

### What are some considerations to think about before purchasing a LTC insurance policy?

While there are many things to consider and evaluate, below are some questions to keep in mind:

- ✓ What is the maximum benefit of the policy (2 years, 5 years)?
- ✓ How long is the elimination period? (Number of days paid out-of-pocket before the policy pays.)
- ✓ Is the policy tax qualified? All Partnership policies are tax qualified.
- ✓ Does the policy provide for home health care or adult day services?

### Why should anyone consider purchasing a Partnership policy?

- ✓ Medicare covers only a small portion of nursing home and other LTC costs.
- ✓ The average annual cost of a nursing home in South Dakota is over \$78,000.
- ✓ There are strict rules and penalties for transferring assets to qualify for Medicaid.
- ✓ The Partnership program will allow individuals to keep additional assets and qualify for Medicaid eligibility.
- ✓ You will choose and receive the LTC of your choice, whether it be in a nursing home, or in your home, giving you and your family peace of mind if you should need LTC.

### What is the age limit for purchasing a Partnership policy?

There is no set age requirement for someone who is interested in purchasing a Partnership policy. Typically, someone who is between the ages of 40 and 70 would be ideal for a Partnership policy.

### Who can purchase a Partnership policy?

A Partnership policy is ideal for someone who will not be able to afford the high cost of LTC, but who can afford the cost of LTC insurance. The younger you are when purchasing a policy, the less expensive it is. If you have accumulated resources by saving, investing or other, you may be the best candidate for a Partnership policy.

### How can I purchase a Partnership policy?

Before purchasing a Partnership policy, you may want to consult with a trusted advisor or LTC insurance agent so you are able to pick a LTC product that is right for you. If you want to buy a Partnership policy, please contact your local agent or an insurance company that is approved to sell Partnership policies. Some employers may also offer LTC insurance policies.

Currently, Partnership policies are available from the participating insurance companies which are authorized by the South Dakota Division of Insurance to market and sell these policies. The State of South Dakota does not sell Partnership policies, they administer and monitor the LTC Partnership Program.

### How will I recognize a Partnership policy?

A policy, certificate or contract designed or marketed as a LTC Partnership policy must prominently disclose on the schedule page and include the following:

1. The [policy, certificate or contract] is intended to meet the standards for the LTC Partnership Program in this state;
2. Nothing in this [policy, certificate or contract] is a guarantee of Medicaid eligibility nor is it a guarantee of any ability to disregard assets for purposes of Medicaid eligibility. This notice is required by the State of South Dakota.

### How much does a LTC insurance policy cost?

Each company sets its own rates. Talking with your local agent will provide you with the much needed information you will need when it comes to specific rates and premiums. Premiums can vary greatly across companies and within companies depending on what features are included in your policy.

### What if I already have a LTC insurance policy?

Individuals with existing LTC policies may be able to exchange their current policies for Partnership policies through a rider, endorsement or change in schedule page as long as the policy meets the core requirements for a Partnership policy. While the Partnership Program allows for the exchange of policies, it is up to each insurer if they want to offer exchanges.

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### Do I have to use up all of my Partnership policy before I can apply or become eligible for Medicaid?

If you have a Partnership policy, you do not have to use up all of the benefits of the policy before applying for Medicaid, but you will only receive a dollar for dollar disregard of the benefits used up to the point of application.

### Can I be denied long-term care insurance if I have a pre-existing medical disorder or condition?

If you have a serious medical disorder or condition, or a disease such as Alzheimer's disease, at the time of your application, companies may not approve your application. If for some reason you would happen to develop a serious medical disorder or condition after being approved and purchasing the policy, the company cannot cancel the policy on that basis. Some group plans will accept applicants regardless of health status.

### Contact Information

#### Who can I contact for more information?

Additional information can be found on the website.

**ltpartnership.sd.gov**

If you would like further information, please feel free to contact the below offices.

#### Department of Social Services

**Phone:** 1.800.597.1603

**Email:** DSSInfo@state.sd.us

**Web:** dss.sd.gov

#### Division of Insurance

**Phone:** 605.773.3563

**Email:** insurance@state.sd.us

**Web:** dlr.sd.gov/insurance

# South Dakota's Long-Term Care Partnership Program

*Knowing your options today  
Planning for tomorrow  
Looking ahead for the future*



South Dakota's  
**Long-Term Care**  
Partnership Program

Administered by the Department of Social Services and the Division of Insurance.

