A Primer on Long Term Life Care Planning

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1. How much does long term care cost per year now?

According to a recent study by Genworth Financial, LTC costs vary widely by location, and the type of care. Below is the table that illustrates the median costs in California and selected counties in Northern California. Note that home care with private professional care can cost more than care at assisted living facilities.

	State	San Francisco	San Jose	Sacramento	East Bay	Santa Cruz
Nursing Home:						
Private room	$87,345	$113,606	$109,135	$106,945	$102,930	$79,570
Semi-private	73,000	87,600	79,753	77,015	91,250	77,015
Assisted Living:						
Private room	42,000	45,000	42,000	42,000	40,200	46,800
Adult Day Care:						
8 hr day/5 day week:	20,020	22,100	21,450	19,926	21,840	30,550
Home Care:						
44 hr/week						
Health aide	46,904	57,200	55,484	47,316	55,484	56,216
Homemaker services	45,646	53,768	52,921	45,760	50,336	56,216

2. How much will long term care cost in 20 years at 5% inflation rate?

	State	San Francisco	San Jose	Sacramento	East Bay	Santa Cruz
Nursing Home:						
Private room	$231,752	$301,430	$289,568	$283,757	$273,104	$211,123
Semi-private	193,691	232,429	211,608	204,344	242,113	204,344
Assisted Living:						
Private room	111,439	119,398	111,439	111,439	106,663	124,174
Adult Day Care:						
8 hr day/5 day week	53,119	58,638	56,913	52,870	57,948	81,058
Home Care:						
44 hr/week						
Health aide	124,450	151,768	147,216	125,543	147,216	149,158
Homemaker services	121,112	142,663	140,415	121,415	133,556	149,158

3. How long will my money last paying for long term care without insurance?

If you have a retirement fund of $250,000, and you have to pay for your nursing home care in a semi-private room in San Jose, your money will last 3.2 years at today's rates, assuming that your fund is invested at a 5% return, and the nursing home cost, per the Genworth Study, increases at 4% per year.

If you have a retirement fund of $500,000, it will last 6.4 years.

Your money will last 6.1 years and 12.2 years for $250,000 and $500,000 respectively if your care is done at an assisted living facility, based on the $42,000 median cost for San Jose in Genworth's study.

For home care, as the cost can be higher than assisted living facilities, your resources may be exhausted sooner than if you were in a facility.

4. Does Medicare pay for long term care?

No. Medicare does not pay for long term care. It only pays for short term care. If you have been hospitalized for at least 3 days, Medicare will pay for nursing home or skilled nursing care for the first 20 days in full. For days 21 through 100, Medicare would pay the full cost, less $137.00 per day, which is the patient's co-pay. After day 100, the patient will assume all payments for long term care in nursing home.

If the patient returns to the hospital for treatment after staying at nursing home, and if the patient is hospitalized for 3 days or more, Medicare will again step in to pay for the first 20 days in full, and partially for the following 80 days according to the same payment schedule.

If the patient returns home after hospitalization, Medicare would pay for specific and intermittent skilled nursing services and therapies ordered by doctors. It does not pay for on-going personal care or custodial care. No assisted living care or adult day care is covered by Medicare.

5. Does Medicare Supplemental Insurance, also known as Medi-gap, pay for long term care?

No. Medi-gap coverage follows the requirements of Medicare. If Medicare does not approve certain medical expenditure, Medi-gap insurance would not pay for it either.

6. Is long term care insurance the only insurance for long term care?

Long term care insurance is the insurance that covers the specific risk of long term care. But it is not the only insurance that would provide the resources for long term care costs. There are alternatives to long term care insurance as listed below in Question 18.

7. **Should I buy long term care insurance?**

Purchasing long term care insurance is a way to transfer the risk to the insurance company. It is an individual decision that is based on many factors, such as whether a person can afford the premium, family and personal health history, the availability of care from family members, whether the person can meet insurance requirements, as well as whether the person would like to preserve his assets for his family, rather than being consumed by medical costs. As the U.S Department of Health and Human Services (HHS)estimates that more than 70% of the population over 65 years will need long term care, it is recommended that the senior population consider purchasing long term care insurance, particularly senior women who comprise 75% of nursing home residents, and thus are three times more likely than men to require long term care.

Given the inflation factor as shown in Question 2 above, it is advisable for people to buy long term care insurance with an inflation rider to make sure that the coverage will keep up with inflation.

