

Initial Studies on Long-Term Care Insurance in the US and Other Countries

United States

US Department of Health and Human Services: National Clearing House

Typical Long-Term Care Insurance Benefits

- Your home, including skilled nursing care, occupational, speech, physical and rehabilitation therapy, as well as help with personal care, such as bathing and dressing. Many policies also cover some homemaker services, such as meal preparation or housekeeping, in conjunction with the personal care services you receive.
- Adult day health care centers;
- Hospice care;
- Respite care;
- Assisted living facilities (also called residential care facilities or alternate care facilities);
- Alzheimer's special care facilities; and
- Nursing homes

Additional Costs Long-Term Care Insurance Sometimes Covers

Many policies may also pay for services or devices to support people living at home:

- Equipment such as in-home electronic monitoring systems
- Home modification, such as grab bars and ramps
- Transportation to medical appointments
- Training for a friend or relative to learn to provide personal care safely and appropriately

Some policies provide some payment for family members or friends to help care for you, but may do so on a limited basis, or only in relation to the costs that the family member incurs.

Many policies provide the services of a care coordinator, usually a nurse or social worker in your community. The care coordinator can meet with you and discuss your specific personal situation, and help arrange for and monitor your care. The care coordinator's help is usually optional – you use it if you need and want it – and you are not limited to the providers that the care coordinator may recommend.

Exclusions

- Care or services provided by family member unless the family member is a regular employee of an organization that is providing the treatment, service or care; and the organization they work for receives the payment for the treatment, service or care; and the family members receives no compensation other than the normal compensation for employees in his or her job category;
- Care or services for which no charge is made in the absence of insurance;
- Care or services provided outside the United States of America, its territories or possessions. However, a growing number of policies now have an international care benefit that can provide care outside of the United States;
- Care or services that result from war or act of war, whether declared or not;

- Care or services that result from an attempt at suicide (while sane or insane) or an intentionally self-inflicted injury;
- Care or services for alcoholism or drug addiction (except for an addiction to a prescription medication when administered in accordance with the advice of Your Physician);
- Treatment provided in a government facility (unless otherwise required by law);
- Services for which benefits are available under Medicare or other governmental program (except Medicaid), any state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law

Cost

Table 1. Price of Long Term Insurance per Month by Age Group, in US Dollars

Age	Plan A	Plan B	Plan C	Plan D	Plan E
40	90	79	74	60	24
45	108	95	89	72	32
50	130	114	107	86	43
55	159	140	131	106	59
60	195	170	160	130	83
65	248	216	204	165	120
70	324	282	267	216	179
75	520	299	427	347	327

The monthly premiums shown here are based on one long-term care insurance program's rates and represents premium costs. Premiums for the exact same coverage described here from a different company will, for a variety of reasons, vary from the rates shown here. These monthly premiums are based on the Federal Long-Term Care Insurance Program (www.ltcfeds.com). You can use the premium calculator there to see how other types of coverage changes would impact the rates, or to explore sample rates for other ages.

Plans B through E show you different ways to reduce your premium costs compared to the coverage described in Plan A. You should examine how the compared to the coverage described in Plan A. You should examine how the premium changes for Plans B through Plans E based on the Plan A (base plan).

Plan B: Same as Plan A, except that the elimination period is 90 days instead of 30 days.

Plan C: Same as Plan A, except the lifetime maximum is equal to 3 years, or just under \$165,000

Plan D: Pays benefits at \$100/day for facility care and, correspondingly, \$75/day. All other elements remain the same.

Plan E: Same as Plan A, except it does not include Compound Annual Inflation Protection. Instead, each year you can elect to increase your coverage by a set amount (generally 5% of the prior years' benefit amount) and you would pay for that additional amount at the time you elect it.

Payment Method

Different policies offer different payment options. With most policies, you pay premiums according to a schedule you select - monthly, quarterly, semi-annually or annually. You may be able to have the premium automatically withdrawn from your bank

account, pension check, or paycheck (if you obtain coverage through your employer). Typically you pay premiums until you begin to receive benefits. Then premiums are waived as long as you continue to receive benefits.

With most policies, you pay premiums as long as you are not receiving benefits. However, with some policies you pay premiums only for a specified period – most often 10, 15, or 20 years. For example, with the 20-year option, you pay a monthly premium for 20 years and then your coverage is fully paid up. If you begin to receive benefits before the 20-year pay period is over, you stop paying premiums while you are receiving benefits. If you recover and have not yet paid in for all 20 years, you resume payments. With some policies you only pay premiums until age 65.

A few companies offer a “Single Pay” option, in which you pay for the insurance in one lump sum payment. While they are more expensive than traditional long-term care insurance, the advantage is that the single lump sum payment is the only premium required. These policies typically pay for long-term care expenses and also offer you the option to include a death benefit for your heirs. Some states do not allow single-pay policies.

