

10 Things You Should Know About Buying Long-Term Care Insurance

1. Long-Term Care is Different From Traditional Medical Care

Someone with a prolonged physical illness, a disability or a cognitive impairment such as Alzheimer's disease often needs long-term care. Long-term care services may include help with daily activities, home health care, respite care, hospice care, adult day care, care in a nursing home or care in an assisted living facility.

2. Long-Term Care Can be Expensive

The cost depends on the amount and type of care you need and where you get it. In 2001, the national average cost of nursing home care was \$56,000 per year, assisted living facilities reported \$22,476 per year and home care costs ranged from \$12,000 to \$16,000 per year.

3. You Have Options When Paying for Long-Term Care

People pay for long-term care in a variety of ways. These include using personal resources, long-term care insurance and Medicaid for those who qualify. Medicare, Medicare supplement insurance and health insurance you may have at work usually will not pay for long-term care. Long-term care insurance will pay for some or all of your long-term care.

4. Decide Whether Long-Term Care Insurance is for You

Whether you should buy a long-term care insurance policy will depend on your age, health status overall retirement goals, income and assets. For instance, if your only source of income is a Social Security benefit or Supplemental Security Income (SSI), you probably should not buy long-term care insurance since you may not be able to afford the premium. On the other hand, if you have a large amount of assets but do not want to use them to pay for long-term care, you may want to buy a long-term care insurance policy. Many people buy a policy because they want to stay independent of government aid or the help of family. They don't want to burden anyone with having to care for them. However, you should not buy a policy if you can't afford the premium or are not sure you can pay the premium for the rest of your life.

5. Pre-Existing Condition Limitations

A long-term care insurance policy usually defines a pre-existing condition as one for which you received medical advice or treatment or had symptoms within a certain period before you applied for the policy. Some companies look further back in time than others. Many companies will sell a policy to someone with a pre-existing condition. However, the company may not pay benefits for long-term care related to that condition for a period after the policy goes into effect, usually six months. Some companies have longer pre-existing condition periods or none at all.

6. Know Where to Look for Long-Term Care Insurance

Long-term care insurance is available to you in several different forms. You can buy an individual policy from a private insurance company or agent, or you can buy coverage under a group policy through an employer or association membership. The federal government and several state governments offer long-term care insurance coverage to their employees, retirees and their families. You can also get long-term care benefits through a life insurance policy. Some states have long-term care insurance programs designed to help people with the financial impact of spending down to meet Medicaid eligibility standards. Check with your state insurance department or counseling program to see if these policies are available in your state.

7. Check With Several Companies and Agents

Contact several companies and agents before you buy a long-term care policy. Be sure to compare benefits, the types of facilities covered, limits on your coverage, what is not covered and the premium. Policies from different insurance companies often have the same coverage and benefits but may not cost the same. Be sure to ask companies about their rate increase history and whether they have increased the rates on the long-term care insurance policies.

8. Don't be Misled by Advertising

Most celebrity endorsers are professional actors paid to advertise, not insurance experts. It is also important to note that Medicare does not endorse or sell long-term care insurance policies, so be wary of advertising that suggests Medicare is involved. Do not trust cards you get in the mail that look like official government documents until you check with the government agency identified on the card.

9. Make Sure the Insurance Company is Reputable

To help you find out if an insurance company is reliable, you can take the following actions: Stop before you sign anything, call your state insurance department and confirm that the insurance company is licensed to do business in your state. After you make sure they are licensed, check the financial stability of the company by checking their ratings. You can get ratings from some insurer rating services for free at most public libraries.

10. Review Your Contract Carefully

When you purchase long-term care insurance, your company should send you a policy. You should read the policy and make certain you understand its contents. If you have questions about your insurance policy, contact your insurance agent for clarification. If you still have questions, turn to your state insurance department or insurance counseling program.

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