However, if you have limited income, as well as limited assets, you do not need to buy long term care insurance, because you may qualify for public programs such as Medi-Cal.

8. **If I have enough retirement resources, should I self insure my long term care needs without purchasing LTC insurance?**

In a study in 2009 on long term care insurance claims, the American Association for Long Term Care Insurance found that the largest open claim exceeded $1.2 million, while the second largest open claim amounted to $1.02 million, and counting. Both claims were made by women for 12 years and 9 years, respectively. The Association also found that the most common causes for claim are Alzheimer's, stroke, cancer, arthritis, circulatory, and injury.

For cognitive disroders such as Alzheimer's, the condition can last for more than 20 years. It is critical that people who have ample retirement resources and who prefer to self-insure be cognizant about the potential exposure to long term care expenses in order not to deplete their life savings.

As the figures in Question 2 indicate, long term care costs can reach over $300,000 per year in 20 years. Any self insured plan would need to be prepared for total expenses that may exceed millions of dollars.

9. **Do I need long term care insurance if I am young?**

According to HHS, 40% of the 13 million people in long term care are between ages 18 and 64. The woman who has incurred $1.2 million in claims began her long term care when she was 46, three years after purchasing the insurance. However, younger people may not purchase LTC insurance because they can't afford it, or because it's not a

priority amongst competing needs, or because they are not at risk of losing large life savings to medical care. Additionally, younger people may be more likely to be covered by life insurance or employment based health insurance, which operate to protect their families in the event of a serious long illness.

Still, the need for long term care is not limited only to the elderly. In recognition of this general need, the recent health care reform legislations included a program known as CLASS, the Community Living Assistance Services and Supports program. It is a LTC insurance program administered by the federal government, but which is employment based, as employees contribute to the program through sponsorship by the employer. The program is effective as of January 1, 2011, but details about it have yet to be determined by the federal government. Given the magnitude of LTC costs, programs like CLASS offer only a modest attempt at dealing with the issue. But it is a good start to allow younger people to participate in LTC insurance financing on a long term basis.

If LTC insurance is purchased at a younger age, the premium is usually much lower than if the policy is purchased later. Generally speaking, premiums run around $2500 or less per year below year 60, and more than $2500 above year 60. Once the policy is purchased, the insurer may not change the terms, except in the case of premium increase. Even if a younger person may potentially pay premiums for a longer period before using the benefits, the overall cost may still be lower.

In a hypothetical that compares the premium paid by a couple to three sample insurance companies at aged 49, versus the premium paid after they defer the purchase for 10 years until they are 59 for the same coverage, the delay invariably results in a higher total payment over time, except in one case with Company C where delayed purchase has a $1418 advantage. The following table shows the total payments to the three sample companies.

	Company A	Company B	Company C
Begin insurance at age 49			
Annual premium for couple	$3,533	$3,858	$3,648
Cost to age 69	70,660	77,160	72,960
Cost to age 79	105,990	115,740	109,440
Begin insurance at age 59			
Annual premium for couple	7,278	7,868	7,154
Cost to age 69	72,780	78,678	71,542
Cost to age 79	145,560	157,360	143,080

Another issue that favors purchasing LTC insurance at a younger age is that any delay may be complicated by a change in the health condition for the worse when a person ages, which may impede the ability to purchase LTC insurance.

In the case of younger people not having any financial resources for long term care, they may qualify for public assistance through such programs as social security disability and Medicaid, or Medi-Cal in California. These public programs are often the default LTC insurance for all ages, including the elderly.

10. **Do I need LTC insurance if I am healthy**?

In a recent study by The Center for Retirement Research at Boston College on whether staying healthy would reduce lifetime healthcare costs, the finding was no.

The study found that for people who turned 65 with a chronic disease, the lifetime cost may amount to $220,000 in today's dollar, including insurance premiums and nursing home care. The worst case scenario for this group may cost $465,000.

In comparison, the lifetime cost for the 65-year olds who do not have a chronic disease at that age is actually higher, $260,000 to $570,000, respectively. This is because this group will eventually live longer, and if they wait to get LTC insurance, it may cost them more in the long run.

11. What **if I never use the benefits after purchasing the LTC policy?**

Similar to term life insurance, one drawback of LTC insurance that deters people from purchasing is the issue of 'use it or lose it.' In recognition of this problem, many insurers offer a return of premium option that allows the insured to retrieve all or some of the premium paid. However, such option usually is quite expensive, and may double the base premium.

