

# Long-term care options

## Workbook



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Special thanks to the Washington State Department of Social and Health Services, Aging & Disability Services for providing some of the content contained in this workbook.





## Introduction

This workbook will help you understand what long-term care options are available, and ways to pay for them. Based on your needs and your financial situation, this workbook will help you make your own choices. The Office of the Insurance Commissioner and its Statewide Health Insurance Benefits Advisors (SHIBA) are here to help answer your questions, but we cannot



endorse any particular option. However, we can provide you with information so you can choose what's best for you and your family.

### We're here to help you

If you have questions or would like help filling out this workbook, please call the Insurance Consumer Hotline at **1-800-562-6900** and ask to speak with a SHIBA counselor in your local area.

A free service of the Office of the Insurance Commissioner, SHIBA volunteers counsel and educate consumers about their rights and options. We offer information on private health insurance, public health care programs, prescription drug programs, long-term care options, fraud and abuse, and more.

## What is long-term care?

**Long-term care means:** Medical and non-medical services needed by people with prolonged illness or disability. Long-term care services often help people with cognitive impairment, such as Alzheimer's disease or dementia, and help people perform activities of daily living (ADLs) or independent activities of daily living (IADLs), or both.

Activities of daily living (ADLs) include:

- ✓ Eating
- ✓ Bathing
- ✓ Dressing
- ✓ Toileting
- ✓ Transferring (getting out of bed)
- ✓ Continence (bladder/bowel control)

Independent activities of daily living (IADLs) include:

- ✓ Taking or managing medication
- ✓ Laundry
- ✓ Housework
- ✓ Grocery shopping
- ✓ Preparing meals
- ✓ Transportation

Cognitive impairment may include:

- ✓ Alzheimer's disease
- ✓ Dementia
- ✓ Mental illness
- ✓ Developmental disabilities

## How to use this workbook



Use this workbook for the following:

- I need to assess my situation and/or plan for my long-term care. (Start with “What is my situation” below.)
- I want to learn more about long-term care facilities. (Go to “Where can I receive long-term care?” on page 9.)
- I want to learn more about my options to pay for long-term care. (Go to Options 1-4 on pages 13 - 26).

## What is my situation?

The items on the following pages will help you think about and determine what options you already have for long-term care. Or they may help you decide that you need to make plans for your care if you ever need it. It's up to you to decide how detailed your plans need to be – or if you will make any plans at all.





**Please check all that apply:**

- I do not have assets to leave to others.
- I do not care to make arrangements and will just see what happens.
- This is too complicated for me to understand.
- I (or my spouse) served in the military and was honorably discharged and/or retired, and the Department of Veterans Affairs (VA) will pay for my long-term care. I have checked with the VA to make sure.
- I (or my spouse) served in the military and was honorably discharged and/or retired, but I don't know if the VA will pay for my long-term care.
- I have arranged for my care already.
- I have set money aside for my old age.
- I have asked family to help. They will take care of all of this for me.
- I would like to arrange for my children or others to care for me.
- I bought a long-term care insurance plan and have no questions.
- I bought a long-term care insurance plan and have questions.
- I would like help buying long-term care insurance.
- I have no plan but would like to make one.
- I do not mind if the state takes care of my estate and me.
- I do not want the state to take over my estate.
- I would like help setting aside finances for my long-term care.
- I need long-term care right now.
- Other questions? \_\_\_\_\_

## If I need help with activities of daily living (ADLs)

I have children or relatives who will help me part or full time. They are:

\_\_\_\_\_ who lives in \_\_\_\_\_

\_\_\_\_\_ who lives in \_\_\_\_\_

\_\_\_\_\_ who lives in \_\_\_\_\_

*Note: If you're making plans for your children or family or someone else to help you, make sure you include them in your planning!*

I can afford to pay the people I named above for this care, or they can afford to take care of me.

Yes  No

I can afford to hire an outside person or chore service to help me with my activities of daily living.

Yes  No

## Activities of daily living (ADLs)

- ✓ Eating
- ✓ Bathing
- ✓ Dressing
- ✓ Toileting
- ✓ Transferring  
(getting out of bed)
- ✓ Contingence  
(bladder/bowel control)



## My finances

My **income** (Social Security, wages, retirement, benefits, etc.) is:

Now: \$ \_\_\_\_\_ per month.

When I retire, I will have approximately: \$ \_\_\_\_\_ per month.

---

My **assets** (money in the bank, savings, investments, etc.) are approximately:

Now: \$ \_\_\_\_\_.

When I retire, my assets will be worth approximately: \$ \_\_\_\_\_.

---

I own a **home or property** worth:

Now: \$ \_\_\_\_\_.

When I retire, my home or property will be worth approximately:

\$ \_\_\_\_\_.

---

I own **rental property** worth:

Now: \$ \_\_\_\_\_.

When I retire, my rental property will be worth approximately:

\$ \_\_\_\_\_.

---

I own a **car or other vehicles** worth:

Now: \$ \_\_\_\_\_.

When I retire, my car will be worth approximately: \$ \_\_\_\_\_.

## Family illness history

If a certain disease or illness runs in your family, you may be at greater risk. You'll want to keep this in mind when planning for your long-term care. Use the chart below to record your family illness history:



Illness	Myself	Parent	Sibling	Grand-parent
<input type="checkbox"/> Amyotrophic lateral sclerosis (Lou Gehrig's Disease)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Arthritis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Cancer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Congestive heart failure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Diabetes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> High blood pressure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> High cholesterol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Kidney disease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Osteoporosis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Multiple Sclerosis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Lung disease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Psychiatric disorder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Stroke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Tuberculosis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Where I want to live if I need long-term care

I want to choose where I live when I am unable to take care of myself.

