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STATE OF MAINE

- OFFICE OF SECURITIES
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**A Consumer's Guide To...**

## **Long-term Care Insurance & Maine's Long-term Care Partnership Program**

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# A Consumer's Guide To Long-term Care Insurance & Maine's Long-term Care Partnership Program

The Maine Bureau of Insurance has developed this consumer guide as a brief introduction to long-term care (LTC) insurance sold in Maine.

It is important that you assess both **your potential need** for long-term care insurance and **your ability to pay** the premiums before buying a policy.

If you decide that purchasing a LTC policy is a good idea, be well informed:

- work with a qualified, reputable agent;
- compare benefits and costs;
- review the companies' premium increases and claims payment histories;
- read the National Association of Insurance Commissioners' (NAIC) [A Buyer's Guide to Long-Term Care Insurance](#),\* which provides more detailed information than is covered in this publication.

**Familiarize yourself with Maine's Long-Term Care Insurance Partnership Program**, (covered on pages 8-9 of this guide). A Partnership Policy may allow you to protect more of your assets than would otherwise be possible if you need to apply for Medicaid long-term care assistance.

\*Maine law requires that any agent you consult with about LTC insurance provide you a copy of the NAIC guide. You may also view or download it at [naic.org/sites/default/files/publication-ltc-lp-shoppers-guide-long-term.pdf](http://naic.org/sites/default/files/publication-ltc-lp-shoppers-guide-long-term.pdf). The NAIC guide includes information about hybrid life insurance policies and annuity contracts that offer an add-on rider, which can be used to pay long-term care expenses.

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# LONG-TERM CARE INSURANCE

## GLOSSARY OF TERMS

<b>Activities of Daily Living (ADLs)</b>	Everyday functions that one can generally perform without assistance. ADLs include: bathing, dressing, eating, continence, toileting, and transferring (e.g., the ability to move from a bed to a wheelchair).
<b>Adult Day Care</b>	Supervision for the insured during the day.
<b>Assisted Living Facility</b>	Ongoing care and related services to support those needs resulting from a person's inability to perform activities of daily living.
<b>Home Health Care</b>	Services received in your home that may include, but are not limited to, skilled nursing care, speech, respiratory, physical or occupational therapy, or home health aide services. Assistance with personal hygiene, dressing, or feeding may also be included.
<b>Hospice Care</b>	A program of care and treatment, either in a hospice care facility or in the home, for persons who are terminally ill and have a life expectancy of six months or less.
<b>Medical Underwriting</b>	An insurance company's process of reviewing an applicant's medical information and determining whether to provide coverage. Individual long-term care insurance is medically underwritten. This means the company can refuse your application for a policy if you do not meet its guidelines.
<b>Outline of Coverage</b>	A policy summary. It must be given to you when the insurer, either directly or through an agent, first approaches you to buy a long-term care policy. In addition to summarizing the product, the Outline of Coverage must tell you that you may contact the Bureau of Insurance for help in understanding the policy you are interested in buying.
<b>Pre-existing Condition</b>	A health problem you may have had (or currently have) when you apply for a policy. A pre-existing condition is usually defined as a condition for which medical advice or treatment was recommended for or received by you, within six months before the effective date of your coverage.
<b>Respite Care</b>	Includes services that can give family members a rest or vacation from their care-giving responsibilities. It can be provided in a variety of settings, including an individual's home or a nursing home.
<b>Waiver of Premium</b>	A provision included in an insurance policy that allows for the non-payment of premiums while the insured is receiving benefits.

## LONG-TERM CARE INSURANCE

### SHOPPING TIPS

**Shop around:** This brochure provides some rates for comparison purposes, but if you are going to buy a policy, check with multiple companies to get personalized rate quotes. Look at these rates carefully: a more expensive policy may offer higher benefits, but they may not be benefits you anticipate needing. Both the rates and benefits should be appropriate for your needs.

**Don't be misled:** Some insurance advertisements look like official government documents; don't trust what you receive unless you have checked with the stated governmental agency. Some agents or insurance companies may contact you by telephone or email asking you to provide or confirm personal information. Be careful what information you give out. It may be sold and used for future solicitations or identify theft.

**Do your homework:** When buying a new policy:

- start by contacting the Bureau of Insurance to make sure that the agent and the insurance company are licensed in Maine;
- ask for an *Outline of Coverage* before you buy;
- make sure that you understand the benefits and the limitations of the policy;
- ask the company about its history of rate increases, as rates can increase dramatically as you age.