If the concern is not getting the benefits from paying into a policy, you should consider alternative protection that is listed in Question 18.

12. What if I stop paying premium because I can no longer afford it?

Like other types of insurance, the policy terminates if you stop paying premium. However, many LTC policies offer a 'nonforfeiture' option which allows you to receive some benefit, depending on how long you have had the policy, what kind of coverage you have selected, and how much premium you have paid. Such option can be expensive and are not very popular.

Some policies also offer a 'contingent nonforfeiture benefit' or 'contingent benefit upon lapse' option, which becomes effective when the insured cannot afford to pay after a premium increase. The insured would have a choice under this scenario either to reduce the benefits according to the new premium schedule, and continue to pay the old rate, or to convert the policy to a 'paid-up' policy, with benefits determined according to the original coverage.

These nonforfeiture options usually require that the policy be in force for a specified number of years before they become effective.

13. Can I get LTC insurance if I had preexisting conditions?

If you are already diabetic, or diagnosed with Alzheimer's or Parkinson's at the time you apply for a policy, you may not be able to get any LTC insurance. However, with other preexisting conditions, you may still be able to get coverage, but the insurer may impose certain restrictions on the coverage, such as no coverage for the particular preexisting condition for six months from the issuance of the policy. You may also have to pay higher premium for the policy.

Insurability is usually determined during the underwriting process. If a company issues a policy without adequately addressing an insured's pre-existing conditions, and the insured files a claim for such condition, the company may attempt to deny the claim for the condition. Worse, the insurance company may rescind the policy altogether, claiming that the insured did not fully disclose any pre-existing condition on the application, and leaving the insured totally uninsured. This is known as 'post-claims underwriting,' and is illegal in many states. It is illegal under California law, except where the insurance company can show that the insured had intentionally defrauded the company by concealing the pre-existing condtions.

It is therefore critical that an applicant for LTC insurance fully disclose all pre-existing conditions that he is aware of in order to avoid post-claim underwriting.

14. **What will happen to my policy if the insurance company becomes insolvent?**

If the insurance company that issued you a LTC policy becomes insolvent, your policy will be protected by the California Life and Health Insurance Guarantee Association, provided that the company is a member of the Association. There is a limit to the protection. In 2010, the maximum benefit protected is $440,000, with possible annual increase based on the Consumer Price Index for the health care cost component . The company must also be licensed to do business in California. In addition to direct protection from the Guarantee Association, the Association may also transfer policies in tact to other insurance companies that agree to take over such policies.

It is therefore very important that you purchase LTC insurance from a reputable company, which has a good financial rating, and which is licensed to do business in California, as well as being a member of the state Guarantee Association. It should be noted that the Guarantee Association is not a state agency, and not all companies doing business in California are members. Before you purchase a LTC policy, you should check with the Association to make sure that the company you are dealing with is a member.

Under state law, insurance agents are not allowed to discuss such insolvency protection with customers as an incentive to buy insurance. It is incumbent upon the customer to check the financial status of an insurance company before purchasing a policy.

15. **What if I move to another state after purchasing a policy in California?**

If your insurance company becomes insolvent while you are a resident in California, you would be protected by the California's Guarantee Association. The protection will continue if you move to another state after the insolvency, and you will receive benefits from the Guarantee Association.

If you move to another state before the insolvency of the insurance company, the Guarantee Association of the new state may offer some protection for your policy. But the level of protection may be different from state to state, and the requirements for protection may also be different. So, if you plan to move to another state from California and you have a LTC policy, you need to check with the Guarantee Association of the new state regarding what kind of protection it offers.

In the event you have purchased a policy from an insurance company which is not licensed in California, or is no longer licensed in California, you may get protection from the Guarantee Association in the company's home state.

16. **Is LTC insurance premium tax deductible?**

Under the Health Insurance Portability and Accountability Act (HIPAA), LTC insurance premium is treated as a medical expense and is deductible as an itemized deduction item. The deduction is limited by age, and may increase annually. Each taxpayer is entitled to his/her own deduction. But the deduction is only applicable to tax-qualified policies, which, among other requirements, must offer certain provisions, such as guarantee renewable, nonforfeiture, and inflation protection. The following table outlines the deduction for 2010 and 2011 for an individual taxpayer.

Taxpayer age	Max deduction	
	2010	2011
40 or less	$330	$340
41-50	620	640
51-60	1,230	1,270
61-70	3,290	3,390
71 and over	4,110	4,240

For taxpayers involved in certain business entities, the deduction amount can vary according to their ownership or employment status. It is advisable to consult a tax professional to determine how much deduction is applicable for a specific scenario.