Yes  No

### I would like to live:

- At home with help
- With someone (name of person): \_\_\_\_\_
- In a facility (name type): \_\_\_\_\_  
Name of facility: \_\_\_\_\_

### Places to receive long-term care

There are many places to receive long-term care, including at home, in assisted living residences, nursing homes, adult family homes, or boarding homes.

In most cases, Medicare and private health insurance do not pay for long-term care.

Why not? Because a lot of long-term care needs are for help with activities of daily living (eating, bathing, dressing, etc.) and not for actual medical care. Medicare and private health insurance generally pay for medical care which helps someone improve.



There are Medicaid programs that may help cover the costs of long-term care in facilities that accept both Medicare and Medicaid clients. Medicaid programs vary based on clients' income and asset levels, and may take into account if a spouse is still at home.

For details about what Medicare pays for, read the Centers for Medicare and Medicaid Services (CMS) publication *Medicare & You*, or the SHIBA publication *Medicare Covered Services Under Parts A and B*. To get copies, call the Insurance Consumer Hotline at 1-800-562-6900.

## Next step

Now that you have assessed and identified your situation, you can use this information to help you decide if you will need long-term care and what option(s) best fit your needs. To find out more, read the next page about "Where can I receive long-term care?"

## Where can I receive long-term care?

If you decide you need long-term care in the future, you may receive care in one or more of these settings:

### In home

- ✓ **Home Health Care** – Skilled nursing care or medical care in the home for a short period of time. A doctor must authorize home health care. Medicare often covers home health care. Home health aides may provide help with walking, moving and exercising, self-administering medications, completing appropriate records, and providing personal care or household services needed to help patients achieve medically desired results.
- ✓ **Hospice** – Care that involves a team of professionals and volunteers who provide medical, psychological, and spiritual care for people near the end of life and for their families. This is often provided at home, but some services are provided in other settings such as a hospital. A doctor's referral is needed. Medicare pays most hospice costs.

### Residential care\*

- ✓ **Adult Family Home (AFH)**– A licensed home in a residential neighborhood. It provides housing and care for up to six people.
- ✓ **Boarding Home (BH)** – A licensed home or facility in a residential neighborhood. It provides housing and care for seven or more people. Housing options range from a room with access to shared living space to your own apartment.
- ✓ **Continuing Care Retirement Community (CCRC)** – A retirement complex that offers a broad range of services and levels of care.

### Skilled nursing facility

- ✓ **Nursing homes** – Also referred to as skilled nursing facilities, nursing homes provide 24-hour supervised nursing care, personal care, therapy, nutrition management, organized activities, social services, room, board, and laundry services. With proper support, you may not need to stay in a nursing home.

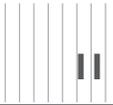
*\*These type of facilities listed provide housing and meals, varying levels of help with personal care, and assume general responsibility for your safety and care. Additional services may be included and may vary by location.*

## Ways to pay for long-term care

Costs for care in long-term care settings vary greatly by geographic area. They can be higher or lower in your local area or where you plan to live after you retire. Also, costs will increase over time with inflation.

The current average annual cost of long-term care in Washington state according to the U.S. Department of Health and Human Services runs \$46,412 to \$56,056.

If you want to research the actual costs in Washington state, contact the facility directly in the area where you plan to live in. For a list of facilities in Washington state, visit the Department of Social and Health Services' website at: [www.adsa.dshs.wa.gov/pubinfo/housing/other](http://www.adsa.dshs.wa.gov/pubinfo/housing/other) or look in the Yellow Pages of your local telephone book.



## Optional exercise for estimating long-term care costs



### Option #1

In my home: \_\_\_\_\_

Cost per day: \_\_\_\_\_

Cost per month: \_\_\_\_\_

Home modification costs: \_\_\_\_\_

### Option #2

Name of facility: \_\_\_\_\_

Type of facility: \_\_\_\_\_

Cost per day: \_\_\_\_\_

Cost per month: \_\_\_\_\_

### Option #3

Name of facility: \_\_\_\_\_

Type of facility: \_\_\_\_\_

Cost per day: \_\_\_\_\_

Cost per month: \_\_\_\_\_

### Option #4

Name of facility: \_\_\_\_\_

Type of facility: \_\_\_\_\_

Cost per day: \_\_\_\_\_

Cost per month: \_\_\_\_\_

## Long-term care options

Your options for long-term care include:

1. **Do nothing.** You may choose **not** to plan for long-term care. (see Option 1 on page 13.)
2. **Rely on a federal program** (Department of Veterans' Affairs) **or state program** (Medicaid/Department of Social and Health Services) **to take care of you.** Have the proceeds from your estate pay for the cost of your care after you pass away. (See Option 2 on page 14.)
3. **Make financial arrangements for your future care.** (See Option 3 on page 21.)
4. **Buy long-term care insurance as part of your future care.** (See Option 4 on page 23.)

**Note:** *Some people may choose more than one of these options.*

# Option 1

## Do nothing – If you choose not to plan for long-term care

Some people believe they will not need long-term care, and in many cases they are right. Or, they may have reasons for not planning that are related to their culture, family, or personal beliefs.

