

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.

Our objective:
Address key **questions** and empower **you** to
make informed decisions.

- Isn't Long-Term Care just for older folks?
- Isn't Long-Term Care the same as a nursing home?
- Does the government pay for LTC in my home?
- Doesn't health insurance pay for Long-Term Care costs?
- Doesn't disability insurance pay for Long-Term Care costs?
- Can't I just save some money and pay for my Long-Term Care costs?
- How does a Long-Term Care Partnership insurance policy work?
- How do I know I am getting a good policy?

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Planning ahead can make a big difference for you and your family!



Why is it such a hot topic?

Media Attention: Time, Newsweek, USA Today, Forbes, U.S. News and World Report

2/3 will need supportive care after age 65

2 in 5 of us will need Long-Term Care in facility

Compare to odds of:

House burning down: 1 in 700

Wrecking your car: 1 in 50

Not just for elderly: 40% of people receiving LTC are working age (under 65)

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What is long term care?

A wide range of services provided to people needing continued help with Activities of Daily Living (ADLs)

ADLs (as defined by insurance industry):

Bathing

Dressing

Eating

Toileting

Transferring from/to bed or chair; walking

Continence

Cost of Long Term Care:

Average cost of a nursing home in SD—2010

\$161* a day

\$4830 per month or just over \$58,750 a year

average stay to over \$147,000 (2.5 years in SD)

*rounded

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Where do we get Long Term Care today?

At home or in the community (Usually not 24-hour care):

80% receive LTC at home

Adult Day Services

Formal & Informal Home Care

Assisted Living Facility

2% receive LTC in Assisted Living Facilities

Nursing Home (Skilled Nursing Facility)

18% receive LTC in Nursing Homes

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Who will pay?



Health Insurance?

Disability Insurance?

Medicare?

You?

Long-Term Care Insurance?



Health Insurance

Group or Individual Plan

Provides for necessary skilled medical care

Pays for skilled care from someone who typically has a license (MD, RN, Physical Therapist)

May have short term aftercare benefit

Co-pays and deductibles apply

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Does Health Insurance cover Long Term Care?

Language from actual policies:

“Exclusions: Custodial care”

“Medical care not covered: Custodial Care or Rest Cures”

“Exclusions: Custodial care, except for covered hospice care”

Health insurance DOES NOT pay for long term care

Does Short-Term or Long-Term Disability Insurance cover Long Term Care?

“Paycheck insurance” if you can’t work.

Replaces part of your paycheck (50% to 66%)

Disability Insurance typically **does not** pay to have someone take care of you

May have exclusionary or elimination period

Disability insurance **DOES NOT** pay for long term care

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Does Medicare cover Long-Term Care?

Health Insurance for individuals 65 and older or with disabilities

May pay for a small percentage of nursing home costs—short term (up to 100 days) and if the stay meets specific criteria

Usually no benefits for personal or custodial care

Co-payments and deductibles apply

**On the subject of long term care, www.Medicare.gov says:
“Medicare and most health insurance plans...don’t pay for this type of care.”**

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Does Medicaid cover Long-Term Care?

Covers 44% of LTC costs in USA --with strict financial and medical guidelines

Federal & state program providing health care for low income individuals, families and children

Eligibility for Medicaid includes strict income and assets restrictions

Federal law requires recovery from the recipient's estate

SD Medicaid Contact Information:

Phone: 1-800-597-1603

Web: www.dss.sd.gov

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Long-Term Care Insurance

Provides for personal care, custodial care, supervision

When licensed health care provider says you:

cannot perform at least **2 of 6 Activities of Daily Living (ADLs)** for a period expected to last at least 90 days

OR

have a **severe cognitive impairment** that makes you unable to meet your own needs and it is expected to last at least 90 days

May have a deductible or exclusionary or elimination period before payment

Long term care insurance DOES pay for LTC

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Who Pays for Long Term Care?

Long Term Care Insurance

Long Term Care Partnership Plan

Medicaid (pay down)

Self pay

Homecare: DSS Division of Adult Services and
Aging—specific eligibility

Long Term Care Insurance questions:

Do you have to be at least 65 years old? (NO)

Do you have to be in a hospital first? (NO)

Do you have to be out of work? (NO)

Do all Long Term Care insurance policies cover in-home services?

Optional—most do today

Policies may be

“facility only”

“comprehensive”

“homecare”

Long Term Care Insurance Payments last year

Homecare	43%
Assisted Living	33%
Nursing Home	24%

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Who pays for nursing home care costs in South Dakota?*

Medicaid	58%
Private pay	34%
Medicare	7%
VA	1%

*2008 figures

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Review

Is long-term care just for older people?

Is long-term care always in a nursing home?

Does health insurance or Medicare typically cover long-term care?

Would I be able to save money and pay for my long-term care costs on my own?

Long Term Care Partnership Policies: Consumer Friendly

LTCPP are a special kind of long term care insurance

Medicaid Asset Protection

Rates do not go up just because we get older

Inflation protection included in every policy issued at age 75 and younger

Individuals choose where their care is received.

