Quick Guide to Long-Term Care Insurance

If you have been diagnosed with a serious health condition, such as cancer, you may need to access long-term care. This Quick Guide explains long-term care and options for paying for it.

What is long-term care?
Long-term care includes various services that help individuals live as independently as possible, even if they are no longer able to perform everyday activities on their own.

You can receive long-term care in your own home or in a group setting such as a nursing home or assisted living facility. Many individuals feel more comfortable staying and receiving care in their own homes. At-home care may be provided by a paid or unpaid family member or friend, or by a paid professional caregiver. Some people want or require care in nursing homes or assisted living facilities where there are specialized staff to assist with their needs.

Does health insurance cover long-term care expenses?
Most health insurance plans, including Medicare, do not pay for long-term care expenses. However, Medicare may cover short-term or limited amounts of home health care services, limited stays in skilled nursing facilities following a hospitalization, or hospice care.

For more information about what services Medicare covers, visit Medicare.gov/coverage. To find out if your private employer-sponsored or individual health insurance plan covers these items, contact your plan.

Neither private health insurance nor Medicare will usually cover personal care activities, such as bathing, grooming, eating, and transportation. Therefore, you are responsible for 100% of the cost of these services, unless you buy long-term care insurance or qualify for Medicaid or Veterans Affairs benefits.

How much does long-term care cost?
Most people are unaware of how expensive long-term care can be. For example, the national average cost of a private room in a nursing home is $100,000 a year. And the national average cost of a home health aide for 40 hours per week is $50,000 a year. Most people cannot afford these very high costs. But most people do not proactively buy long-term care insurance. That is often because they assume that health insurance will cover long-term care.

What is long-term care insurance?
Generally, long-term care insurance plans reimburse you a daily maximum cash amount for the long-term care services that you need. These plans allow you to use the daily benefit amount for specific services, such as:

- adult day care centers
- assisted living facilities
- nursing homes
- occupational, speech, physical, and rehabilitation therapy
- assistance with personal care (e.g., everyday activities like bathing, grooming, eating, and transportation)

Plans may also cover homemaker services, such as meal preparation or housekeeping, as long as they are paired with the personal care services that you receive. Some policies may cover home modifications, such as installing a railing or a wheelchair ramp in your home. Some policies may even pay a family member to care for you.

Long-term care insurance does not cover medical care (such as visits to the doctor) or prescription drugs. So, for example, even if you live in a nursing home that is covered by your long-term care insurance, the prescription drugs that you take at the nursing home will be covered by your health insurance, rather than your long-term care insurance.

In order to be sure that all of your medical needs will be fully covered, you should buy a health insurance plan or see if you qualify for Medicaid or Medicare. For more information on health insurance options, visit TriageCancer.org/HealthInsurance.

Applying for long-term care insurance

When buying long-term care insurance from a private insurance company, you will be asked about your medical history, you will need to provide your medical records, and you will likely be asked to take a memory test. Your medical condition, including your weight, determines what price you will pay for your long-term care policy. You may also be denied a plan.

Questions to ask about long-term care policies include:

- What is the daily or monthly benefit amount (i.e., how much money will the policy pay on a daily or monthly basis)? Consider how your care costs may change as your future needs change.
- Is there a monthly maximum or policy maximum that caps how much money your plan will pay?
- What is the policy's elimination period? An "elimination period" is an amount of time that needs to pass after you first need care before you can start receiving benefits. During this period, you will have to cover all the costs of your long-term care out of your own pocket (similar to a health insurance deductible). Most elimination periods last 30, 60, or 90 days – you may be able to choose which length of time you want when you first buy your policy.
- What is the monthly premium to buy the policy and will that premium ever change? A premium is the amount you pay each month to have the policy, regardless of whether you file a claim.
- Does the policy include inflation protection or the ability to buy more coverage in the future? Because the cost of care will increase over time, some policies will make sure that the daily allowance you agree to now will automatically adjust to keep pace with inflation.
- Does the policy include the ability to buy more coverage in the future?
- How much time will the policy cover? Some policies end at a specific time period and some end when you have reached the maximum policy benefit amount.
- Does the policy include a non-forfeiture clause, meaning that the policyholder receives money back if they cancel it? What will this cost?
- Is the policy tax-qualified? Tax-qualified policies offer federal income tax advantages to policyholders, such as the ability to deduct annual premiums from their federal taxable income.
- How does the policy define "care?" Does it include non-medical care, companion care, or supervision for Alzheimer's and similar diagnoses? Is there any type of care that the policy won't cover?
- What are the policy's benefit triggers? Insurance companies use "benefit triggers" to determine whether you are eligible to receive benefits.
- Does your policy have a waiver of premiums? This means that once a claim has been filed and approved, the policyholder will no longer have to pay monthly premiums.
- Does the policy have a death benefit? A "death benefit" is a lump-sum payment made to a policyholder's chosen beneficiary once the policyholder has passed away. It consists of the money left in the policy that was not used to pay for long-term care services.
- Does the insurance company have the ability to cancel the policy and if so, under what circumstances?
- Does the policy have shared care? Some policies allow spouses with their policies to use their policy to pay for a spouse's care.