In the U.S., about 70 percent of people over age 65 will need at least some type of long-term care services during their lifetime. Over 40 percent will need care in a nursing home for some period of time. Reasons that increase the risk of needing long-term care include:



- **Age** - The risk generally increases as people get older.
- **Marital status** - Single people are more likely to need care from a paid provider.
- **Gender** - Women are at a higher risk than men, mainly because they tend to live longer.
- **Lifestyle** - Poor diet and exercise habits can increase risk.
- **Health and family history** - You or your family's history can impact risk.

If you choose to do nothing, you do not need to continue with this workbook. But you are welcome to read about the other options!

If you choose to do nothing, and you end up needing long-term care, you may not have control over decisions about your health and finances later in life. If this is okay with you, there is no reason for you to worry about making plans at this time.

But if you are not sure this is the best choice for you and your family, please read on and see if any of the other options may work for you.

For more information about long-term care resources, go to page B1.

## Option 2

### **Rely on a federal program or a state program to take care of you and your estate**

#### **Federal program: U.S. Department of Veterans Affairs (VA)**

You may qualify for VA help with long-term care if you are a military veteran, or are (or were) married to a military veteran. Even if your military service is not recent, we recommend you check into this option, to see if you qualify.

#### **Contact:**

##### **U.S. Department of Veterans Affairs:**

VISN 20 Northwest Network,

P.O. Box 1035, Portland, OR 97207

Phone: 360-619-5925 (Vancouver, WA)

Website: [www.visn20.med.va.gov](http://www.visn20.med.va.gov)

Aid and Attendance Pension Benefit: 1-800-835-1541

##### **Washington State Department of Veterans Affairs**

Toll-free phone: 1-800-562-2308 (within Washington state)

Phone: 360-725-2200

Website: [www.dva.wa.gov/benefits.html](http://www.dva.wa.gov/benefits.html)

**Note:** *Some veterans may qualify for **both** federal and state programs. These programs may work together to help pay for long-term care.*

## State program: Medicaid/Department of Social and Health Services (DSHS)

You may qualify for Medicaid programs if you have limited income and assets (or resources), and are age 65 or over, or blind or disabled. People who qualify may receive almost complete medical and long-term care coverage, but also may have to:

- ✓ Spend down assets to qualify (certain rules apply)
- ✓ Meet legal requirements, if giving away assets to others to qualify
- ✓ Receive care with certain providers and at certain facilities
- ✓ Pay a monthly share of their care costs

If you choose Medicaid as an option, **check out Medicaid today to understand how to apply for its programs when the time comes.** You may need to do some planning to qualify.

If you depend on the state to care for you in the end, they may ask for some kind of repayment from your estate if you have one. By law in Washington state, after your death, DSHS may request back payments for all Medicaid long-term care services you received prior to your death (estate recovery). However, the state will not begin recovery efforts during the life of a surviving spouse, or while a surviving child is under age 21, or is blind or disabled.

A booklet is available from DSHS's Aging and Disability Services Administration with more detailed information about Medicaid and other topics related to long-term care. Read the booklet *Medicaid and Options for Long-Term Services for Adults* online at [www.dshs.wa.gov/sites/default/files/SESA/publications/documents/22-619.pdf](http://www.dshs.wa.gov/sites/default/files/SESA/publications/documents/22-619.pdf) or to request a printed copy, go to [www.adsa.dshs.wa.gov](http://www.adsa.dshs.wa.gov) or call 1-800-422-3263.

## Medicaid long-term care services and support



If you decide to apply for Medicaid when the time comes, become familiar with the services below. Check the ones you want to ask questions about. Be sure to look at the booklet *Medicaid and Options for Long-Term Services for Adults* online for more information at [www.dshs.wa.gov/sites/default/files/SESA/publications/documents/22-619.pdf](http://www.dshs.wa.gov/sites/default/files/SESA/publications/documents/22-619.pdf) or to request a printed copy, go to [www.ada.dshs.wa.gov](http://www.ada.dshs.wa.gov) or call 1-800-422-3263.

You can also get more detail from the DSHS Home and Community Services (HCS) office at [www.dshs.wa.gov/altsa/home-and-community-services/help](http://www.dshs.wa.gov/altsa/home-and-community-services/help) on how these may apply to you.

- Help with personal care
- Individual provider
- Home care agencies
- Home Care Referral Registry of WA state
- Self-directed care
- Nurse delegation
- Home health care
- Hospice
- Adult day services
- Environmental modifications
- Home delivered meals
- Individualized training
- Medical equipment
- Personal Emergency Response System
- Transportation
- Skills acquisition training
- Caregiver management training

## Medicaid services terms

Mark the terms you want more information about from a Home and Community Services representative:

- Estate Recovery** – By law in Washington state, after your death, DSHS may request back payments for all Medicaid long-term care services you received prior to your death. DSHS takes payment from your estate. Estate recovery applies only to assets you owned or had an interest in at the time of death. The state will not begin recovery efforts during the life of a surviving spouse, or while a surviving child is under age 21, or is blind or disabled. Hardship provisions to protect dependent heirs also may apply.
- Financial Review** – This is when a financial specialist from DSHS's Home and Community Services (HCS) office will work with you to see if you financially qualify to receive Medicaid.
- Income Limits** – Medicaid income limits to qualify for coverage vary, depending on the services you need, your living situation, and your marital status.
- Participation** – Once you start receiving Medicaid, you may have to spend some of your own income towards the cost of your care. This is called participation. Your participation amount depends on the services you receive, your marital status, and your income.
- Personal Care Assessment** – A Home and Community Services social worker comes to your home and talks to you at length. This allows the social worker to understand and evaluate what is happening in your day-to-day life and your ability to care for yourself.

