



LONG TERM CARE INSURANCE

SELF-ASSESSMENT GUIDE

Developed by:
SHINE Health Insurance Counseling Program
Executive Office of Elder Affairs
1 Ashburton Place, 5th floor
Boston, MA 02108

Paul Cellucci
Governor

Jane Swift
Lieutenant Governor

Lillian Glickman
Secretary

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Serving the Health Information Needs of Elders Program

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Purpose of the Long Term Care Insurance Self-Assessment Guide

The SHINE Program has amended this self-assessment guide to help you plan to meet your future long term care needs. The purpose of the guide is to raise questions that will be important for you to consider in making these plans.

The guide is not designed to provide a definitive answer to what you should do. Each person's circumstances are different and there is no one answer that will fit all situations. Each person needs to decide for themselves the most appropriate course of action. However, the self-assessment guide can help you ask the right questions which will help you make the decision which is best for you.

How to use this guide The self-assessment guide is designed for ease of use and leads you through a series of questions and issues. These include your risk of needing long term care, financial considerations, and long term care insurance options to consider. A brief listing of options to insurance are also presented.

The guide can be completed by yourself or with a SHINE Health Insurance Counselor. It may be helpful to work through the guide with other family members so these important issues can be discussed and considered. However, you are under no obligation to share the answers of this guide with anyone else, including the SHINE Program counselors or insurance agents!

Additional help Other publications have been developed which may be helpful in deciding whether long term care insurance is right for you. A list of these resources is included at the back of this handout.

SHINE is training volunteer counselors across the state to help seniors with these and other insurance questions and concerns. In addition, SHINE has a toll-free phone line that you can call for help. For copies of brochures and booklets or to schedule an appointment with a SHINE Long Term Care Counselor, call 1-800-882-2003.

LONG TERM CARE INSURANCE SELF-ASSESSMENT GUIDE

Name: _____

Date: _____ Current Age: _____

THE NEED FOR LONG TERM CARE

1. **The need for long term care increases as you get older. If family members have lived to ages 85+, there is a good chance you may live as long or longer which increases your chances for needing long term care. If family members have lived to younger ages than 85, you may still live to age 85+ because of advances in medical technology.**

Women generally are more likely than men to need long term care at some point in their lives since they tend to live longer (and thus suffer from a disabling chronic condition) and are more likely to live alone.

a. To what age did your parents live? _____

b. To what age have other family members lived (siblings, grandparents, etc.)?

2. For elderly persons living alone, chances of needing nursing home care at some point in their lives are increased. If there are few resources (friends, family) living close who would provide assistance, the need for insurance increases.

a. What is your living arrangement (alone, with spouse, with adult children, with friend/other relatives, etc.):

_____.

b. Are your adult children or other family and friends available to provide care for you should you need it? Do your children live close to you?

c. How willing or able would your children or other family members be to provide this care?

3. Health history also plays a role in determining need for insurance. **The need for long term care is usually the result of a disabling chronic condition (such as diabetes, arthritis, heart condition, stroke, emphysema, Alzheimer's, or cancer).** These chronic conditions may be related to your family history or to health risk factors you may have (smoking, overweight, high blood pressure). If you currently have a serious chronic condition, insurers may not be willing to insure you.

a. General health condition (excellent, good, fair, poor): _____

b. List medications and purpose: _____

c. Any major surgeries or illnesses which resulted in hospitalizations in the past 5 years?

d. Is there any family history of chronic illness (diabetes, heart disease, arthritis, Alzheimer's, Parkinson's disease, cancer, etc.)? _____ If yes, list illness(es):

e. Do you have any health or lifestyle factors that may put you at risk of needing long term care (smoking, overweight, high blood pressure)?

f. Are you currently disabled (unable to perform activities of daily living, such as bathing, dressing, getting around, going to the bathroom, eating, without help from others)? _____ If yes, you probably will **not** be able to be insured under a long term care insurance policy. PLEASE SKIP TO THE "OTHER OPTIONS" SECTION ON PAGE 11.