It is important to get as much information as you can up front. Insurance is a long-term investment and you want to make sure that you can afford the premiums. If you are not getting the answers you need, you can always contact the Bureau for assistance.

**Complete your application accurately:** Your medical history allows an insurance company to determine if they want to insure you. Inaccurate information on your application may give the insurance company a reason in the future to deny your claim or cancel your contract. If your agent helps you fill out the application, make sure to review all responses for accuracy.

**Never pay cash:** Whenever you purchase insurance, use a check or electronic bank draft made payable directly to the insurance company.

**Read your policy during the free-look period:** Maine law requires that companies offer a 30 day free-look period for long-term care insurance. Take advantage of it! Read your policy, ask questions, and if you are not satisfied, return the policy for a refund. If you do decide to return the policy, hold on to the envelope your policy was mailed in, or ask your agent for a delivery receipt when they provide you with the contract. The date the policy is delivered is the start of the 30 day period.

## LONG-TERM CARE INSURANCE

### FREQUENTLY ASKED QUESTIONS

#### What is Long-Term Care?

Individuals suffering from prolonged physical illness, disability, or cognitive impairment often require long-term care, which may be provided by family, by paid in-home assistants, or by staff in various types of facilities.

#### Who Pays for Long-Term Care?

Potential sources of payment for individuals needing long-term care may include:

- *Personal resources* including income, savings, investments, or assets that are sold to pay for ongoing care.
- *Medicare* may pay for some related intermittent care, but you should not count on Medicare to pay your long-term care costs. Contact Medicare at [www.medicare.gov](http://www.medicare.gov) or (800) 733-4227 for more information.
- *MaineCare (Medicaid)* pays qualifying nursing home and some community-based costs for low-income individuals who have spent most of their assets. Contact the Maine Bureau of Elder & Adult Services at (207) 287-9200 for more information.
- *Long-term care insurance* purchased before care is needed.

#### What is Long-Term Care Insurance?

Long-term care insurance provides a minimum of 12 consecutive months of coverage for health services received somewhere other than in an acute care unit of a hospital or similar facility. An LTC policy will pay for covered expenses incurred through nursing homes, assisted living facilities, retirement homes, adult day care centers, in-home care, and hospices. Benefits are available to pay for services received from skilled, intermediate, and custodial caregivers. For benefits to be paid, the services received must be given under a doctor's written plan of care.

#### Do I Need Long-Term Care Insurance and Can I Afford It?

The decision to buy long-term care insurance is based on many factors, including your age, health, retirement goals, and income and assets. Generally, if your only source of income is from Social Security, or Supplemental Security Income (SSI), it may not make sense to purchase LTC insurance, as the cost is likely to be too expensive. However, certain long-term care policies can protect some of your assets (see pages 8-9 for information about LTC Partnership policies). But you should only buy a policy if you are confident you can pay the premium and any rate increases that may be applied to the policy.

# LONG-TERM CARE INSURANCE

## FREQUENTLY ASKED QUESTIONS

### What Is the Basic Benefit In a Long-Term Care Policy?

The basic benefit in a long-term care policy is the payment of *benefits* for *covered services* after you satisfy the *elimination period*, up to the maximum amounts provided by the policy. The overall maximum benefits may be a dollar amount such as \$120,000 or a formula amount such as \$200 per day for up to 600 days of nursing home benefit.

There is also a maximum daily limit for the other benefits in the policy. Typically, the nursing home benefit is the maximum daily benefit (e.g., \$250) and care provided at home or in an assisted living facility may be some percentage of the maximum daily benefit, such as 50%.

Most long-term care insurance provides expense-based or indemnity payments. Expense-based policies reimburse the insured for actual costs of covered services up to a stated limit (e.g., \$250/day), whereas indemnity policies pay a specified, or flat amount daily if the insured is receiving qualifying care, regardless of the actual expense of the care.

### What Happens if Long-Term Care Costs Rise?

From the time you first buy the policy until you actually need to use the benefits, the cost of care is likely to increase. Maine law requires insurers to offer you an option to increase the amount of benefits in your policy to account for the growing cost of care. These options come in a number of forms and are usually available only when the policy is initially purchased. These options increase the overall and daily maximums in the policy as follows:

- An automatic built in percentage increase each year with no change in premium. The cost of this option may significantly increase the premium.
- An automatic offer to increase benefits each year at the then-current price for the increase in benefit, subject to you periodically using this option. The cost of this option causes premium increases in future years when you choose it.