- 
- Resource Limits** – Sometimes also called asset limits. Medicaid often looks at both income and resources to decide if you qualify for coverage. Resources may include money, assets, or property you have such as cash, bank accounts, stocks and bonds, retirement plans, trusts, annuities, life insurance policies, sales contracts, vehicles and land. If you are married, Medicaid will look at the resources of both you and your spouse to decide eligibility for one of you.
  - Transferring Resources** – If you transferred resources to someone else within 60 months before the date you applied for Medicaid, and you did not receive fair market value for them, you may not qualify to receive Medicaid’s long-term care services for a period of time. You may make some transfers without penalty.

### **What information do I need to have when I apply for Medicaid programs?**

Having the following information can shorten the time it takes to determine if you qualify for a program:

- Birth certificate, baptismal certificate, passport, or voter’s registration card.
- Social Security card, Medicare card, and picture ID.
- Copy of latest award letter or statement from your source of income, such as the employer you retired from (including railroad retirement, veterans’ pensions, dividends, insurance payments, contracts, interest, etc.).
- Bank or credit union statements showing balance(s) on the first day of the current month and for the three previous months. This includes checking, savings, and any joint accounts you hold with a person who is not applying for assistance; documentation for CDs, IRAs, stocks, bonds, investments, etc.
- Registration for any vehicles.

- ❑ Proof of ownership along with a current tax statement for any land or buildings.
- ❑ Any power of attorney or guardianship documents.
- ❑ Health insurance policies. You must provide proof of your most recent payment and the receipt, and show how often you pay the premiums.
- ❑ Face value, current cash surrender value or proof of valid life insurance, burial plans, and funeral contracts. If you own cemetery property, you must show receipts/deeds for that property.

## Where to go for more information about Medicaid

To find out if you qualify for Medicaid, and to get details about Medicaid's long-term care programs, contact your local DSHS Home

### **News from the Affordable Care Act about community-based care:**

The Medicaid program continues to move toward providing community-based care options as an alternative to nursing homes. For more information, go to: [www.healthcare.gov](http://www.healthcare.gov).

and Community Services office. To find the nearest office, go to: [www.dshs.wa.gov/AL TSA/resources](http://www.dshs.wa.gov/AL TSA/resources). They will ask you to take a personal care assessment and a financial assessment. If you qualify for Medicaid's long-term care services, DSHS will assign you a case manager, who will coordinate the details of your care.

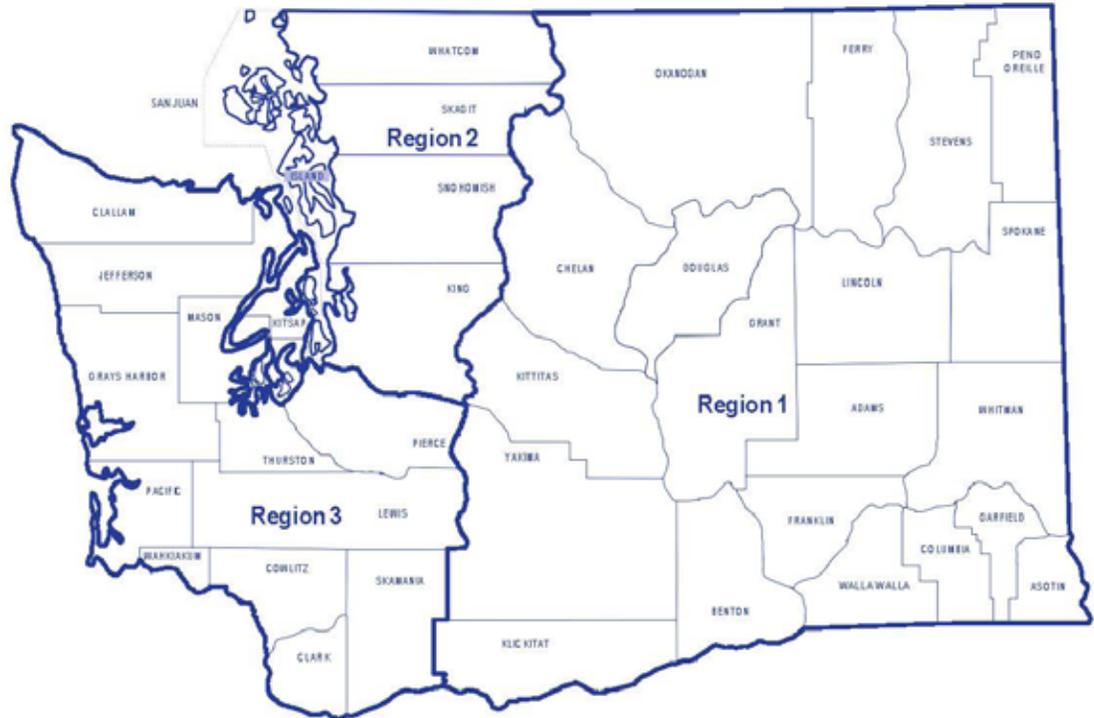
Once DSHS determines you qualify, you may need to wait for an opening in the facility.

You may wish to look into the legal impacts Medicaid may have on your specific situation. For more information about legal resources, go to "Long-term care resources" on page B1.