4. **Personal preferences are also an important consideration in determining whether to purchase long term care insurance.**

a. How do you feel about your adult children or others providing financial support for you?

b. How do you feel about relying on help from your adult children or others in order to remain in your home, should you need such help?

c. How do feel about living with your adult children or others?

d. What is your attitude about receiving Medicaid, should you need it?

e. How important is it to leave an estate to your children or others?

f. Is there a specific nursing home you would like to use should you need long term care?

g. How important is it for you to have a single room should you need nursing home care? Medicaid will not pay for single rooms. The rates for single rooms for private pay persons or for those using insurance are significantly higher than the rates for double occupancies.

h. What are your specific concerns or priorities? Why are you looking into long term care insurance now?

i. Are you planning to relocate to another state? _____

FINANCIAL CONSIDERATIONS

1. Are you currently receiving SSI (Supplemental Security Income) or Medicaid?
Yes _____ No _____

**IF YOU ANSWERED "YES", LONG TERM CARE INSURANCE IS NOT AN OPTION!
PLEASE SKIP TO THE "OTHER OPTIONS SECTION ON PAGE 11.**

2. MONTHLY INCOME

- A. Wages \$ _____
- B. Social Security \$ _____
- C. Pension \$ _____
- D. IRA, Annuities \$ _____
- E. Interest/Dividends \$ _____
- F. Rental Income \$ _____
- G. Other Income \$ _____
- H. Total Income (add A through G) \$ _____

3. MONTHLY EXPENSES

- A. Mortgage/Rent \$ _____
- B. Household (utilities, telephone, home maintenance, insurance) \$ _____
- C. Food \$ _____
- D. Clothing \$ _____
- E. Automobile (loan payment, gas, insurance, maintenance) \$ _____
- F. Medical expenses and Insurance Premiums \$ _____
- G. Taxes (estimated income and property) \$ _____
- H. Miscellaneous (recreation, etc.) \$ _____
- I. Total Expenses (add A. through G.) \$ _____

4. DISCRETIONARY INCOME: (income less expenses - subtract #3I from #2H) \$ _____

5. **ASSETS**

Type of Asset	Usually Medicaid Exempt	Usually Not Medicaid Exempt
A. Bank Accounts, Money Markets (1)(footnotes found on page 8)		\$ _____
B. Certificates of Deposit (1)		\$ _____
C. Stocks, Bonds (1)		\$ _____
D. IRA's, annuities, and other retirement plans (2)		\$ _____
E. Cash Value of Life Insurance (3)	\$ _____	\$ _____
F. Burial Trusts (4)	\$ _____	
G. Equity Value of Home, If Owned (current market value minus remaining mortgage and liens) (5)	\$ _____	
H. Equity Value of Income Producing Property (current market value of rental or commercial property minus mortgages and liens) (6)		\$ _____
I. Equity Value of Other Property (current market value of second home, land, etc. minus mortgages and liens) (7)		\$ _____
J. Personal property (8)	\$ _____	
K. Automobiles, recreational vehicles (9)		\$ _____
L. Total Assets (add A - K)(10)	\$ _____	\$ _____

CAUTION! Medicaid eligibility is complex and you may wish to consult with Medicaid or seek legal assistance from an attorney familiar with Medicaid for specific questions about Medicaid eligibility and asset exemptions. Your local Legal Services Organization or Area Agency on Aging may be able to provide this legal assistance free of charge or at reduced cost.

FOOTNOTES - The following footnotes describe when assets may be exempt or not exempt by Medicaid. However, these exemptions could change in the future based on changes in federal or state laws or regulations.