Tax deduction is not available to premiums paid on hybrid products. The cost of LTC insurance is greatly reduced because of this tax deductibility.

17. **If I have a LTC policy through my employer's group plan, can I keep it when I terminate employment?**

In general, insurance companies are required to allow an employee continue a group plan, or convert it to an individual plan. Any change may entail different terms, benefits, or higher premium.

18. **What are the alternatives to financing long term care besides long term care insurance?**

There are many ways to finance long term care besides LTC insurance. However, for individuals who are concerned about cognitive impairment or other medical problems that may require extended long term care, or who expect to need nursing home care, or who prefer not to spend down other available assets, a stand alone long term care policy would offer substantial benefits by ensuring that resources are available for care when it is needed most. Even if one has substantial assets, long term care insurance can serve as a supplemental resource that will enhance the quality of care without the fear that an unexpected illness or injury will deplete an otherwise substantial estate.

Alternatives to LTC insurance include the following:

a. Permanent life insurance.

A permanent life insurance can be used to replace funds used for long term care. If the policy has a large cash value, the cash can be deployed for long term care expenses tax free. The advantage of life insurance is that if long term care is not needed, there is a net saving on the premium that would have been expended on long term care insurance. The disadvantage is that the benefits of life insurance may be limited to the specified death benefits, which may be less than what a LTC policy may provide, especially if it is a policy with inflation protection. So, if you plan to use life insurance for long term care, it is advisable to have a large enough death benefit that will cover long term care needs in the distant future.

Term life insurance cannot be used for planning for long term care because it is often not available to seniors due to health issues, and if it is available, it could be prohibitively expensive.

b. Life insurance with accelerated death benefits or living benefits.

This is a hybrid or blended insurance product that combines both life and long term care insurance. This is permanent life insurance. The long term care benefit is based on the amount of death benefit purchased. Distribution for long term care purposes is tax-free because it is accelerated death benefit, and death benefit distribution is not taxable as

income. The requirements for care distribution are more liberal than regular long term care policies, which require meeting such criterion as not being able to perform multiple activities of daily living. Some policies also allow larger distributions for critical and terminal illness, if it is medically indicated. This is known as living benefits. This type of provision allows an insured to utilize the benefits within her own policy, instead of having to sell it to third parties in order to raise cash for living in time of need, as often times, the sale of a life policy, known as viatical settlement, is a transaction that would not yield enough cash to meet the insured's needs.

If the insured does not need any distribution for long term care, he can access the cash value in the policy for other purposes. Upon death, any remaining death benefit will be paid to the beneficiaries.

c. Permanent life insurance with a long term care rider.

There is a special type of hybrid insurance that is specifically designed for meeting long term care needs, while addressing the concern of many people that long term care insurance is a 'use it or lose it' proposition. The salient features of such policy are as follows:

- The insured deposits a lump sum into the policy, with a minimum of $25,000.
- Based on the age of the insured and the deposit amount, the amounts for monthly distribution for long term care, as well as the maximum benefit, are determined.
- Activation of benefits follows the regular requirements of stand alone LTC insurance, such as 90 day elimination period, reimbursement for covered services, etc.
- Cover services are broadly defined as in a Comprehensive LTC policy, which include nursing home care, home health care, personal care, adult day care, etc.
- The policy has an extension of benefits rider which means that the benefits can continue even after the insured has exhausted the nominal life insurance benefits that were purchased with the original lump sum deposit. So instead of a 2-year benefit period, the insured can have up to an additional 4 years in benefits, with a total of 6 year benefits.
- There is a return of premium rider included in the policy, should the insured wish to cancel the policy. Cancellation would incur a surrender charge, which only applies if the policy value, which includes the initial premium deposit and interests, is more than the initial deposit. It means that the insured will always get back the initial premium deposit upon cancellation, less any loan, withdrawal, or benefit already distributed.
- There is a residual death benefit, which is payable the year after all the long term care benefits have been exhausted. This death benefit is determined at the inception of the policy, and is about 10% of the initial death benefit purchased with the premium deposit.

Here is an illustration on how it works. The hypothetical case is based on a healthy 65-year old female, who is a non-smoker in California. Inflation protection rider is available for this hybrid insurance.

