

August 2011

INSURANCE *Tips*

Free help with your insurance questions or complaints

Consumer Advocacy
Hotline

Toll-free
1-888-877-4894

Salem
503-947-7984

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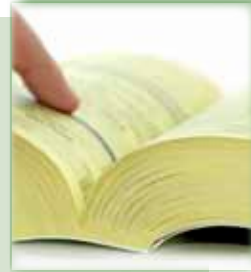
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Long-term care insurance started in the 1970s with a handful of major insurers offering nursing home policies. Today, many insurers sell long-term care insurance, and plans sold in Oregon must cover care in a variety of settings, including your home, nursing homes, and assisted-living facilities, as well as adult foster homes. Insurers sell plans with different combinations of benefits and coverage, so make sure you shop for a plan that best fits your needs.



When should I buy long-term care insurance?

The younger you are when you first buy this insurance, the lower your annual premium will be. Also, the longer you wait, the greater the chance that health problems could make you ineligible for long-term care coverage.

What do I need to know about benefits?

- ▶ How many days must I wait (elimination period) before my insurance coverage pays benefits?
- ▶ What triggers benefits? Generally, you must be unable to perform a certain number of activities of daily living or be cognitively impaired before your insurance plan pays benefits. Bathing, eating, and dressing are examples of daily living activities.
- ▶ Do I have inflation protection, which helps keep benefits in line with the costs of care?
- ▶ What are the benefit limits (daily/monthly/lifetime)? Will they meet my needs once I take into account all sources of income? For example, nursing home care costs about \$220 a day in Oregon.
- ▶ How long will the benefits last? In Oregon, insurance plans must provide benefits for at least two years, but you may choose a longer benefit period.
- ▶ Is this insurance plan tax-qualified so that I can deduct at least part of my premium as an unreimbursed medical expense on my state and federal income taxes?
- ▶ Do I have any pre-existing conditions that will not be covered for six months once I have coverage?
- ▶ What is not covered? For example, alcohol or drug addiction typically is not covered. In contrast, Alzheimer's disease and dementia must be covered.
- ▶ Can I hire anyone I want to provide personal care and homemaker services? Your insurance plan will describe the qualifications necessary for all providers.
- ▶ At the time of application for the long-term care insurance, you will receive an "outline of coverage," which will describe the insurance plan that you are applying for. Use this to compare coverage details from different insurers.

Continued

Richer benefits result in higher premiums. An insurance plan that pays \$150 a day for up to five years costs more than an insurance plan that pays \$100 a day for three years. Inflation protection can increase the cost significantly, but can also keep your benefits in line with the costs of care. If you choose a longer elimination period and need nursing home care, you'll have to pay the daily cost every day until coverage begins. Consider how much you can afford.

What benefits do I get if premiums rise and I drop coverage?

You can buy a "nonforfeiture benefit." This gives you some benefits if you drop coverage. For example, you may receive cash based on the percent of the total premiums paid. Or, the benefit period may be reduced. "Contingent nonforfeiture benefits" give insured people who do not buy the nonforfeiture benefit options if premiums increase by a certain amount. For example, let's say you are 70 years old and your premium increases by 50 percent above the original premium. You may have the option of decreasing the amount your insurance plan pays per day or shortening the benefit period (for example, from three years to two years) so your premium stays the same.

How do I select an insurer?

- ▶ Make sure the company is licensed to sell insurance in Oregon. You can search by insurer name on the Insurance Division website.
- ▶ Ask how long it has been selling long-term care insurance.
- ▶ See how many complaints were filed against the insurer by reviewing the [*Consumer Guide to Oregon Insurance Complaints*](#).
- ▶ Ask for the insurer's financial rating.

***The Shopper's Guide to Long-Term Care Insurance**, published by the National Association of Insurance Commissioners, provides a worksheet that can help you compare long-term care insurance plans. E-mail guide requests to dcbs.insmail@state.or.us.

Where can I get help?

A licensed long-term care insurance agent can help you shop for long-term care and help you determine if long-term care insurance is right for you. The Insurance Division consumer advocates can answer general questions about long-term care insurance, including how to see if an insurer is licensed in Oregon. Call 888-877-4894 (toll-free).

What are my rights?

- ▶ Once you buy long-term care insurance, your insurer will send you a policy or you will receive a group certificate from your employer if you're purchasing the coverage under the employer's group insurance plan. You may cancel the coverage for any reason within 30 days of purchase for a full refund.
- ▶ Your coverage cannot be canceled as long as you pay your premiums on time and told the truth about your health on the application.
- ▶ Your coverage cannot be canceled based on your age or health, but premiums can go up based on claims from all people who were issued coverage on the same policy or group certificate series.
- ▶ At the time of application or enrollment, the insurer must provide information on the 10-year history of premium rate increases for your policy or the employer's group policy, or forms similar to these.
- ▶ Your coverage must include provisions to prevent unintentional lapses of coverage if you become incapable of paying a premium on time or forget to pay.
- ▶ If your coverage was purchased on or after March 1, 2006, insurers must provide at least 45 days notice of a rate increase.
- ▶ You — and any person you designate to receive information on your behalf — must be given 30 days notice before your coverage can be ended for nonpayment of premium.

Watch out

Don't be fooled by mailings that appear to be from a government source. Medicare does not endorse or sell long-term care insurance plans.

Premiums

Think about whether premiums will become too expensive down the road if there is a rate increase.