- (1) For married couples, Medicaid spousal impoverishment provides asset protection when one spouse enters a nursing home (institutionalized spouse) and the other spouse is at home (community spouse). The community spouse can protect half of the couple's countable assets at time of admission to the nursing home (up to \$81,960 in 1999 but not less than \$16,152 in 1999). Additional assets can be protected for the community spouse, if needed to produce income to meet minimum protected income levels.
- (2) An IRA account, annuity, or other retirement plan may be exempt if you do not have access to the account and are unable to liquidate the asset. However, if you have access and can liquidate the account, it is considered an asset by Medicaid. Under spousal impoverishment, the community spouse's IRA or pension plan is considered an exempt asset.
- (3) The cash surrender value of a life insurance policy is exempt if the death benefit (face value) is less than \$1,500. However, it is not exempt if the death benefit is equal to or more than \$1,500. When one spouse is in the nursing home and one spouse is in the community, each may protect up to \$1,500 in death benefits for funeral and burial expenses.
- (4) Burial or funeral trusts are exempt if irrevocable, regardless of their value.
- (5) The home is exempt when it is the principal residence of yourself, your spouse, your children if under the age of 18, or your children if they are disabled or blind, regardless of age. The home is not exempt when none of these persons lives or intends to live in the residence.
- (6) Income producing property may be exempt if the income produced is greater than the expenses of ownership.
- (7) Other real property is not exempt and must be offered for sale or rent at current market value in order to qualify for Medicaid.
- (8) Your household goods (furniture, appliances, TVs, etc.) and personal effects (clothing, jewelry, hobby items, etc.) are always exempt.
- (9) One vehicle, regardless of value, is exempt if necessary for your employment, for you to obtain medical treatment, if you are disabled and the vehicle has been modified to accommodate your disability, or for the community spouse. Otherwise, \$4,500 of the current market value of one vehicle is exempt.
- (10) The value of exempt resources may be recovered from the estate of a single Medicaid recipient to cover the cost of their care paid for by Medicaid. Currently, Medicaid does not recover from the spouse's estate unless the spouse becomes a Medicaid recipient.

6. If you meet any of following three criteria, **SKIP TO THE "OTHER OPTIONS" SECTION ON PAGE 11.**

a. Your income (minus your medical expenses) is less than **\$691(1998)** for any month (there are higher income guidelines if you are in a nursing home) and your nonexempt assets are less than \$2,000 (if you are single) or your income (minus your medical expenses) is less than **\$925 (1998)** per month and your nonexempt assets are less than \$3,000 (if you are married), then you are probably already eligible for Medicaid and you **DO NOT NEED LONG TERM CARE INSURANCE;**

b. Your nonexempt assets are **less than the cost of one year in a nursing home (approximately \$40,000-\$75,000), you have a disabling or debilitating health condition, or are over age 84;** or

c. Based on your discretionary income (#4), paying long term care insurance premiums would present a difficulty or result in a significant change in your lifestyle or any future premium increases would result in these situations. If this is the case, long term care insurance may not be the right option for you. The decision should be based on **your** feelings about **your risk** of needing long term care, **your interest** in protecting assets, and **your willingness and ability to pay** these premiums.

LONG TERM CARE INSURANCE BENEFIT OPTIONS TO CONSIDER

1. How much of your assets do you want to protect?

\$ _____

2. **Home and community care** (home health nursing, adult day care, respite care, homemaker, therapies, etc.) costs generally do not exceed \$15,000 per year. The typical cost would currently be \$5,000 -10,000 a year depending on the type and amount of services used.

a. How important is home and community care insurance coverage to you?

b. There are two different purchase options for long term care insurance. Coverage preference, circle one:

1. Home and community care only
2. Combination nursing home & home and community care

Benefit Selection - In purchasing long term care insurance, you will have to choose the amount of benefits you want to pay the daily cost of care and how these benefit levels change over time.

a. What is the **daily cost** (per diem) of nursing home care in your area? Call 2 or 3 nursing homes in your area that you might consider if you need care and ask.

- 1) \$
- 2) \$
- 3) \$

b. **Co-insuring Capability** - The lower the daily benefit selected, the lower the premium. You need to decide what portion of the daily cost of care you can afford to cover from your income.

(1) Could unused or interest (preferably) income cover \$10, \$20, or \$30 a day of the cost of care? (Look at #4 under Financial Considerations).

(2) If some degree of co-insuring is possible, is this an acceptable option to you in order to limit coverage and cost of premium? _____

c. What would you like your **daily benefit** to be (based on answers to a. and b. above)? \$ _____

4. The cost of care in a nursing home can be expected to increase through inflation after you purchase a policy. An option to protect against this increase is **inflation protection**. Without this option, your daily benefit will not increase. This option will add to your premium but reduce the amount of co-insuring required in the future.

a. Is inflation protection important to you? _____

5. **Elimination Period** - This is the number of days you must wait after you are admitted to a nursing home before the insurance will begin paying for your care.

