



What to consider before buying long-term care insurance

- **Age and life expectancy:** The longer you live, the more likely you will need long-term care. The younger you are when you buy the insurance, the lower your premiums will be.
- **Gender:** Women are more likely to need long-term care because they have longer life expectancies and often outlive their husbands.
- **Family situation:** If you have a spouse or adult children, you may be more likely to receive care at home from family members. If family care is not available and you cannot care for yourself, paid care may be the only option.
- **Health status:** If chronic or debilitating health conditions run in your family, you could be at greater risk than another person of the same age and gender.
- **Income and assets:** You may choose to buy a long-term care policy to protect assets you have accumulated. On the other hand, a long-term care policy is not a good choice if you have few assets or a limited income. Some experts recommend you spend no more than 5 percent of your income on a long-term care policy.

Key points to remember

- Long-term care insurance policies cover a wide range of medical, personal, and social services.
- Understand what must happen for a policy to begin paying benefits.
- Understand the elimination period.
- Understand the daily benefits provided.
- Understand your coverage and exclusions.
- Match your need for long-term care with your need to protect assets and your ability to pay premiums.
- Understand how much your premium will be and how often it must be paid.
- Remember that your premium may increase after your purchase.



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Long-term Care Insurance: What you should know



Senior and Family Education on
Insurance and Financial Issues



DEPARTMENT OF
CONSUMER
& BUSINESS
SERVICES
Oregon Insurance Division

LONG-TERM CARE INSURANCE: WHAT YOU SHOULD KNOW

The median age of the United States population is at an all-time high. Adults over the age of 65 have surpassed the number of teenagers, and people in their 50s and 60s can expect to live longer than previous generations. As a result, more and more Americans are preparing for their golden years by purchasing long-term care insurance.

Long-term care policies cost Americans, on average, an estimated \$888 per year at age 50, \$1,850 per year at age 65, and \$5,880 per year at age 75. The average annual cost of nursing home care in Oregon in 2006 was \$62,000, and the average cost of home care was \$50,000. With costs rising with age, it is important for consumers to understand long-term care insurance and the best time to buy it.



What is long-term care?

Long-term care refers to a range of medical, personal, and social services. You may need this care if you have a prolonged illness or disability. This care may include help with daily activities, home health care, adult day care, nursing home care, or care in a group living facility. Long-term care insurance is one way to pay for long-term care. It covers all or some long-term care service.

When will benefits be available?

Long-term care policies have an elimination period, which is the number of days you must need nursing home care or home health care before your policy pays benefits. A shorter elimination period will mean you pay a higher premium. Elimination periods may range from 0 to 180 days. In addition, a long-term care policy does not guarantee coverage unless you satisfy certain requirements. For example, most policies require that you be unable to perform a given number of daily living activities, such as dressing, bathing, and eating without assistance. Also, most policies have a benefit trigger for cognitive impairment. For example: as a policyholder you can only qualify for these benefits if you are unable to pass a test assessing your mental functioning.

How much in benefits will the policy pay?

The benefit amount ranges from \$50 to \$250 per day. You may choose a benefit period that is a specific number of days, months, or years. A benefit period may range from one year to the remainder of your lifetime. Ask the person selling the policy if the benefit or premium amounts will increase with inflation.

Are there exclusions?

Every policy has an exclusion section. Be sure to review this section of the policy when choosing your coverage.

New laws benefit Oregonians

Oregonians will benefit from the federal Long-Term Care Insurance Partnership Act. This recent legislation permits those who purchase eligible “partnership” long-term care insurance policies to access Medicaid services, once policy benefits are exhausted, without having to spend down their assets. They can protect personal assets up to the amount of policy benefits received. Senate Bill 191, passed by the 2007 Oregon Legislature, incorporates consumer protections and insurance policy provisions required under the federal legislation. The bill also establishes specific training requirements for insurance producers (agents) selling long-term care insurance. In addition, the bill enables Oregon’s Medicaid program to participate in the Long-Term Care Insurance Partnership Act and allows for protection of estate assets.

Do you qualify for Medicaid?

As an older adult, you may qualify for Medicaid, which pays almost half of the nation’s long-term care bills. For more information on Medicaid benefits, contact:

Department of Human Services

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