



LONG-TERM CARE INSURANCE SELF-ASSESSMENT GUIDE

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by the Florida Department of Elder Affairs

<http://www.floridaSHINE.org>



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This publication is created solely for informational purposes and as an aid to individuals, families, and caregivers for long-term care planning. No unauthorized use or duplication of this publication is allowed without express permission from the Department of Elder Affairs, SHINE (Serving Health Insurance Needs of Elders) Program.

Florida Department of Elder Affairs

Our Mission...

Is to foster optimal quality of life for elder Floridians.

Our Vision...

Is to foster a social, economic and intellectual environment for all ages, and especially for those age 60 and older, where all can enjoy Florida's unparalleled amenities in order to thrive and prosper.

Our Values

Compassion
Accountability
Caregiver Support
Quality
Intergenerational
Partnerships
Diversity
Elder Rights
Volunteerism

Introduction

The Florida Department of Elder Affairs is committed to leading the nation in assisting elders to age in place, with dignity, purpose, security, and in an elder-friendly community. We promote positive aging by empowering elders to make informed decisions.

One of the ways we serve elders is by providing resource materials to aid in the decision-making process. This **Long-Term Care Insurance Self-Assessment Guide** has been developed to help you plan for your future long-term care needs. The guide will not provide a definitive answer regarding the purchase of long-term care insurance. Since each person's circumstances are different, there is no one answer that fits all situations. The guide can help you ask the right questions, which will help you make the decision that is best for you.

If you need further information or have questions about long-term care insurance, please contact the Department's **SHINE** (Serving Health Insurance Needs of Elders) program. **SHINE** is a volunteer-based Medicare and health insurance information, counseling and assistance program. Our trained volunteers will answer your questions and provide you with information and assistance. **SHINE** services are free, impartial and confidential. To contact the **SHINE** unit near you, please refer to the list of telephone numbers on page 13.

HOW TO USE THIS GUIDE

The self-assessment guide leads you through questions and issues that include: your risk of needing long-term care; financial considerations; and long-term care insurance benefits to consider. A brief listing of options to insurance are also presented.

You may want to work through the guide with family members, so these important issues can be discussed and considered. **You are under no obligation to share the answers of this guide with anyone else, including the SHINE counselor or insurance agents!**

Note: Please refer to the addendum on page 15 for current Medicaid figures (for filling in the blank spaces on pgs. 6, 7 & 8).

*Additional information on Long-Term Care and Long-Term Care Insurance is available from several other sources. For more information on how to obtain other resources, see the **Resource Information** list at the end of this document.*

Long-Term Care Insurance Self-Assessment Guide

Name: _____

Date: _____ Current Age: _____

I. THE NEED FOR LONG-TERM CARE

A. Age and Gender

The need for long-term care normally increases as you get older. If family members have lived to ages 85+, there is a good chance you may live as long or longer. This increases your chances for needing long-term care. If family members have lived to younger ages than 85, you may still live to 85+ because of advances in medical technology.

Women generally are more likely than men to need long-term care at some point in their lives since they tend to live longer (and thus suffer from a disabling chronic condition) and are more likely to live alone.

1. To what age did your parents live? _____

2. To what age have other family members lived (siblings, grandparents, etc.)?

B. Living Arrangements

For elder persons living alone, chances of needing nursing home care at some point in their lives are increased. If there are few friends or family members living close by who would provide assistance, the need for insurance increases.

1. Do you live alone, with spouse, adult children, friends or relatives, or other?

2. Are your adult children or other family and friends available to provide care for you should you need it? _____ Do your children live close by? _____

3. Are there individuals you would want to assist in this case, should you need it? _____

4. Have you discussed this with them and are they willing and able to provide this care? _____

C. Health History

The need for long-term care is usually the result of a **disabling chronic condition** (such as diabetes, arthritis, heart condition, stroke, emphysema, Alzheimers', or cancer). These chronic conditions may be related to your family history or to health risk factors you may have (smoking, overweight, high blood pressure). If you currently have a serious chronic condition, insurance companies may not insure you. If in the past 6 months to a year you have been treated for a major condition the insurance company may "rider" that specific condition or illness.

1. Are you **currently disabled** (unable to perform activities of daily living without help from others; such as bathing, dressing, getting around, going to the bathroom, or eating)? _____

If yes, you probably will **not** be able to purchase a long-term care insurance policy. If disabled, please skip to the **OPTIONS** section on page 6.