## Contact your local DSHS Home and Community Services office at:

### Home and Community Services Regional Phone Numbers

See map to find the region you live in. Call the number listed for your region and ask for the local HCS office nearest you.



#### REGION 1

**509-323-9400**

**1-800-459-0421**

**TTY 509-329-3698**

Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman and Yakima counties

#### REGION 2

**206-341-7600**

**1-800-346-9257**

**TTY 1-800-833-6384**

Island, King, San Juan, Skagit, Snohomish and Whatcom counties

#### REGION 3

**253-476-7200**

**1-800-442-5129**

**TTY 253-593-5471**

Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Kitsap, Lewis, Mason, Pacific, Pierce, Skamania, Thurston and Wahkiakum counties

For more information about long-term care resources and Medicaid, go to page B1.

**Disclaimer:** All contacts are current as of September 2015.

## Option 3

### Making financial arrangements for your future care

This may be an option for people who:

- May not qualify for Medicaid.
- Are willing to do some financial planning, who have some assets, or who own (or are close to owning) a home outright.
- Use this option along with long-term care insurance.
- Are not interested in or medically likely to qualify for long-term care insurance.
- Have a large number of investments or savings already.



Many financial and investment products exist, with varying features, benefits, and risks. For example, reverse mortgages are a way to use home equity to generate income and may be options for people with a home and/or property – but may not be the best choice for everyone. Financial arrangements also may affect your taxes. If you're interested in financial arrangements, we recommend you work with professionals who can help you decide what options may work for your situation.

If you choose to make financial arrangements for your future care, we hope you think about seeing an **estate planning attorney, a senior financial planner, accountant, or other expert**. Make sure to write down all your questions and that you understand the answers you receive.

*Note: The Office of Insurance Commissioner and its SHIBA volunteers are not able to give financial or investment advice.*

### **Tips on finding the right person:**

- Get referrals from people you trust.
- Contact the national associations that represent their profession, such as a local or national association for certified public accountants.
- Check to make sure the advisor you select is licensed.
- Meet with the candidate, and ask lots of questions.
- Choose someone who makes you feel comfortable.

For more information about long-term care resources and finding an attorney, senior financial planner, accountant, or other expert, go to page B1.

### **Watch for fraud!**

Make sure the financial planning professionals you work with are properly licensed and do not have complaints or disciplinary problems filed against them or their firms. To find this information, contact the Financial Industry Regulatory Authority BrokerCheck at [www.finra.org](http://www.finra.org) or call toll-free at 1-844-574-3577.

## Option 4

### Buying long-term care insurance as part of your future care

Insurance may be an option for people who are healthy enough to qualify. It also may be an option for people who can afford the insurance premiums for many years.

Most long-term care insurance plans pay for a portion of long-term care costs. Some policies may also have certain tax benefits or implications. People who select long-term care insurance may combine it with other options, such as financial planning.

Long-term care insurance isn't for everyone, but if you choose to buy it, we encourage you to **make sure you understand what you are buying**. You may want a policy that covers care in a variety of settings (including in your home, and in assisted living and nursing home facilities). You also will want to know how and when you can make claims. Ask your agent or broker as many questions as you can so that you understand how this policy will work for you when you need it.

Insurance companies can raise premiums, which will increase your costs over time - and past history indicates that premiums will likely rise. You should be sure to ask about the company's history of premium increases for all long-term care policies, not just the one you're considering buying.

You'll also want to research the stability of the company you are thinking about buying from. And be aware that all plans must comply with state consumer protection insurance laws. For more information about these laws, call our Insurance Consumer Hotline at 1-800-562-6900.



## **Tips to keep in mind when you shop for long-term care insurance**

**Do I need to buy long-term care insurance?** It depends on your age, health, overall retirement goals, income, and assets. For example, if your only source of income is a Social Security benefit or Supplement Security Income, you probably shouldn't buy long-term care insurance, as you may not be able to afford the premium. But, if you have a large amount of assets and don't want to use them to pay for long-term care, then you may want to buy long-term care insurance. Either way, you shouldn't buy a policy if you can't afford the premium or aren't sure if you can pay the premium and any increases for the rest of your life.

**Thinking about buying a policy?** Take your time. Never let anyone scare you into making a quick decision. Remember, agents and brokers receive a commission for selling you a policy. And they usually receive an additional reimbursement for each year you retain your policy.

**Who should I buy a policy from?** First, check with your employer to see if they offer long-term care insurance policies for their employees. These are purchased for a group and may be less expensive than those sold on the open market. If not, work with an agent or broker who knows about long-term care insurance. Ask the agent or broker about his or her long-term care insurance training and how many years of experience he or she has selling it. Ask what companies they represent. Sometimes agents only represent one company. Be sure to write down the name, address, and telephone number of any agents, brokers, and insurance companies you talk to.

### **How do I find out about the company's customer service record?**

Ask questions. Make sure the insurance company is licensed to sell long-term care policies in Washington state, has a low rate of complaints, has no class action law suits, or any disciplinary actions taken by the Office of the Insurance Commissioner. To find this information, call the Insurance Consumer Hotline at 1-800-562-6900 or go to [www.insurance.wa.gov](http://www.insurance.wa.gov).