Payment Period

When benefits are paid is based on the policy’s “benefit trigger,” the length of the elimination period you choose, and sometimes when you start receiving paidcare.

Policies use objective measures to determine when you need long-term care. These are called ‘benefit triggers.’ Most policies use Activities of Daily Living and Cognitive Impairment as triggers for benefits. The policy pays benefits when you need help with two or more of the six Activities of Daily Living or when you have a Cognitive Impairment.

Benefits begin to be paid after an elimination period has elapsed. This is the number of days between when a benefit trigger occurs and when you begin to receive payment for services. An elimination period is like the deductible you have on your car insurance, except it is usually specified as a period of time rather than a dollar amount. As noted above, most policies allow you to choose the length of the elimination period, generally 30, 60 or 90 days. During the elimination period, you are responsible for the cost of any services you receive. Policies differ with regard to whether you are required to receive paid care or pay for services to satisfy an elimination period before benefits start.

Once you are eligible for benefits, most policies reimburse the costs you incur for covered services up to a pre-set limit. Some policies simply pay you a pre-set cash amount for each day that you meet the ‘benefit trigger’ whether you receive paid long-term care services or not. These “cash disability” policies offer greater flexibility but are also significantly more expensive.

Source: http://www.longtermcare.gov/LTC/Main_Site/Paying_LTC/Private_Programs/LTC_Insurance/index.aspx

When Should I Buy a Long Term Care Insurance Policy?

Similar to planning for retirement, it's wise to plan for long term care when you're young because it enables you to protect your savings now and in the future. Plus, a serious accident or debilitating illness can strike at any age, and if it does you want to ensure that you have ample coverage to remain independent and to maintain your family's well-being. Coverage is also less expensive if you purchase a policy when you're young and healthy.

-
- 40% of people who need long term care are working adults between the ages of 18 and 64².
 - The probability of losses in physical functioning increases with age - dramatically so for the population aged 65 and older³.
-

Coverage of the LTC Program

- **Medicare:** the federal program providing hospital and medical insurance to people aged 65 or older and to certain younger ill or disabled persons. It will pay benefits for skilled care or subacute nursing care that is provided by a licensed nursing professional, but these benefits are limited and require that the patient show progress toward recovery. Medicare will not pay for chronic conditions or for non-skilled custodial care, which make up the vast majority of long term care services.
- **Medicaid:** medical and health welfare program supported by federal, state and local funds, and administered by each state to provide health care for eligible poverty level individuals. Generally, Medicaid will cover long term care in a skilled nursing facility only if the individual meets medical criteria set by the state and spends-down assets prior to becoming eligible for coverage. These assets may include cash, stocks, bonds, all general investments, qualified plans, life insurance, vacation property and investment property.

LTC Providers in the United States

- John Hancock

Website:

http://www.johnhancocklongtermcare.com/about/abo_jhlci.jsp?selection=abo_ltc&cid=johnhancock&selectstate=NY

Contact Number: 18003777311

- **Metropolitan Life Insurance Company**
- Website: www.metlife.com
- Contact Number: 18003777311

Korea: National Health Insurance Corporation

Services

In-home-Services

- Home-visit care
- Home-visit bathing services
- Home-visit nursing
- Day and night care
- Respite care

- Institutional Services : provided at the long-term care facilities

- Special Cash Benefits

- Family care cash benefits
- Exceptional care cash benefit
- Hospitalizations attending care benefit

Financial

The Long-term Care Insurance is financed through the contribution for long-term care insurance paid by the insured, government subsidies and co-payment of users.

Contribution for Long-term Care Insurance = Contribution for National Health Insurance × Rate of Contribution for Long-term Care Insurance

- Government financial support
 - Government finances 20% of the expected total long-term care insurance
- Co-payment from beneficiaries
 - In-home services : 15% of the expenses of long-term care service
 - Institutional services : 20% of the expenses of long-term care services
 - Exemption for beneficiaries by National Basic Living Security Act
 - 50% reduced co-payment for people, such as old age allowance beneficiaries whose income is below 130% of the minimum cost of living

Source: http://www.nhic.or.kr/eng/nhic_sub3/nhic_sub3_2/longterm.html

<http://www.nhic.or.kr/eng/image/longtermcarebrochure.pdf>

Spain

Source: <http://www.lse.ac.uk/collections/LSEHealth/pdf/eurohealth/VOL13No1/Costa-Font.pdf>

Belgium:

Source: http://mpira.ub.uni-muenchen.de/13394/1/MPRA_paper_13394.pdf

***Belgium- 2002 paper*

Additional: http://assets.aarp.org/www.aarp.org/_cs/gap/moore_powerpoint_09_13_06_ltcbrussels.pdf