## Long-Term Care Partnership Program

The South Dakota Long-Term Care Partnership Program, administered by the Department of Social Services and Division of Insurance, provides an alternative to spending down or transferring assets by forming a partnership between Medicaid and private long-term care insurers.

People may not like to think about needing long-term care services one day. Most people are also surprised at the costs of long-term care and do not think of having to use their entire life savings to pay for those needs and services.

The reality is that about two-thirds of all Americans will likely need some type of supportive services after age 65. Approximately 40 percent of those 65 and older will eventually need long-term care in a nursing home or assisted living facility for a stay of over two years.

## Benefits of the Program

- ✓ Partnership policies will be tax qualified plans under federal law and provide inflation protection benefits for purchasers.
- ✓ The LTC Partnership Program provides an alternative to spending down or transferring assets by forming a partnership between Medicaid and private LTC insurers.
- ✓ Once private insurance benefits are used, special Medicaid eligibility rules are applied if additional coverage is necessary.

## Frequently Asked Questions

### What is LTC? Where is it provided?

Long-term care includes a wide range of services provided to people who need continued help with Activities of Daily Living, such as: bathing, dressing, eating, using the toilet, continence, transferring from a bed to a chair. Long-term care can be provided in a variety of places, including a person's home, an assisted living facility or a nursing home.

### What is the cost of LTC?

The average private pay rate for a semi-private room in a South Dakota nursing home in 2017 was \$214 a day, or over \$78,000 per year. The average cost for a day in a South Dakota nursing home has increased annually. The average length of stay is 2.5 years, bringing the cost of an average stay to over \$195,000. Home care can be just as expensive, depending on the frequency and services required.

### Doesn't Medicare cover the cost of LTC?

Many individuals believe their long-term costs will be covered by Medicare; the truth is Medicare does not cover long-term care. Medicare covers only a small portion of the country's LTC costs. Medicare will pay for care in a nursing home only when certain conditions are met, and even then, you are only fully covered for 20 days. In certain situations, some people qualify for partial payment up to 100 days.

### What is Medicaid and Title XIX?

Medicaid and Title XIX are the same program. It is a program administered by the State of South Dakota to provide health care for low income individuals, families and children. Medicaid covers close to half of the nation's long-term care bill.

In addition, individuals must meet certain eligibility and income criteria before they receive benefits from Medicaid.

### How can I get more information on Medicaid in SD?

**Phone:** 1.800.597.1603

**Email:** DSSInfo@state.sd.us

**Web:** www.dss.sd.gov

### How does Medicaid asset protection work?

The most unique aspect of a Partnership policy is the Medicaid asset protection feature.

This feature provides dollar for dollar asset protection: for every dollar that a Partnership policy pays out in benefits, a dollar of assets can be protected from the LTC Medicaid resource limit.

When determining LTC Medicaid eligibility, any assets you have up to the amount the Partnership policy paid in benefits will be disregarded.

### What do Partnership policies provide?

- ✓ For a person who is less than 61 years of age as of the date of purchase, the policy provides compound annual inflation protection. This is one of the distinguishing features of a Partnership policy and also the inflation protection is a valuable benefit regardless of whether the policy is a Partnership policy.
- ✓ For a person who is at least 61 years of age, but less than 76 years of age, the policy provides some level of inflation protection that may not be less than three percent per year or a rate equal to the Consumer Price Index.
- ✓ Some Partnership policies cover home and community-based services. Individuals should consider looking into a policy that pays for these types of services.
- ✓ Agents who wish to sell Partnership policies must complete eight hours of training initially, and then four more hours every other year thereafter.
- ✓ Only Partnership policies provide Medicaid asset protection.
- ✓ All Partnership policies will be tax qualified plans under federal tax law.

### How do I know if LTC insurance is right for me?

For some, a LTC policy is an affordable and attractive form of insurance. However, LTC insurance policies may not be the best option for all South Dakotans and you should think carefully before purchasing one.

Carefully evaluate your needs and resources to decide whether LTC insurance is appropriate for you.

There are many decisions to be made and concerns to discuss with your family and close friends, so others are aware of your care needs.