Initial premium deposit:	$100,000	Max monthly benefit:	$6,934
Basic LTC benefits, 2 years	166,406	Specified death benefit:	166.406
Extended benefits, 4 years	332,812	Return of premium rider:	100,000
Total maximum benefits:	499,218	Residual death benefit:	16,640

d. Annuity.

Annuities can be purchased for life time income. It is a protection against longevity, as the income stream can continue until death. One can purchase as many annuities as one needs, and the payment can be used for health care. For long term care purposes, a deferred annuity can be utilized to generate income when it is needed. If no long term care expenses are needed, the value of the annuity can be distributed to the beneficiaries in the form of death benefits.

The drawback of annuity is that the payments are subject to income tax. However, if proceeds are used for medical purposes, there is a concomitant deduction for medical expenses, though the deduction may be limited according to the overall income of the taxpayer. Another disadvantage is that cancellation of a policy would incur surrender charges, which may be as much as 10% in the earlier years of the policy.

However, if you are not qualified for any life or long term care insurance, annuity may be the only way to save for and to general cash flow for long term care needs.

e. Annuity with a long term care rider.

This is a hybrid product that folds LTC insurance into an annuity. Typically, the product works as the following example of a 60-year old purchaser.

- The purchaser buys an annuity with a single premium of $50,000, which is often the minimum premium.
- He selects specific long term care coverage, typically 200 – 300% of face value of the annuity, which is $100,000 in this example.
- Payment for the LTC coverage comes from the growth inside the annuity.
- The coverage would include an inflation protection option, e.g., 5%, for a duration of 2-6 years.
- The payout would depend on the premium and the coverage selected. If there is no withdrawal for 20 years, the value of the annuity will continue to grow at a rate of 3.5% for the annuity, plus the 5% inflation protection that would result in a value of $265,330 in the annuity account. This amount would be available for long term care needs at a rate of $3685 per month for 6 years.

- If there is no payout from the policy in 20 years, the accumulated value in the annuity would be allowed to continue to grow.
- If there is any remaining value in the annuity when the purchaser dies, it may be distributed to the beneficiaries. The exact amount would depend on the terms of the policy.
- Unlike traditional annuity, payments from a long term care annuity are income tax free.
- There is less underwriting for this product than for a conventional LTC policy, or a hybrid life insurance/LTC policy. So people with pre-existing health conditions may qualify for it.

f. Viatical settlements.

Viatical settlements refer to the sale of life insurance policies by the owner before the policy matures in order to raise cash for medical and living expenses, often towards the end of life with terminal illness. Purchasers of viatical settlements treat it as an investment, and usually pay a fraction of what the death benefit under the policy is worth. Life policy owners resort to viatical settlement because their policies do not have provisions that allow living or accelerated benefits.

g. 1035 exchange.

A 1035 exchange refers t o the Internal Revenue Section that allows a tax-free exchange of annuity and insurance policies, when a policy owner wishes to exchange an old policy for a new and more functional policy. Instead of liquidating the old policy, which may have tax consequences, a 1035 exchange would transfer any gain, if any, in the old policy to the replacement policy.

In a long term care scenario, a 1035 exchange comes into play when a policy owner has a life policy or an annuity that does not have a long term care component, and he would like to have some LTC coverage. Instead of purchasing a second policy, which would require more premium payment, he would exchange it for a hybrid policy with LTC coverage. The exchange would reduce the cost of premium, as the owner carries one, instead of two policies. It should be noted that the new policy may still be more expensive than the previous policy, if the benefits remain the same or greater, due to underwriting and the different coverage. In some cases, the owner may not be able to do the exchange because he is not qualified for the new policy for health reasons. It is therefore critical that no policy be cancelled until it is certain that there is a replacement policy in place.

Financial professionals often suggest a 1035 exchange to upgrade the insurance coverage. Consumers should be very careful about such transaction as it has to be done properly in order to benefit from the tax-free aspect of the exchange. The Internal Revenue Service requires that the exchange be done between insurance companies, and the customer may not receive any cash payment from the old policy when it is surrendered.

h. Reverse Mortgage.

Obtaining a reverse mortgage on one's home is another way of raising funds for long term care needs. Under a reverse mortgage, the homeowner receives cash payment from a financial institution for the equity on the home. There is no mortgage repayment until the home is sold, or until the homeowner no longer lives in the home due to relocation or death. Reverse mortgages are expensive, and are usually the last resort for getting funds for long term care.