**How do I know I am getting the right policy for me?** First, make sure you understand your needs, and know what the policy covers and does not cover. The policy will outline all of the benefits, types of facilities covered, limits and exclusions, and the cost. If it's not listed

in the policy, it's not a benefit. Second, by law, agents are required to provide you with a disclosure form so you can compare other policies. Policies that have the same benefits may not cost the same. If you have any questions, call the insurance company and your agent or broker, and get answers before you buy. You may also want to review the information with a trusted family member, financial advisor, or attorney.

**How do I check the financial stability of the insurance company?**

On the Internet, search for independent agencies that rate the financial stability of insurers to find out if a company has enough money to pay for claims. Be aware that some agencies may charge for this information. If you do not have Internet access, check with the reference desk at your local library for free access to information from financial rating organizations. You may also ask your agent or broker to provide you with this information. See the NAIC's *A Shopper's Guide to Long-Term Care Insurance* for details. You can order a copy at: [www.naic.org/prod\\_serv\\_consumer.htm](http://www.naic.org/prod_serv_consumer.htm).

**How will a policy affect my taxes?** It's important to understand the tax implications of a long-term care policy. The federal government offers tax incentives, or deductions for long-term care insurance premiums that may save you money. Be sure to talk with a tax professional you trust to find out how the policies you are thinking about buying may affect your situation.

**How do I protect myself from being misled by advertising?** Be wary of any advertising that suggests Medicare is involved. Medicare does not endorse or sell long-term care insurance policies. Celebrity endorsers are professional actors who are paid to advertise. They are not insurance experts.

**How do I know how much coverage to buy?** On average, someone age 65 today will need some long-term care services for three years. Keep in mind that service and support needs vary from one person to the next and often change over time. Typically, women need care longer as they outlive men by about five years on average. Make sure you don't buy more coverage than you need.

**Must I provide my medical information on my application?** Don't be misled by long-term care insurance marketers that say your medical history is not important. It is! Make sure you write down accurate and

complete medical information. If it's wrong or incomplete, and the company uses that information to decide whether to insure you, it can refuse to pay your claim and can even cancel your policy. Be aware that it's against state law for an agent or broker to fill out your medical history for you.

**How should I pay for my policy?** Use a check or electronic bank draft made payable to the insurance company. Think about having the premium automatically taken out of your bank account. Automatic withdrawal may mean you won't lose coverage if an illness or other life disruption makes you forget to pay your premium. If you decide to cancel your policy, make sure you have the bank stop the automatic withdrawals.

**When can I expect to get my policy once I buy it?** You should get your policy within 60 days. You have the right to expect prompt delivery of your policy.

**What should I do when I receive my policy?** Read the policy again to make sure the benefits and premiums are what you expected. Remember, all benefits are outlined in the policy. If it's not written in the policy, it's not a benefit. If you have any questions, call your agent, broker, or the company right away. Be sure to re-read the application you signed, as it is part of the policy. If you find any incorrect information, contact the agent or company right away. Be sure to make a copy of any documentation you send to the insurer and note when you mailed it.

**What's the return policy if I am unhappy?** If you decide you don't want the policy soon after you buy it, you may cancel it and get your money back. Information on the return policy should be clearly stated on the first page of the policy. In Washington state if you buy the policy directly from an agent broker, or insurer, or through the mail, you have 30 days to return it for a full premium refund.

**Where should I keep my policy?** Keep it in a safe place where you can easily find it. Tell a trusted friend or relative where it is.

# Appendix A

## Common long-term care insurance policy terms

Mark the terms you want to discuss with your agent or broker.



- Benefits** – Types of services paid for by the policy. We recommend you learn what benefits are covered by your long-term care policy and what benefits may not be covered.
  
- Benefit triggers** – This term refers to the criteria and methods insurance companies use to decide when you qualify for benefits. Look in your policy for a section called “Eligibility for Payment of Benefits” or simply “Eligibility for Benefits.” Different policies may have different benefit triggers. Companies also may have different benefit triggers for home health care coverage than for nursing home care. Most benefit triggers involve:
  - Activities of daily living** – Bathing, dressing, eating, toileting, transferring (such as getting out of bed), and continence (bladder/bowel control).
  - Cognitive impairment** – This is when people can’t pass certain cognitive function tests (such as if they have Alzheimer’s disease or other dementia).
  - Doctor certification** – Some policies will pay benefits if your doctor says the care is medically necessary.
  - Prior hospitalization** – Insurance companies may no longer sell policies that require a prior hospital stay. But some older long-term care insurance policies may still exist that require hospitalization to qualify for nursing home benefits.
  
- Daily/Weekly/Monthly benefit limit** – You need to know how your policy calculates the limits, as this may affect where



you can go for care. Also, know how much the facilities you plan to receive care from (including skilled nursing homes, assisted living facilities, and home care agencies) charge for their services before choosing the benefit limits in your policy. Make sure to ask if future increases in the cost of care are covered.

- Disclosure** – Your medical history is very important because the insurance company uses the information you provide on your application to assess your eligibility for coverage. This application must be accurate and complete. If it is not, the insurance company may be within its rights to deny coverage when you file a claim. If you fully disclose your medical history and receive a policy, many companies now waive the pre-existing condition requirement.
- Downgrades** – Most insurers allow policyholders to reduce their coverage if they are having a hard time paying the premiums. You might be able to downgrade to a less comprehensive policy for a lower premium.
- Eligibility** – There may be age limits on when you may buy a long-term care policy. Most plans will not sell to people under age 18 or over age 84.
- Elimination period** – Sometimes called a deductible or waiting period. With many policies, benefits won't start the first day the policyholder goes into a nursing home or starts using home care. Benefits often start 0, 20, 30, 60, 90 or 100 days after you start using long-term care or become disabled. Elimination periods for nursing homes and home health care may be different, or there may be a single period that applies to any covered service. How many days you have to wait for benefits to start will depend on the elimination period you pick when you buy your policy. Often, the shorter the elimination period, the more costly the policy.