These options may be called different names like “guaranteed insurability,” “cost of living coverage,” “inflation protection,” etc.

# LONG-TERM CARE INSURANCE

## FREQUENTLY ASKED QUESTIONS

### Will My Rates Go Up?

Rate increases have become more common on long-term care policies primarily because companies introduced this product when there was little reliable data on which to base their rates. These premium increases have been significant in some instances.

**Before a company issues a policy, Maine law requires long-term care insurers to provide you with information on how often and by how much they have increased premiums in the past.**

Although the policy is guaranteed to be renewable, that does not prevent the premium from increasing. Increases in premiums, however, are allowed only for the entire “class” of persons with the same coverage and only with the prior approval of the Maine Superintendent of Insurance. For example, the premium may be increased for all insureds who have the same policy and who have reached their 68th birthday. Premium increases are based on an increase in the company's claims experience as insureds grow older. The insurer may not raise your premium based only on your claims.

The insurer may offer a *premium discount* if you and your spouse are covered, and some policies offer an *additional benefit* if your spouse is covered.

### How Long Do I Need to Pay?

Some companies offer several options regarding how long the premiums are payable. The typical premium paying period is over your lifetime. For those young enough, the premium paying period may be reduced so that payments are limited to 10 years or to age 65. These limited payment options come with a steep increase in annual premium. They could save money over the long-term, however, especially if there are future rate increases after the payment period ends.

### 30 Day “Free Look”

For the first 30 days after buying a policy, you may return it **without** cost. If you are not satisfied with the policy for **any reason**, you can return it to the insurance company and receive a full refund of any premium paid.

# LONG-TERM CARE INSURANCE

## FREQUENTLY ASKED QUESTIONS

### Can My Policy Be Cancelled?

Once you are issued an individual policy, the policy is renewable as long as premiums continue to be paid. If premiums are not paid, the insurer can terminate the policy subject to any *nonforfeiture benefit* that the policy may have. Premiums are lower the younger you are when the policy is issued.

### What Happens If I Can No Longer Afford My Policy?

When you first buy your policy, you must be offered the opportunity to include a surrender benefit (sometimes called a nonforfeiture benefit). The surrender benefit gives you a benefit at a later date, if you decide that you no longer want to continue the policy by paying the premium. This benefit may be cash or some form of limited long-term care benefit and usually increases with the length of time that the policy is in force. The cost of this benefit can be very expensive. If you don't accept the offer of a nonforfeiture benefit when you first buy the policy, a company is required to provide a "*contingent benefit upon lapse*" when the cumulative premium increase goes up to a certain percentage over the original premium. This means that when your premiums increase to a certain level (based on a table of increases), the company will offer the contingent benefit upon lapse. To get this benefit, the policyholder must elect the option within a certain amount of time.

#### *Example of a contingent benefit upon lapse:*

If you are 70 years old and have not accepted the company's offer of a nonforfeiture benefit, when the premium rises to 50% more than the original premium you will have the opportunity to accept one of the following "contingent benefits upon lapse" options:

- 1) a conversion of the policy to paid-up status in the amount of the premiums you have paid to date; or
- 2) when possible, a company may offer a reduction in benefits provided by the current policy so that premium costs stay the same.

### Potential State Income Tax Benefits

The amount of money you pay for premiums may potentially be deducted on your Maine income tax return (as well as your federal return). To be eligible to use premiums as a health care expense, your policy must qualify for income tax incentives under Maine law. The policy should have wording that says whether it is "tax qualified." If you are not sure about possible deductibility, your agent should be able to help you.



### MAINE'S LTC PARTNERSHIP PROGRAM

Some individuals assume they will be able to use up their assets or give them away to their children in order to qualify for Medicaid long-term care assistance. Medicaid has restrictions that often makes this strategy impossible. **An alternative is to purchase a long-term care policy that qualifies for *Maine's Long-Term Care Partnership Program*.**

Long-term care partnership programs were created to encourage people to purchase LTC insurance rather than rely exclusively on Medicaid for their long-term care needs. Maine is one of a number of states with a LTC Partnership Program.