In the event the home is among one of the last assets of the person in need of long term care, such as nursing home care, it is often advisable not to use reverse mortgage as a resource for the care, because he may qualify for Medicaid. While Medicaid requires that an applicant spend down to a certain level before qualifying for the financial assistance, it permits the retention of certain assets, and the family home is one of those assets. On the other hand, having a mortgage on the home may enhance the eligibility of the homeowner for Medicaid. Reverse mortgage therefore remains a viable source of funds for long term care financing.

i. Medicaid/Medi-Cal.

This is a public assistance program funded by the Federal government and administered by the state government. It provides financial assistance on long term care and other medical services to people who have little means to pay for such services. Though the program may have been designed for the indigents, the reality is that many middle class people increasingly seek financial help from the program when their assets have been consumed by long term medical expenses. It is particularly true in cases where a family member suffers from cognitive impairments, such as Alzheimer's, which can last for years.

When a family is confronted with the prospect of having to care for a member for a long time, it is advisable to seek professional assistance to determine if it qualifies for Medi-Cal way in advance of such possibility. Though it is generally known that there are asset and income guidelines for assistance, what is not generally known is that there are many ways to protect certain amount of assets, so that a family does not have to become destitute in order to qualify for assistance. Qualifying for Medi-Cal is a very complex and technical issue legally and financially. However, there are many social services agencies that provide technical assistance to families who need help in this area, and their services are often free of charge.

j. CCRC – Continuing Care Retirement Community.

A CCRC is a multi-level care facility that combines independent living, assisted living and skilled nursing (comparable to nursing home) on the same residential campus. It is an integrated living and care arrangement for seniors who can transition in and out of various levels of care, depending on their needs, with minimal dislocation and cost. It offers comprehensive residential, social, and medical services that allow residents to age

in place. All CCRCs have an on site medical staff around the clock, which include physicians, registered nurses, certified nursing assistants, and other licensed medical professionals. Many CCRCs are also licensed for Alzheimer's care. Thus a CCRC can be an ideal place for seniors to turn to for long term care.

One drawback of CCRC can be the entrance fee, which may run into tens of thousands of dollars. However, some of the entrance fees may be refundable to the residents, and some CCRCs actually return all membership fees to the residents when a new member purchases the membership from the departing member.

Despite the hefty entrance cost, long term care inside a CCRC may actually be less costly than nursing homes over time. CCRCs are a good alternative to LTC insurance because all the long term care cost can be determined in advance, as compared to conventional nursing homes and assisted living facilities. Residents may be able to afford the care with their regular income without having long term care insurance.

Since CCRCs are a relatively new way of serving the long term care needs of seniors, there is no standard operational model that applies to these facilities. Each facility may have a very unique business model, and consumers should investigate and evaluate these facilities carefully to determine if they are suitable for their needs.

19. **What kind of long term care insurance should I buy?**

Buying long term care insurance is like selecting items from a menu. Issues to consider include the following:

a. Premium amount and possible increase in the future.
b. Affordability.
c. Daily benefit, such as $50 or $400 a day.
d. Benefit coverage, such as nursing home, home care, respite care, and hospice care.
e. Length of coverage, such as one year or life time.
f. Elimination period, such as 30 or 90 days.
g. Benefit trigger which determines when benefit begins.
h. Reimbursement or indemnity method of benefit payment.
i. Exclusions, such as certain preexisting conditions.
j. Tax qualified or non-tax qualified plan.
k. Inflation protection, with compound or simple interest accrual.
l. Nonforfeiture benefits.
m. Shared benefits with spouse with joint or separate policies.
n. Whether accelerated premium payment, such as 10-pay, is available.
o. Whether return of premium provision is available and cost.
p. The financial strength of the insurer.

Because of the many issues involved, buying LTC insurance should be done carefully with knowledgeable practitioners.

In general, the best policy is the partnership policy, which has more consumer protection, and is designed to help people who may eventually need to seek financial help from Medi-Cal and yet be able to preserve more assets for their families. While Medi-Cal applicants must spend down to qualify for benefits, an insured with a partnership policy would be able to preserve the same amount in assets as the benefits that he has received from the policy on a dollar for dollar basis. For example, if a Medi-Cal applicant receives $400,000 in benefits from a LTC partnership policy, he can keep $400,000 in assets that would not be required to be spent down before being eligible for Medi-Cal.

In addition to asset preservation, partnership policies are tax-qualified plans, and must provide inflation protection to keep up with cost increases over time.