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- ❑ **Guaranteed renewable** – An insurance company cannot cancel a policy unless benefits have been used up. And it cannot change the coverage or refuse to renew the policy for any reason, other than nonpayment of premiums. The insurance company may increase guaranteed renewable premiums, but only on an entire group of people who bought the same policy at a specific age (i.e., anyone who bought a policy at age 65), not just on one person's policy.
  - ❑ **Inflation protection** – A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of long-term care services.
  - ❑ **Maximum benefit limit** – Most policies limit the total benefit they will pay over the life of the policy. Some limit by years and some by dollar amount. Policies with longer maximum benefit periods often cost more. Make sure you understand your policy's limit.
  - ❑ **Non-forfeiture benefits** – If you pay to have your policy include this option, and you then drop your coverage for any reason, you will receive some portion of the money you've already paid for the policy.
  - ❑ **Non-tax-qualified** – A long-term care insurance policy that does not meet certain federal income tax criteria created by the Health Insurance Portability and Accountability Act (HIPAA). *Note: For details on how a non-tax-qualified policy would affect your situation, please refer to a tax professional whom you trust.*
  - ❑ **Pre-existing condition** – A long-term care insurance policy usually defines this as a condition for which you received medical advice or treatment or had symptoms within a certain period before you applied for the policy. If a company finds out you didn't tell it about a pre-existing condition on your application, it might not pay for treatment related to that condition and could cancel your policy.

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- Pooled benefits and joint policies** – You may be able to buy a long-term care insurance policy that covers more than just one person, such as a married couple, or more than one kind of long-term care service.
  - Premium return at death** – This benefit pays your estate any premiums you paid less any benefits the company paid you. You must have paid premiums for a certain number of years. Some companies only return the premium if the policyholder dies before a certain age, often age 65 or 75. This option may add to the cost of your policy.
  - Specific exclusions** – Make sure you know what medical, mental, or other conditions your policy won't cover.
  - Restoration of benefits** – If you pay for your policy to include this option, you get to keep the maximum amount of your original benefits, even after your policy has already paid you some benefits. With this option, if you need care for a short time, but then fully recover, your benefits will return to the maximum amount (usually after six months or so).
  - Tax-qualified** – A long-term care insurance policy that meets certain federal income tax criteria created by the Health Insurance Portability and Accountability Act (HIPAA). *Note: For details on how a tax-qualified policy would affect your situation, please refer to a tax professional whom you trust.*
  - Third party notice** – This benefit allows you to name someone the insurance company would contact if your coverage is about to end because you forgot to pay the premium. Sometimes, people with long-term care needs, disabilities, or cognitive impairments may forget to pay the premium and lose their coverage when they need it the most. If you choose **not** to name anyone for the insurer to contact if your policy is about to lapse, you may have to sign a waiver.

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- ❑ **Underwriting** – The process an insurance company uses to review medical and health-related information in a health questionnaire to decide if the applicant presents an acceptable level of risk and is insurable.
  - ❑ **Waiver of premium** – If you pay for your policy to include this option, you can stop paying insurance premiums once you start receiving benefits. Some insurers waive the premium as soon as they make the first benefit payment; others wait 60-90 days.
  - ❑ **Where services are covered** – We recommend you learn what *types* of facilities (in-home care, assisted living, nursing homes, etc.) your long-term care insurance policy covers. Some states define terms differently, so before you move, make sure your new state’s definitions will cover you the same as the one you are leaving.

*For more information about buying long-term care insurance, see “Long-term care resources” on page B1.*

# Appendix B

## Long-term care resources

### Medicaid

**Washington State Department of Social and Health Services, Aging and Disability Services Administration, Home and Community Services:** Promotes, plans, develops and provides long-term care services for people with disabilities and the elderly who may need state funds (Medicaid) to help pay for them.

Toll-free phone: 1-800-422-3263

Website: [www.dshs.wa.gov/altsa](http://www.dshs.wa.gov/altsa)

**Community Living Connections (CLC):** Many of the care options discussed in this booklet are available to an adult paying privately, through the Veterans Health Administration, or through other insurance for long-term care services. If you're not eligible for Medicaid, or unsure if you're eligible, and want to talk with someone about what services and resources are available where you live, contact Washington's Community Living Connections (CLC).

Toll-free phone: 1-855-567-0252

Website: [washingtoncommunitylivingconnections.org/consumer/](http://washingtoncommunitylivingconnections.org/consumer/) and click on "Get help understanding and accessing services"

You can also look for the Area Agency on Aging (AAA) office in the yellow pages of your telephone book under "Senior Services."

**Home Care Referral Registry of Washington State:** This program matches Washington state residents who receive publicly-funded, in-home care services with screened and pre-qualified home care workers.

Toll-free phone: 1-800-970-5456

Website: [www.hcrr.wa.gov](http://www.hcrr.wa.gov)

## Legal advice

**The Washington State Bar Association:** Offers information on estate planning and elder law, a lawyer referral service, and a search to find out if a lawyer has any disciplinary actions against him or her.