(a) Usual choices are: 0, 15, 20, 30, 60, or 100 days. 0 days = most expensive premium, 100 or 100 days = least expensive premium.

(b) Do you have resources (such as income or interest) to cover an elimination period? If so, how many days? (Take an amount from 3a above and multiply by an elimination period to determine the financial impact of different elimination periods).

6. Nursing homes may request one month payment in advance upon admission. Insurance companies pay on a **reimbursement basis**. This means it could be 30-60 days after you enter a nursing home

before you begin receiving payment from your insurance. Therefore, you should have enough money to cover these initial days of care. To be cautious, let's look at 60 days. (60 x one figure in #3a).

\$ _____

7. It is also important to note that insurance will **NOT** cover all of your long term care expenses. For example, policies typically do not cover prescription drugs. Therefore, you will need to allow some money to cover items not covered under a policy.
8. After reviewing #3, #4, #5, #6, and #7 above, **how much of your assets do you want to protect?** \$ _____

OTHER OPTIONS

1. Financial Planning

- a) This option is most appropriate for persons who can invest resources over a number of years to cover the costs of long term care.
- b) Consult a financial consultant or advisor.

2. Reliance on Medicaid

- a) Persons with limited income and assets should **NOT** purchase long term care insurance. Medicaid is an appropriate source of financing for long term care services. You may contact Medicaid (“MassHealth”) at 1-800-841-2900. TTY: 1-800-608-3300.
- b) Persons who do not have or cannot obtain adequate insurance (possibly due to a health condition) may wish to consult an attorney familiar with Medicaid law to learn about Medicaid’s eligibility rules and anti-impoverishment protection rules for spouses who live in the community after their spouse moves into a nursing home.

3. Supportive Housing Arrangements

- a) Supportive housing is a broad term that includes many types of living arrangements, each providing as much independence as possible while also providing long term care supportive services, when needed. Examples of housing options with supportive service components include: congregate housing, continuing care retirement communities, assisted living programs, adult foster care, home sharing arrangements, and shared housing arrangements.
- b) Contact your local Council on Aging or Area Agency on Aging for information about the housing options, plus locations, contract issues, and possible housing counseling services, in your area.

4. Home Equity Conversions

- a) Home equity conversion mortgages are mortgage loans available to persons who own their homes and allow the homeowner to use the equity in their home to generate income to pay for needed long term care services, to pay long term care insurance premiums, or to help with other living expenses.

- b) Information about lenders and these loans can be obtained by contacting the Massachusetts Reverse Equity Mortgage Counseling Programs authorized by the US Department of Housing and Urban Development to educate seniors about this option.
- Homeowner Options for Massachusetts Elders, 30 Winter Street, Boston, MA 02108. Phone: 617-451-0680.
 - Consumer Credit Counseling Service of Eastern Massachusetts with offices in Boston, Easton, Hyannis, New Bedford, Peabody, and Worcester. For local phone numbers, contact the main office in Boston at 617-426-6644.

5. Getting the Cash Benefit from you Life Insurance Policy

- a) Some insurance companies let you borrow the cash value of your policy regardless of your health.
- b) A private loan may be made by a close friend, relative or professional lender in exchange for naming the lender as the beneficiary of a portion of your life insurance policy. Consult with an attorney to be certain the loan terms are fair and reasonable.
- c) If you have a terminal illness or condition, you may be able to sell your insurance policy through a process known as viatical, which is the sale of your policy at a discount to a third party viatical settlement company. Using funds provided by investors, a viatical settlement company will pay you a percentage of your policy's value in return for your transfer of the policy.
- d) Some life insurance companies offer access to the life insurance death benefit and cash value under certain specified conditions prior to death, such as terminal illness, permanent confinement in a nursing home, or for long term care. This is often referred to as an "Accelerated Benefit" provision.

SHOULD YOU HAVE QUESTIONS ABOUT LONG TERM CARE INSURANCE, MEDICARE, MEDICARE SUPPLEMENT INSURANCE, MANAGED CARE HEALTH CARE ORGANIZATIONS OR MEDICAID CALL YOUR LOCAL SHINE PROGRAM OR DIAL 1-800-882-2003. TTY: 1-800-872-0166.