What if I need LTC immediately, but don't have insurance?
If you are in immediate need of long-term care, but do not already have long-term care insurance, you may have a hard time buying a private long-term care policy because you have a pre-existing medical condition. While most health insurance plans are no longer allowed to deny coverage or charge more because of a pre-existing condition, the laws that provide these protections do not apply to long-term care insurance plans. If you are unable to buy a long-term care policy, then Medicaid is another option for getting long-term care coverage.

Medicaid long-term care benefits
Medicaid covers long-term care services for eligible individuals, both in nursing homes and in their own homes. Whether someone is eligible for Medicaid long-term care services and exactly what services they are eligible for depends on their state's Medicaid program. Find your state's Medicaid agency at: TriageCancer.org/StateResources. Learn more about Medicaid: TriageCancer.org/Quick-Guides/Medicaid.

If you are eligible for Medicaid, in order to specifically qualify for coverage of long-term care services, you must meet certain functional requirements. A medical specialist, such as a nurse or social worker, must evaluate your needs, to see if you require help with certain activities. These include activities of daily living, such as bathing, dressing, using the toilet, eating, caring for incontinence, and transferring to or from a bed or chair. If you do not meet the functional requirements, Medicaid will not cover long-term care, even though it may still cover your health care and prescription drugs.

Someone who qualifies for long-term care through Medicaid may be required to pay for a portion of that care. This is called "share of cost." To learn more about share of cost, and other Medicaid rules, visit acl.gov/ltc/medicare-medicaid-and-more/medicaid/medicaid-eligibility.

When considering whether to apply for Medicaid long-term care benefits, it is important to know about the possible risks of Medicaid Estate Recovery. Estate recovery happens when Medicaid recovers the costs of certain Medicaid benefits that were paid on behalf of a Medicaid beneficiary. For individuals age 55+, states are required to seek recovery of payments for nursing facilities, home and community-based services, and related hospital care and prescription drugs. These repayments are paid from an individual's estate, after they pass away. For details about Medicaid Estate Recovery, visit TriageCancer.org/Cancer-Finances-LongTerm-Care.

U.S. Department of Veterans Affairs (VA) long-term care benefits
Veterans may be eligible to receive long-term care services through the VA. Services may include nursing and medical care, physical therapy, and help with daily tasks. These services may be provided in the Veteran's home or in a nursing home, assisted living facility, or another group setting. To be eligible for services:

- you must be signed up for VA Health Care;
- the VA must conclude that you need a specific service to help with your ongoing treatment and personal care; and
- the services (or space in a care setting) must be available near you.

The VA may also consider other factors, like your service-connected disability status or insurance coverage. To access long-term care services, contact your VA social worker or call 877-222-8387. To learn more, visit VA.gov/health-care/about-va-health-benefits/long-term-care.

For more information:

- Cancer Finances Module on Paying for Long-Term Care: TriageCancer.org/Cancer-Finances-Long-Term-Care
- U.S. Administration for Community Living & the U.S. Administration on Aging: acl.gov/ltc
- Find and contact your local Aging & Disability Resource Center (ADRC): eldercare.acl.gov

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