Toll-free phone: 1-800-945-WSBA (1-800-945-9722)

Website: [www.wsba.org](http://www.wsba.org)

Lawyer referral service website:  
[www.mywsba.org/LawyerDirectory](http://www.mywsba.org/LawyerDirectory)

**Coordinated Legal Education, Advice, and Referral (CLEAR):** A program of the Northwest Justice Project, CLEAR helps low-income people in Washington with free legal information and referrals. CLEAR Senior is a similar service for anyone who is age 60 or over, regardless of income level.

CLEAR toll-free phone: 1-888-201-1014, (TTY) 1-888-201-9737

CLEAR Senior toll-free phone: 1-888-387-7111

Website: [www.nwjustice.org](http://www.nwjustice.org) (English and Spanish)

**Washington Law Help:** Provides legal education materials and tools, including in languages other than English.

Website: [www.washingtonlawhelp.org](http://www.washingtonlawhelp.org)

**National Academy of Elder Law Attorneys:** Offers a list of member elder law attorneys.

Website: [www.naela.org/](http://www.naela.org/)

## Financial planning advice

**360 Degrees of Financial Literacy:** Offers general information for managing personal finances.

Website: [www.360financialliteracy.org/](http://www.360financialliteracy.org/)

**The American Institute of Certified Public Accountants (CPAs):**

Offers tools, resources, information, and how to find an accredited CPA.

Website: [www.aicpa.org](http://www.aicpa.org)

**Feed the Pig:** Provides free financial information and tools to help people take control of their finances and build long-term financial security.

Website: [www.feedthepig.org/](http://www.feedthepig.org/)

**Federal Trade Commission:** Free help understanding the basics of reverse mortgages

Toll-free phone: 1-877-FTC-HELP (1-877-382-4357)

Website: [www.consumer.ftc.gov/articles/0192-reverse-mortgages](http://www.consumer.ftc.gov/articles/0192-reverse-mortgages)

**Department of Financial Institutions:** Offers financial literacy programs and resources on a variety of financial topics.

Website: [www.dfi.wa.gov/consumers/campaigns.htm](http://www.dfi.wa.gov/consumers/campaigns.htm)

**The Financial Planning Association:** Offers tools and resources for financial planning.

Toll-free phone: 1-800-322-4237

Website: [www.fpanet.org](http://www.fpanet.org)

**National Association of Personal Financial Planners:** Provides resources and information on how to find a financial planner.

Toll-free phone: 1-888-333-6659

Website: [www.napfa.com](http://www.napfa.com)

## Long-term care insurance

**National Association of Insurance Commissioners (NAIC):** Offers *A Shopper's Guide to Long-Term Care Insurance* to help you understand long-term care and the insurance options that can help you pay for long-term care services. This guide also provides charts allowing you to compare long-term care insurance policies' costs and benefits

Phone: 1-816-842-3600

Website: [www.naic.org](http://www.naic.org)

## Additional resources

**Aging with Dignity:** Provides a free online planning booklet or printed copy for \$5 (*Five Wishes*).

Toll-free phone: 1-888-594-7437

Website: [www.agingwithdignity.org](http://www.agingwithdignity.org)

**Elder Care Locator:** Helps you find community assistance programs in your area.

Toll-free phone: 1-800-677-1116 (includes help in Spanish)

Website: [www.eldercare.gov](http://www.eldercare.gov)

**Family Caregiver Alliance:** Offers programs and resources at the national, state, and local levels to support and sustain caregivers.

Toll-free phone: 1-800-445-8106

Website: [caregiver.org](http://caregiver.org)

**National Clearinghouse for Long-Term Care Information:** Offers interactive tools such as a savings calculator, contact information for a range of programs and services, and real-life examples of how other people have successfully planned for long-term care.

Website: [www.longtermcare.gov](http://www.longtermcare.gov)

**National Council on Aging:** Helps improve the lives of older Americans.

300 D Street, SW, Suite 801  
Washington, D.C. 20024

Website: [www.ncoa.org](http://www.ncoa.org)

**U.S. Living Will Registry:** Allows you to store your living will documents in a secure, online database.

Toll-free phone: 1-800-548-9455

Website: [www.uslivingwillregistry.com/](http://www.uslivingwillregistry.com/)

**Washington Information Network (WIN) 2-1-1:** Provides over 8,200 health and human service providers, representing 11,300 sites and more than 19,800 local services available throughout Washington state.

Website: [www.win211.org/](http://www.win211.org/)

**The Washington State Medical Association:** Offers several booklets to answer questions and provides standardized forms for advanced directives, including living wills, durable power of attorney for health care, and do not resuscitate orders.

Toll-free phone: 1-800-552-0612

Website: [www.wsma.org](http://www.wsma.org) (click "For Patients and Physicians" and then on "WSMA Store")

**Disclaimer:** All contacts are current as of 9/4/2015.

## **Need more help? Call our Insurance Consumer Hotline!**

Our professional consumer advocates enforce insurance law and can investigate complaints against insurance companies and agents on your behalf.

We also offer individual counseling and group education on health care issues in your communities. Our highly trained SHIBA (Statewide Health Insurance Benefits Advisors) volunteers can help you understand your rights and options regarding prescription drugs, government programs, long-term care options, fraud and abuse, and more.

**1-800-562-6900**

TDD: 1-360-586-0241

Or visit: [www.insurance.wa.gov](http://www.insurance.wa.gov)







*This publication may have been partially funded by grants from the Centers for Medicare & Medicaid Services and the US Administration for Community Living.*

