

Aging Happens: It's not easy to unravel long-term care insurance tangle

By Ellen Waldman

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Here's a topic that might bore you half to death: long-term care (LTC) insurance. Unless, that is, you or someone you know is in their frailest years and have a need for expensive care. Now it might be more perplexing to try to understand what this insurance policy actually covers and how, or even if, it will help pay the costs of these care needs.

A local attorney called me about his 90-year-old client. The client, Bob, had been paying into a LTC policy for decades and now wondered if he was eligible to receive some of its benefits. I explained how this process of opening a claim works. The attorney thought that if he did not qualify, that he, the attorney, would just fight it until they agreed to his eligibility. A more accurate understanding of this process was needed, so that all of his client's paid premiums might actually add up to some real care being covered, rather than paying for legal fees.

I have helped many clients understand their LTC policies and what their coverage actually means. But when someone asked me to advise them about purchasing a new policy, based on several health issues, I referred them to a local insurance expert, Cheryl Baumgarten, a long-term care and life insurance agent since 1999 (541-608-5555; www.ltcthetalk.com). She was able to help this person discern if a policy was financially viable at her age and with her particular medical conditions. She's really a wealth of info and an expert on this topic.

Some people have much older LTC policies that were provided as part of their pension programs, way back when. In a few cases, they only covered costs incurred in what was called a "nursing home" (what we now call a skilled nursing facility). This is not that beneficial for most people. Over the years, having read dozens of these policies, and helped several clients apply for and receive their benefits, I came up with a list of questions to help others. These questions are what you can ask the representative when you call to get clarification on what exactly a policy will cover, and when the benefits will go into effect. Still, there are so many details and minutiae that go into these policies, it may take some time to fully sort this out.

Here are some basic questions I suggest to more fully understand your policy.

1. What will it take to open a claim? In most cases, the policy will stipulate how many activities of daily living (ADL's) must need assistance. It's usually three out of five. This includes dressing, eating, transferring, toileting, and bathing. Dementia diagnosis might also suffice.
2. What is the waiver period? This is the time period after filing the claim that has to be met before the policy actually kicks in. For most, it's 30 to 90 days. You are paying out-of-pocket for care during that period, and then the policy kicks in and pays their portion. Once a claim is opened and approved, the person no longer pays premiums.
3. How are services reimbursed? For some, it's a stated per diem amount (per day). Others have a monthly limit. Anything over that amount is out-of-pocket. Invoices usually need to be sent to the company for reimbursement.

4. Must the caregiver be from an agency? Some allow family members or friends to be paid; others require care to come from a licensed agency. For that reason, people might hire an agency to provide the covered amount of care, and use private caregivers for out-of-pocket expenses, if they need additional care.
5. Where can you receive these services? Some policies cover care received only in a skilled nursing or other facility, such as assisted living or adult foster care homes. Some cover in-home care. Others allow for a combination of both in-home and in-facility care.
6. What is the total period of time covered? It's usually around three to five years, maximum. By the time a person needs this help, they are much more frail and elderly, and this is meant to cover the average life span at that point. Some rare policies provide coverage for a person's entire life, once they qualify.

For some people, LTC insurance is out of their reach financially. Others mistakenly think that Medicare will cover these needs; it won't, in most cases. All the more reason to start planning now for how you will pay for this help when the time comes. I'm here to say that for almost everyone, the time does come, and too many are caught short on how to deal with it. Consider this some encouragement to pre-think how you'll address this need, even with a complicated, but much appreciated, LTC insurance policy.