BIBLIOGRAPHY

Resources for Learning About Long Term Care Service Options and Methods for Paying for Services

1. To help you decide if you need long term care insurance and to evaluate policies, read the booklet titled "A Consumer's Guide to Long Term Care Insurance in Massachusetts" available from the Executive Office of Elder Affairs. This booklet contains a Long Term Care Policy Comparison Worksheet useful for comparing non-group and group policies as well as consumer shopping tips. A consumer should compare at least three long term care insurance policies before deciding what to do. Write to the SHINE Health Insurance Counseling Program, Executive Office of Elder Affairs, 1 Ashburton Place, Boston, Ma, 02108, to request a copy of the Consumer's Guide.
2. The National Association of Insurance Commissioners (NAIC) provides one free copy of "A Shopper's Guide to Long Term Care Insurance" after receiving written requests sent to: NAIC, 120 West 12th Street, Suite 1100, Kansas City, MO 64105-1925. NAIC also provides free copies of "The Guide to Health Insurance for People with Medicare", and updates it each year.
3. The Massachusetts Attorney General's office has a useful guide titled "Turning Death Benefits Into Living Benefits: A Guide to Drawing Cash From Your Life Insurance Policy". For a free copy, call 1-617-727-2200 or write to the Office of the Attorney General, One Ashburton Place, Boston, MA 02108.
4. A comprehensive guide on planning for long term care services titled "Long Term Care Planning - A Dollar and Sense Guide" can be purchased from United Seniors Health Cooperative, 1331 H Street, NW, Suite 500, Washington, DC 20005-4706. Tel: 1-202-393-6222.
5. The Massachusetts Nursing Home Ombudsmen Program has excellent resources for learning how to select, evaluate, and pay for nursing and rest home care titled "A Consumer's Guide to Nursing and Rest Home Homes and Your Personal Care Plan - Getting the Care That's Right for You in a Nursing Home". Contact your local Nursing Home Ombudsmen or Elder Affairs at 1-800-882-2003.
6. Consumer Reports Magazine, October, 1997 Issue, Long Term Care Insurance Special Report, titled "How Will You Pay for Your Old Age?", #9612. Price: \$7.75. Call 1-800-419-9844 to request report .
7. For information on housing options available in your community, first contact your local Council on Aging or Area Agency on Aging. AARP publishes a "Consumers' Guide to

Home Sharing” which you can acquire by writing to AARP at 601 E Street, NW, Washington, DC 20049. Phone 202-434-2277. The Executive Office of Elder Affairs also has information on housing options in Massachusetts, including information on continuing care retirement communities, assisted living residences, rest homes, nursing homes, and public and private senior housing developments. Contact the Executive Office of Elder Affairs at: 1-800-882-2003. TTY: 1-800-872-0166.

8. For information on reverse equity mortgages, contact the 2 reverse mortgage counseling programs in Massachusetts authorized by the US Department of Housing and Urban Development to educate seniors about this program.
 - Homeowner Options for Massachusetts Elders, 30 Winter Street, Boston, MA 02108. Phone: 617-451-0680.
 - Consumer Credit Counseling Service of Eastern Massachusetts, with offices in Boston, Easton, Hyannis, New Bedford, Peabody, and Worcester. For local phone numbers, contact the main office in Boston at 617-426-6644.

These two programs can provide counseling about a range of housing options which may improve your financial position, including room rental, home sharing, real estate tax relief, weatherization programs, fuel and utility assistance programs that provide financial relief, and low interest loans for home repairs, all in addition to counseling and education about reverse equity mortgaging.

You may also contact the National Center for Home Equity Conversion, 7373 147th Street - West, Apple Valley MN, 55124. Phone: 612-953-4474. NCHCEC has books and consumer materials about home equity conversion and lists of financial institution that offer reverse mortgages.

9. For information about community-based supportive care services, contact your local Council on Aging or Aging Services Access Point to learn about the wide range of services available to elders, including: nutrition programs, transportation, housing, home makers, chore workers, personal care assistants, and many more. To locate the Aging Services Access Point nearest you, call Elder Affairs at 1-800-882-2003. To find out about community assistance programs in other states, contact the Eldercare Locator at 1-800-677-1116. 202-296-8130 is NAAAA.