2. General health condition (excellent, good, fair, poor): _____
3. List current illnesses or conditions: _____

4. Major surgery or illness that resulted in hospitalization in the past 10 years:

5. Family history of chronic illness (diabetes, heart disease, arthritis, senile dementia, Alzheimer's, Parkinson's Disease, cancer, etc.):

6. Do you have health or lifestyle factors that may put you at risk of needing long-term care (smoking, overweight, high blood pressure)?

D. Personal Preferences

Your feelings and preferences are important considerations in determining whether to purchase long-term care insurance.

1. How do you feel about your children or others providing financial support (i.e., paying or helping to pay insurance premiums)?

2. How do you feel about relying on help from your adult children or others in order to remain in your home, should you need such help?

3. How do you feel about living with your adult children or others?

4. What is your attitude about receiving Medicaid, should you need it?

5. How important is it to leave an estate to your children or others?

6. Is there a specific nursing home you would like to use?

7. How important is it for you to have a single room should you need nursing home care? *(Medicaid will not pay for single rooms. The rates for single rooms for private pay persons or for those using insurance are significantly higher than the rates for double occupancies.)*

8. What are your specific concerns or priorities? _____

9. Why are you looking into long-term care insurance now? _____

10. Are you planning to relocate to another state? _____ If **yes**, you should be aware that Medicaid eligibility may differ from state to state.

II. FINANCIAL CONSIDERATIONS

A. Income

Are you currently receiving SSI (Supplemental Security Income) or Medicaid?
Yes _____ No _____. If you answered **yes**, long-term care insurance is **not** an option!
Please consider "options to long-term care insurance" listed on page 6.

Monthly Income

a.	Wages	\$ _____
b.	Social Security	\$ _____
c.	Pension	\$ _____
d.	IRA, Annuities & KEOGHS	\$ _____
e.	Interest / Dividends	\$ _____
f.	Rental Income	\$ _____
g.	Other Income	\$ _____
	TOTAL INCOME (add 'a' through 'g')	\$ _____

Monthly Expenses

a.	Mortgage/Rent	\$ _____
b.	Household (utilities, phone, home maintenance, ins.)	\$ _____
c.	Food	\$ _____
d.	Clothing	\$ _____
e.	Automobile (loan payment, gas, ins., maintenance)	\$ _____
f.	Medical expenses and insurance premiums	\$ _____
g.	Taxes (estimated income and property)	\$ _____
h.	Miscellaneous (recreation, etc.)	\$ _____
	TOTAL EXPENSES (add 'a' through 'h')	\$ _____

Discretionary Income

(Total Income minus Total Expenses) \$ _____

This is the income you have available to pay for long-term care or long-term care insurance premiums.

Use the worksheet on this page to determine the value of your **assets**. Your assets are a resource to you that can be used to pay for long-term care or long-term care insurance premiums. If your assets are within certain limits, you may qualify for the Medicaid nursing home program (Institutional Care Program – page 7).

B. Assets

Assets may be considered as “exempt” or “not exempt” by Medicaid. This is why it is important that you list your assets under the appropriate category (exempt/not-exempt) below.

The numbers in () refer to the comments on the next page and relate the assets to Medicaid.

<u>Type of Asset</u>	<u>Usually Medicaid Exempt</u>	<u>Usually NOT Medicaid</u>
a. Bank accounts, Money markets (1, 2)		\$ _____
b. Certificates of Deposit (1, 2)		\$ _____
c. Stocks, Bonds (1, 2)		\$ _____
d. IRA's, Annuities, and other retirement plans (2)		\$ _____
e. Cash Value of Life Insurance (1, 2)		
(1) If face value is \$2500 or less	\$ _____	
(2) If face value is more than \$2500		\$ _____
f. Burial Funds (3)	\$ _____	
g. Equity Value of Home, if owned (current market value minus remaining mortgage and liens) (4)	\$ _____	
h. Equity value of other property (current market value of second home, land, etc., minus mortgages and liens) (4)		\$ _____
i. Personal Property (5)	\$ _____	
j. One Automobile (any value) (6)	\$ _____	
Additional vehicles		\$ _____
k. Total Assets (Add 'a' through 'j')	\$ _____	\$ _____

These comments were referenced on the previous page. They relate to the Medicaid Nursing Home Program “asset” requirements.

