

Understanding Long-Term Care Policies

Choosing a long-term care policy may seem like a daunting task. There are several important things to keep in mind when choosing one of these policies. Keep reading to learn the key details to look for and consider.

Where Long-Term Care May Be Obtained

It's important to remember that the best policies provide payment for care in an assisted living facility, private residence or a nursing home. There is a lifetime maximum specified for the benefits, which should be expressed in daily amounts. The amounts paid for care in a nursing home and private residence may vary greatly. For example, a policy may offer to pay half as much for private home care as it does for nursing home care. However, some policies feature a pool of benefits, which is a specific amount that can be used as needed.

What The Benefit Payment Conditions Are

Every good policy should clearly state what conditions must be met in order to receive benefit payments. Most policies contain verbiage reflecting that the individual must demonstrate an inability to perform a specific number of activities of daily living alone. These activities, which are commonly referred to as ADLs, include dressing, bathing, toileting, eating and transferring. If a person is unable to perform two or three of these tasks, most policies will consider paying benefits for long-term care. Services that are deemed necessary by a doctor are usually another way that benefit payments will begin. If an individual is cognitively impaired, most policies will begin paying benefits for long-term care. They usually provide coverage for Alzheimer's Disease, Parkinson's disease and stroke. However, some other forms of mental impairment may not be covered under their specific inclusions. It's important to find out which diseases and conditions are covered.

What Events Must Take Place Before Benefit Payment Begins

Although most policies required a minimum hospital stay of three days in the past to be considered for benefit payments, modern policies don't usually have this requirement. Since such policies are very restrictive, they should be avoided today. There is an elimination period or waiting period associated with most policies. This is a period beginning when a person first requires long-term care. The period lasts as long as the policy specifies provision. The policy will not pay benefits during the waiting period. If an individual recovers prior to the end of this period, the policy will not pay for any expenses incurred during that time. If the individual still requires care, only expenses that are incurred after the waiting period ends are covered. As a general rule, policies with longer waiting periods have lower premiums. However, those with short waiting periods have high premiums.

How Long Benefits Will Last

Benefit periods last between two years and a lifetime. Individuals may keep their premium amounts lower by obtaining coverage for three or four years instead of a lifetime. Four years is longer than the average nursing home stay. It's also important to know if the policy pays based on reimbursement or indemnity. Most policies pay on a reimbursement basis until the policy reaches its limits. This means that if \$200 is allowed each day and only \$150 is actually used in service fees, the extra \$50 each day will be placed in an unused funds pool. If it is needed, the

collective pool may be used toward further long-term care expenses later. An indemnity policy pays the specified daily amount regardless of whether or not the individual uses it. However, it is only paid if the individual continuously requires long-term care services.

There are several other specific provisions outlined in various policies. To find out what options are available, talk to an agent. When speaking with an agent, be sure to ask about inflation protection. This important feature is recommended for individuals who are under the age of 65. It eliminates the ability of inflation to reduce the purchasing power of the daily amount allowed for long-term care. An agent will be able to explain all of the details of a long-term care policy and help determine which option is the best choice for each individual.