#### How Do Partnership Policies Differ from Regular LTC Policies?

LTC Partnership policies must:

- be qualified under federal tax law;
- be issued after the effective date of the State's plan amendment (July 1, 2009 in Maine);
- provide inflation protection for buyers of certain ages;
- provide consumer protections as required by law.

#### Why Should I Consider Purchasing a Long-Term Care Partnership Policy?

An LTC policy that qualifies for the Partnership Program will provide increased protection from the income and asset spend-down required to qualify for Medicaid (MaineCare).

#### How are Partnership Policies Treated Differently Under MaineCare?

Under the Partnership Program, MaineCare will disregard your personal assets equal to amounts paid out under a qualifying LTC policy. Each dollar that your Partnership policy pays out in benefits entitles you to keep a dollar of your assets if you ever need to qualify for Medicaid.

- *For example, if you purchase a Partnership policy that pays out \$50,000 in benefits, MaineCare will disregard up to \$50,000 of your assets when determining your eligibility for assistance with long-term care costs.*

The same dollar amount disregarded in determining your eligibility for MaineCare is also exempt from estate recovery. For more information about MaineCare eligibility contact the Office of MaineCare Services at (207) 287-2674.

#### Will Moving to a Different State Effect The Eligibility of My Partnership Policy?

You must be a resident of the state in which you purchase a policy when it becomes effective or live in a state with a reciprocal LTC Partnership Program. States with reciprocity will apply the same asset disregard as the state in which the policy was purchased. Before planning a move to another state, contact your department of insurance about whether your new state of residence has a reciprocal program.

## LONG-TERM CARE INSURANCE

### MAINE'S LTC PARTNERSHIP PROGRAM

The companies listed below have policies approved for use in the Partnership Program. For a list of approved policy numbers, please contact the Bureau or refer to our complete list at: <https://www.maine.gov/pfr/insurance/consumers/long-term-care-insurance/maine-partnership-policies>

Allianz Life Ins. Co. of North America	
Assurity Life Ins. Co.	
Berkshire Life Ins. Co. of America	
Massachusetts Mutual Life Ins. Co.	
New York Life Ins. Co.	
Prudential Ins. Co. of America	
Thrivent Financial for Lutherans	
United of Omaha Life Ins. Co.	

Please contact the company directly to find out if it is actively marketing Partnership policies.

**Talk with Your Agent about whether a Partnership policy is appropriate for your needs.**

Remember, only certain types of long-term care policies qualify for the Partnership Program and the state and federal laws governing the program are subject to change.

## LONG-TERM CARE INSURANCE

### LONG-TERM CARE RATE COMPARISON CHARTS

The rate comparison charts on the next two pages include information on sample long-term care policies for sale in Maine. Companies were asked to quote rates as close as possible to:

#### 1. A five year Benefit Period

A *Benefit Period* is the maximum amount of time during which benefits are paid. This is usually stated as a cumulative number of days, weeks or months. If your benefit period is five years and you receive covered care for an aggregate of one year, for instance, you will have an additional four years remaining in your Benefit Period to use at a later time.

#### 2. A 90 day Elimination Period

An *Elimination Period*, or waiting period, is a type of deductible; it refers to the number of days you must pay out-of-pocket for care before the insurance company begins to pay.

- *For example, if you receive covered services for 120 days, and your Elimination Period is 90 days, your insurance will only pay benefits for the last 30 days of your care.*

It's possible that you may not receive any benefit payments if your episode of care is shorter than your Elimination Period.

- *For example, if you receive covered services in a nursing home for 30 days, but your Elimination Period is 60 days, your insurance will not cover any portion of your care during that time.*

Some policies only require you to meet the Elimination Period once, while others require the Elimination Period for each episode of care — or each time you require covered services.

The chart on page 11 provides rates for a \$150 a day benefit and the chart on page 12 provides rates for a \$250 a day benefit. **These rates are representative of available products; however, rates and benefits are subject to change.**

Some of the factors that will determine your actual LTC policy premium include:

- your age when the policy is issued;
- the maximum daily benefit that you choose;
- the maximum lifetime benefit period that you select;
- the length of the elimination period in the policy; and
- any optional benefits you choose to add to your policy.

Your rate may also depend on your gender, and a discount may be offered for couples.