The rules on “assets” could change in the future based on changes in federal or state laws or regulations.

- (1) For married couples, Medicaid **spousal impoverishment** provides asset protection when one spouse enters a nursing home (institutionalized spouse) and the other spouse is at home (community spouse). The community spouse can protect the couples countable assets up to (refer to p. 15) \$_____. In some cases, income of the institutional spouse may be used to meet the needs of the community spouse.
- (2) **Bank accounts, stocks, bonds, life insurance (if face value more than \$2500), real property and mortgages** owned by the individual are assets that are counted in determining eligibility.
- (3) **Burial funds** may be exempt, under certain conditions.
- (4) The **home** and its surrounding property are not counted as an asset if the individual’s spouse or dependent relative is living in the home. The homestead is also exempt if the individual states he/she intends to return to the home. Other property (second home, rental property, land, etc.) is not exempt.
- (5) **Household goods** (furniture, appliances, TV’s, etc.) and **personal effects** (clothing, jewelry, hobby items, etc.) are exempt.
- (6) One **vehicle**, regardless of value, is exempt.

CAUTION! Medicaid eligibility is complex. Please consult your local Medicaid Office, at the Department of Children & Families or a **SHINE** counselor, about your specific circumstances. Your local Legal Services Organization or Area Agency on Aging may be able to provide legal assistance, if needed, free of charge or at a reduced cost.

III. OPTIONS TO LONG-TERM CARE INSURANCE

A. Self Insuring

This option is most appropriate for persons who can invest resources over a number of years to cover the costs of long-term care. You may wish to speak with a financial consultant or advisor.

B. Reliance on Medicaid

Persons with limited income and assets should **NOT** purchase LTC insurance. For these persons, the Medicaid ICP (Institutional Care Program) may be a source of financing for LTC services.

Institutional Care Program (ICP)

Eligibility for the Medicaid Institutional Care Program (ICP) is determined by the Department of Elder Affairs - CARES Program and the Department of Children & Families. ICP is designed to help persons in nursing homes pay for the cost of nursing home care.

Eligibility requirements:

1. Be 65 or older or disabled
2. Be a citizen or alien admitted for permanent residence
3. Have an individual income of (refer to pg. 15) \$_____ or less
4. Have assets that total no more than \$2000

Examples of assets include:

- a) bank accounts
- b) stocks, bonds, CD accounts
- c) life insurance policies (if face value exceeds \$2500, or \$1500 for SSI Recipients)
- d) property (other than homestead)
- e) mortgages owned by the individual

Assets that are excluded (not counted):

- f) **Homestead Property:** the home in which an individual lives is an excluded (not counted) asset. However, if the client leaves the home, it may be considered an asset unless either one of the following conditions is met:
 - * The individual's spouse or dependent relative is living in the home, or
 - * The individual states he/she intends to return.
 - g) **Burial Funds:** under certain conditions, up to \$2500 of an individual's assets may be excluded as a burial fund.
 - h) **Automobile:** one automobile is excluded.
5. Be in medical need of nursing home placement.
 6. Be placed in a Medicaid licensed nursing home.
 7. File for all other benefits for which he/she may be eligible (i.e., pension, retirement, disability, etc.).

Transfer of Assets. The transfer of an asset for less than the fair market value, by the individual, spouse, or legal representative within 36 months (60 months if used to establish a trust) of application may cause ineligibility.

Payment for the Nursing Home

1. The Department of Children and Families sets the rate that Medicaid recognizes as the “cost of care.”
2. All the patient’s monthly income (except \$35 for personal needs) must be paid to the nursing home for the patient’s care. (In certain circumstances, part of the individual’s income may be set aside for the spouse or dependents).
3. Medicaid pays the difference between the patient’s responsibility and the recognized Medicaid rate.

Common Terms Associated with ICP

1. **Spousal Impoverishment.** The resources of the individual applying for assistance and the “community spouse” must both be counted. The spouse remaining in the community may retain (refer to pg. 15) \$ _____ in assets and the remainder will be allocated to the individual going into the nursing home. If this amount is more than \$2000, the couple must “spend down” to have this amount equal to or less than \$2000.

The individual can transfer resources to his/her community spouse without penalty.

2. **Community Spouse Allowance.** Once the individual is determined eligible for ICP, a special budget is completed to determine if the spouse remaining at home may qualify to keep a portion of the individual’s income.