Access to impartial assistance from care **coordinators**

Division of Insurance reviews and approves policies of insurers

Agents have 8 hours of **extra training**, plus 4 more hours biennially

“Tax qualified”

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Partnership Policies: Inflation Protection

When you buy:

Under 61 years of age, compound annual inflation protection

May not be less than 3% per year or = Consumer Price Index

61 to 75 years of age, some inflation protection

76+ may (but not required) purchase inflation protection

Partnership Policies: The Key Concept

What is a “pool of money” or “lifetime maximum benefit”?

Specific amount of money or assets, or
Specific number of years

Either shifts financial risk to insurance company

Examples of a “pool of money” you may currently have:

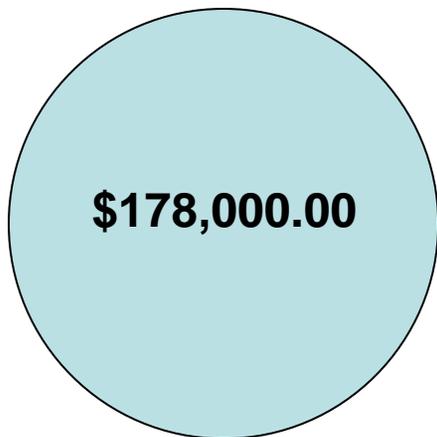
- auto/car insurance
- home owners’ or renters’ insurance
- life insurance

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Partnership Policies: How do they work?

Plan for \$150 day for two years (\$110,000) with 5% inflation + 10 yrs



- Daily Benefit for Nursing Home: \$235
- Daily Benefit for Assisted Living Facility: \$117
- Daily Benefit for Home or Community Based: \$117

Partnership Policies: How long does it pay for care?

\$178,000
“pool of money” or
“lifetime maximum
benefit”

- Pay for care until you use your pool of money
- \$235 per day for care in Nursing Home, will pay for two years = \$171,550 (after elimination period)
- \$117 per day for Home Care or Assisted Living Facility--how long will this “pool of money” pay for care?

Partnership Policies: Medicaid Asset Protection

Difference between a Partnership policy and a non-Partnership policy is **Medicaid asset protection**

When determining your eligibility for Medicaid, you keep assets up to the amount your Partnership **policy has paid in benefits**

Protected assets retained will **not be recovered** from your estate

All other Medicaid LTC assistance **eligibility must be met**

Partnership Policies: Medicaid Asset Protection

	Assets	Total <u>PAID OUT</u> by Partnership policy	Amount You May Keep
Person A	\$60,000	\$60,000	\$60,000
Person B	\$200,000	\$200,000	\$200,000
Person C	\$200,000	\$100,000	\$100,000
Person D	\$1,000,000	\$300,000	\$300,000
Person F	\$250,000	\$0	\$0

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Is LTCi expensive?

Sample Rate for Partnership LTCi policy:

Age 50 (assuming good health):

Lifetime maximum benefit / “pool of money”: \$110,000 (2 years)

\$150 Daily Benefit Amount for Nursing Home and Assisted Living Center

\$75 Daily Benefit Amount for Home Care

Restoration of benefits in 180 days (medically released; no care)

5% automatic inflation protection built in that increases benefit each year

Approximately \$117 monthly premium or \$73 each for a couple

Age 65 (assuming good health):

Same benefits as above

Approximately \$197 monthly premium or \$133 each for a couple

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When should I buy a LTC Partnership Policy?

Should I wait until I am sick?

You have to pass “underwriting” - be in reasonably good health

Should I wait until I am 65 years of age or older to buy?

Risk—need care sooner?

Underwriting

Cost

Average age in the US to purchase LTCi is 58, but:

Adults are “never too young” to buy Long Term Care Insurance!!

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Choices to make (with agent):

Daily benefit amount

Elimination period

Total “pool of money” or

Maximum benefit period (1 yr-minimum, 2 yrs, 5 yrs,
lifetime)

Comprehensive or Facility only

Unintentional lapse provision

Access to Partnership

How do I find a partnership plan?

Visit with agency you trust

Talk with family or friends who have policies

Contact companies on the list

How do I choose an insurance company?

Questions to ask:

1. Has the company ever raised rates? If yes, how many times? What percentage? (Look for never or few)
2. How old is the company? (Look for 40 years plus)
3. How many assets does the company have? (Look for \$1 billion plus)
4. What letter grade does the company get from A. M. Best (www.ambest.com)? (Look for rating in the A's)

For More Information

South Dakota's
Long Term Care Partnership Program

www.ltcpartnership.sd.gov

South Dakota Department of Social Services

Phone: 1-800-597-1603

Email: DSSInfo@state.sd.us

South Dakota Division of Insurance

Phone: 605-773-3563

Email: insurance@state.sd.us

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Thank you!!!

(Please complete the post-survey)

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