

WHAT IS LONG-TERM CARE INSURANCE?

BY BEN KINIRY, ESQ.

There are many types of insurance sold and purchased in our society. Auto, home, health, life, and disability to name a few of the more common types. We purchase the policies in order to keep from sustaining massive losses that could destroy our financial futures. Many of us have been told about these types of insurance in the normal course of life.

What about long-term care costs which are rising at an accelerated rate? In fact, some people spend in excess of \$120,000 per year, right here in New Hampshire. If you are approaching the age of 50, I would encourage you to learn about this type of insurance and seriously consider seeking out a professional to see if this type of coverage is right for you.

Following this paragraph is an excellent explanation of Long-Term Care Insurance written by the National Academy of Elder Law Attorneys, Inc. (NAELA). NAELA is an excellent resource for all who desire to help our elders and those with special needs. I encourage you to peruse NAELA's website to learn more about this valuable resource (www.naela.org).

"The Issues"

Many people are under the mistaken belief that Medicare and Medicaid supplement policies will cover the cost of long term care. While these plans provide benefits to help pay for hospital care and physician

services, they provide very limited payment for the cost of long term nursing home care.

Medicaid does assist with the cost of long term care, but it is a needs-based program. Relying on Medicaid to cover your care limits the care options that may be available to you. The purchase of long term care insurance gives you the flexibility to choose the type of care you need in the setting you desire.

There are hundreds of different policies offered by a number of different companies and no two are alike, so it is very important to be an educated consumer.

What You Need to Know

When deciding whether to buy a long term care policy and what type of coverage to buy, you need to carefully review the policy's terms. You should ask the following questions:

- How much coverage do I need? You must decide on a daily benefit amount: the amount of payment you need to help cover your cost of care. You must decide on the benefit period which can range from two years to lifetime coverage.

- Does the policy cover nursing home, assisted living and care in your own home? Most policies now cover all three, but some have reduced benefits for assisted living or home care.

- What is the elimination period? This is the period of time during which you will have to pay on your own before payments under the policy begin.

- What triggers payment under the policy terms? You become eligible to collect benefits under most policies when you have been diagnosed with a cognitive impairment or are unable to perform two (sometimes three) activities of daily living. It is also important to understand who will be responsible for making this decision.

- Is there inflation protection? The amount of coverage you need today may be inadequate 10 or 20 years from now. Most companies



offer inflation riders for an additional premium.

- Is the insurance company highly rated (A or A+ with A.M. Best Rating Service)?

Where to Go for Help

Many of the questions we have raised are complicated, but they are important in understanding what you are buying. After you have reviewed long term care policies, you may want to have them reviewed by someone independent of the insurance company.

Many states have insurance commissions or insurance departments that have prepared comparative reviews of different policies available in their states. You can request these from their offices. Local Area Agencies on Aging in your community often have an ombudsman who is either familiar with these issues or can refer you to someone who is. Your attorney or financial planner may also be a source of independent advice.

The Role of the Elder Law Attorney Planning for the expenses of long term care as well as planning for other issues related to disability is an important part of the practices of many Elder Law attorneys. The need for long term care insurance and the type of insurance to choose is an important topic to discuss with your Elder Law attorney. Always be certain to assure that the attorney has experience and training in the area in which you are seeking assistance.

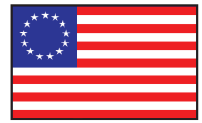
About the National Academy of Elder Law Attorneys (NAELA)

NAELA, founded in 1987, is a

national association of Elder Law Attorneys devoted to the education and training of attorneys who can meet the needs of seniors and people with disabilities, and who advocate for the needs of such individuals. While NAELA Elder Law attorneys work one-on-one with clients in their local areas, NAELA also examines and advocates on national public policy issues facing seniors in America including long-term health care; planning for retirement; estate planning and probate; guardianship and conservatorship; health care decision making; and elder abuse and neglect."

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