## Long-term Care Insurance Rate Comparison Chart

### \$150/day benefit

Company	Contact information for consumers	Benefit Period	Elimination Period	1 <sup>st</sup> Year Premium	
				Issue age 65, \$150/day benefit	Issue age 75, \$150/day benefit
Bankers Life & Casualty Co	800-231-9150 www.bankers.com	3 years	90 days	M: \$ 2,007 F: \$ 3,132	M: \$ 7, 101 F: \$ 4,779
Genworth Life Insurance Co	888-436-9678 www.genworth.com	1460 days	90 days	M: \$ 3,301 F: \$ 5,387 C: \$ 5,541	M: \$ 7,573 F: \$10,460 C: \$11,094
Mutual of Omaha	800-775-6000 www.mutualofomaha.com	5 years	90 days	M: \$ 2,100.69 F: \$ 3,631.76	M: \$ 4,827.76 F: \$ 8,197.74
National Guardian Life Insurance Co	888-505-2332 www.ngl-essentialtc.com	5 years	90 days	\$ 2,171.55	\$ 5,502.90
New York Life Insurance Co	800-225-5695 www.newyorklifeltc.com	5 years	90 days	M: \$ 2,910.90 F: \$ 4,423.50	M: \$ 7,102.35 F: \$10,303.95
Northwestern Long Term Care Insurance Co	800-890-6704 www.northwesternmutual.com	6 years	12 weeks	M: \$ 3,325.50 F: \$ 5,346.00	M: \$ 6,957.00 F: \$11,875.50
Thrivent Financial	800-THRIVENT (800-847-4836) www.thrivent.com	60 months	90 days	M: \$ 2,349 F: \$ 3,848 C: \$ 4,957	M: \$ 5,144 F: \$ 8,465 C: \$10,886

- Some sample plans provided may include optional riders.
- Benefit periods offered by the above companies range from 365 days to “Lifetime.” Available elimination periods range from 0 to 1,460 days (4years).

## Long-term Care Insurance Rate Comparison Chart

**\$250/day benefit**

Company	Contact information for consumers	Benefit Period	Elimination Period	1 <sup>st</sup> Year Premium	
				Issue age 65, \$250/day benefit	Issue age 75, \$250/day benefit
Bankers Life & Casualty Co	800-231-9150 www.bankers.com	3 years	90 days	M: \$ 3,345 F: \$ 5,220	M: \$ 7,965 F: \$11,835
Genworth Life Insurance Co	888-436-9678 www.genworth.com	730 days	90 days	M: \$ 3,884 F: \$ 5,677 C: \$ 6,418	M: \$ 8,477 F: \$11,108 C: \$12,781
Mutual of Omaha Insurance Co	800-775-6000 www.mutualofomaha.com	5 years	90 days	M: \$ 3,501.15 F: \$ 6,052.94	M: \$ 8,046.27 F: \$13,662.90
National Guardian Life Insurance Co	888-505-2332 www.ngl-essentialtc.com	5 years	90 days	\$ 3,619.25	\$ 9,171.50
New York Life Insurance Co	800-225-5695 www.newyorklifeltc.com	5 years	90 days	M: \$ 4,851.50 F: \$ 7,372.50	M: \$11,837.25 F: \$17,173.25
Northwestern Long Term Care Insurance Co	800-890-6704 www.northwesternmutual.com	6 years	12 weeks	M: \$ 5,542.50 F: \$ 8,910.00	M: \$11,595.00 F: \$19,792.50
Thrivent Financial	800-THRIVENT (800-847-4836) www.thrivent.com	60 months	90 days	M: \$ 3,915 F: \$ 6,413 C: \$ 8,262	M: \$ 8,573 F: \$14,108 C: \$18,144

- Some sample plans provided may include optional riders.
- Benefit periods offered by the above companies range from 365 days to “Lifetime.” Available elimination periods range from 0 to 1,460 days (4years).

## NOTES

## NOTES

## Maine Projected Long-Term Care Cost Comparison (Monthly, State-Wide Median Rates)

**2021**

\$8,912

\$2,600

\$5.444

\$ 5,865

\$12,280

\$10,494

\$18,953

\$11,254

\$20,326

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<sup>1</sup>daily rate x 44 hrs/wk for 52 wks ÷ 12 mths.; <sup>2</sup>daily rate x 5 days/wk for 52 wks ÷ 12 mths; <sup>3</sup>daily rate x 365 days ÷ 12 mths.

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**(207) 624-8475**

TTY: Relay 711

[maine.gov/insurance](http://maine.gov/insurance)