Persons who do not have or cannot obtain adequate insurance (possibly due to a health condition) may wish to consult an attorney familiar with Medicaid law to determine what options are available within Medicaid rules to protect assets.

If you want to know more about the Medicaid nursing home program, call your local Medicaid Office. Medicaid eligibility requirements are complicated and may change at any time due to changes in state and federal laws.

C. Retirement Communities

1. Continuing Care Retirement Communities (CCRCs) offer a range of levels of care on the same campus, from independent apartments to nursing home care. The monthly fee is based on the level of care received.

2. Life Care Retirement Communities require a person to pay an entrance fee and a monthly fee. Some communities refund all or part of the entrance fee upon death or if the person moves out of the community. The monthly fee does not change even if the person moves into the nursing home. However, it may increase annually for inflation.

3. For more information, consult facilities listed under *retirement communities* in the yellow pages.

D. Home Equity Conversions (Reverse Mortgages)

1. Home equity conversion mortgages are mortgage loans available to persons who own their homes. These mortgage loans allow the homeowner to use the equity in their home to generate income to pay for long-term care services, long-term care insurance premiums, or to help with other living expenses.
2. Information about these loans may be obtained by contacting local lending agencies.

E. Community Services

1. Many communities offer services for seniors. These services can range from assistance with home health care to community-based services, such as: adult day care, meal sites, transportation services, etc.
2. To find out more about these services in your area, call the **Elder Helpline** in your county at **1-800-963-5337**.
3. Eligibility requirements may be based on: age, income, need for medical assistance, or any combination of these.

If, after completing this worksheet, you decide to shop for long-term care insurance, a **SHINE counselor** can provide you with information on companies that sell in Florida; or you may request a copy of the Department of Financial Services booklet, "Long-Term Care and Other Options for Seniors," which includes a list of long-term care companies by calling 1-877-693-5236.

IV. LONG-TERM CARE INSURANCE POLICY BENEFITS TO CONSIDER

A. Long-Term Care Partnership Program

The Florida Long-Term Care Partnership Program encourages individuals to plan for their long-term care needs by purchasing insurance that will match the amount (dollar-to-dollar) of assets he/she wishes to protect.

When applying for Medicaid coverage (Institutional Care Program - ICP), individuals with a qualified long-term care partnership policy are eligible for asset protections. This means they may keep assets in the amount equal to the amount paid out by their policy for the cost of their care. This is also referred to as Asset Disregard. For more information concerning the asset disregard contact the Department of Children and Families ACCESS Call Center at 1-866-762-2237.

Medicaid Asset Disregard Example:

An individual may buy a \$100,000 long-term care insurance policy and as he/she ages, moves into a nursing home. If the policy paid out \$100,000 for the cost of care and the individual applied for the ICP program to cover ongoing care, the state would not count \$100,000 of the individual's assets. In other words, the individual may keep \$100,000 in countable assets above the ICP limit and still qualify for Medicaid if all other eligibility requirements are met.

To contact insurance companies who sell partnership policies, review the publication entitled, "Long-Term Care and Other Options for Seniors" from the Department of Financial Services referenced in the box on the previous page.

B. Home and Community Care

Home and Community Care (home health nursing, adult day care, respite care, homemaker, etc.) costs generally do not exceed \$15,000 per year. The typical cost would currently be \$5 -10,000 a year depending on the type and amount of services used.

Policies under Florida law must cover a minimum of 24 months of skilled, inter-mediate or custodial nursing home coverage that is supervised or recommended by a doctor. Long-term care policies must also provide at least one 'lower level' of care such as home health care or adult day care. Home health care is provided in your home by a licensed home health agency. Adult day care is provided at a state-licensed facility. The benefit period for the lower level of care must be at least half of the benefit period of the nursing home care.

Circle your coverage preference:

1. Nursing home only
2. Home and community care only
3. Combination nursing home and home and community care

C. Daily Benefit

You choose the amount of benefit you want the policy to pay towards the daily cost of your care.

1. Daily Cost - what is the daily cost of nursing home care in your area?
Call and ask 2 or 3 nursing homes in your area.

