership Policies

- **Genworth Financial**
  - **888-436-9678**
- **CalPERS Long-Term Care Program**
  - **800-982-1775**



CALIFORNIA PARTNERSHIP FOR  
LONG-TERM CARE

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](http://www.rureadyca.org)  
or <http://www.dhcs.ca.gov/services/ltc/Pages/CPLTC.aspx>

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## 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/>

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## Cal PERS Settlement

**Settlement Not Final:** The current date for the court to consider a final settlement order is June 8, 2022.

- **Must continue to pay premiums**
  - To remain eligible for premium refund
  - Lapse, claim, or die before June 8, 2022
  - Moves into a different category for damages
- **CalPERS can decline settlement**
  - Too many people opt out of the settlement, or
  - Settlement puts LTCL program at risk of Insolvency

If a policyholder member of the lawsuit wants to keep their CalPERS coverage they MUST opt out of the Settlement by January 28, 2022. If the Settlement is made final and a policyholder has not opted out they will automatically get a refund of their premium and lose their CalPERS long-term care insurance policy. The final deadline to file a response with the Settlement Administrator for all categories of Settlement options is **January 28, 2022**. If you have any questions about the Settlement you can contact the Settlement Administrator at 1-866-217-8056 (Toll-Free)

For more information, go to  
<https://www.calpersltcclassaction.com/Home/FAQ>

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## Minimum Suitability Standards for LTCI

- 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

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## 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



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## 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?



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## 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?



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## LTC Insurance Resources

[www.longtermcare.gov](http://www.longtermcare.gov) (202) 619-0724

National Clearinghouse for Long Term Care Information

[www.insurance.ca.gov](http://www.insurance.ca.gov) (800) 927-HELP (4357)

CA Department of Insurance Rate and History Guide

[www.rureadyca.org](http://www.rureadyca.org) (916) 552-8990

California Partnership for Long Term Care

[www.cahealthadvocates.org](http://www.cahealthadvocates.org) (800) 434-0222 (HICAP)

Consumer Information on Long Term Care

[www.canhr.org](http://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](http://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**

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## For an Appointment...

with a HICAP Counselor in your area,

call (510) 839-0393

or statewide **(800) 434-0222**

[www.lashicap.org](http://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.

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