(a) \$ _____ (b) \$ _____ (c) \$ _____

2. Co-Insurance Capability - Remember: The lower the daily benefit selected, the lower the premium. Therefore, you can save money on your premium if you are willing to pay a daily coinsurance payment. You need to decide what portion of the daily cost of care you can afford to cover from your income and assets.

a) Could you cover \$10, \$20, or \$30 a day of the cost of care from your "discretionary income?" (See last figure on page 4)

b) If some degree of co-insuring is possible, is this an acceptable option to you in order to limit coverage and cost of premium? _____

c) What would you like your daily benefit to be (based on answers to the previous questions)? \$ _____

D. Inflation Protection

The cost of care in a nursing home will increase over the years due to inflation. An option you can purchase to protect against this increase is "inflation protection." This option will increase your policy's daily benefit, thereby reducing the amount of co-insuring required in the future. Inflation protection is required to be offered for Florida policies.

NOTE: Adding the inflation protection option significantly increases the amount of the premium.

Do you want inflation protection? _____

E. Elimination Period

You choose the number of days you must wait after you are admitted to a nursing home before the insurance will begin paying for your care.

- 1) Choices are: 0, 15, 20, 30, 60, 100, or 365 days.
(0 days = most expensive premium)
(100 or 365 days = least expensive premium)
 - 2) You will have to use your resources (such as income, interest, or assets) to cover your cost of care during an elimination period. To determine your costs during this time, take an amount from 'B1' (on previous page) and multiply it by your choice from 'D1' above.
-

F. Reimbursement Basis

Nursing homes may request one months payment in advance upon admission. Insurance companies pay on a reimbursement basis. This means it could be 30-60 days after you enter a nursing home before you begin receiving payment from your insurance. Therefore, you should have enough money to cover these initial days of care.

To be cautious, lets look at 60 days.

\$ _____ (60 x an amount from 'B-1' on previous page)

G. Coverage

Insurance will **NOT** cover all of your long-term care expenses. (Example: policies typically do not cover prescription drugs). Allow some money to cover items not covered in the policy.

H. Maximum Benefit

This is the total number of days or total dollar amount the policy will pay. Choices include a specific # of days (or years), lifetime coverage, or a specific \$ amount.

What would you like for your maximum benefit? _____

This worksheet was designed to help you think about the many areas to consider when deciding about long-term care and shopping for long-term care insurance.

We hope you have found it useful.

? ? Questions ? ?

**If you have questions about Long-Term Care Insurance,
Medicare, Medicare Supplement insurance,
Prescription Assistance or Medicaid call the toll-free:**

**Elder Helpline at
1-800-96-ELDER (1-800-963-5337)**

Ask for the **SHINE** program and
a counselor will be able to assist you with information.
SHINE Web site: <http://www.floridashine.org>

**This FREE Service Is Provided by Volunteers Trained by The
Florida Department of Elder Affairs**

If you would like to contact the
Department of Elder Affairs, please call:

(850) 414-2000

or write:

The Florida Department of Elder Affairs
4040 Esplanade Way, Suite 270
Tallahassee, FL 32399-7000

RESOURCE INFORMATION

- * **SHINE Web site** : <http://www.floridaSHINE.org> (Click on the “Long-Term Care” section)

- * **Long-Term Care Insurance: To Buy or Not to Buy (#D-17700)**
AARP
601 “E” Street NW
Washington, DC 20049
1 (888) 687-2277 <http://www.aarp.org>

- * **Long-Term Care and Other Options for Seniors**
Department of Financial Services
200 E. Gaines Street
Tallahassee, FL 32399-0300
1 (800) 342-2762 or (850) 413-3100 <http://www.fldfs.com>

- * **A Shopper’s Guide to Long-Term Care Insurance**
National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2604
(816) 842-3600 <http://www.naic.org>

- * **Long-Term Care – Planning for Long-Term Care** 1(800) 373-4906 (toll-free)
National Council on Aging
1901 “L” Street NW
Washington, DC 20036
(202) 479-1200 <http://www.ncoa.org>

- * **Guide to Long-Term Care Insurance**
America’s Health Insurance Plans
601 Pennsylvania Avenue, NW
South Building
Washington, DC 20004
(202) 778-3200 <http://www.ahip.org>

Addendum to Long-Term Care Assessment Guide

Use this page to fill-in the blanks on pages 6, 7, and 8

Page 6 \$109,560 (July 2009)

Page 7 \$ 2,022 (July 2009)

Page 8 \$109,560 (July 2009)

NOTE:

- * **Individuals can have up to \$20 more in unearned income and still meet the income requirements**

- * **This page will be updated as often as necessary to reflect changes in the Medicaid income limits.**

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