



MONICA J. LINDEEN

MONTANA COMMISSIONER OF
SECURITIES AND INSURANCE

OFFICE OF THE STATE AUDITOR



Montana Commissioner
of Securities
and Insurance
Monica J. Lindeen

Monica J. Lindeen was elected Montana State Auditor, Commissioner of Securities and Insurance, in November 2008. One of her top priorities as Commissioner is to increase the accessibility and affordability of all types of insurance for Montana families through legislative and regulatory efforts.

Dear Montana Senior:

Long-term care is a “variety” of services that help you with health or personal needs over a period of time. Insurance policies may cover care in a nursing home, an adult daycare facility or even your own home. Choosing long-term care is a very important decision. Planning for long-term care requires you to think about possible future health care needs.

Sorting through all the options can be very confusing. That’s why we have developed this booklet in cooperation with the Montana Partnership for Health Insurance Counseling. We define the terms used, offer guidelines regarding who should buy long-term care insurance and provide information about the policies sold in Montana.

I encourage you to put this guide to work for you. Shop carefully before you buy, take your time and contact our office if you have questions. Our knowledgeable staff is dedicated to assisting you with a wide range of insurance issues. Please call our toll-free number at 1-800-332-6148 or from Helena at 444-2040.

Sincerely,

Montana Commissioner of Securities and Insurance

This publication was produced by
the Montana Department of Insurance
in cooperation with the Montana Partnership
for Health Insurance Counseling

Important Phone Numbers

Montana Department of Insurance	(800) 332-6148 (406) 444-2040
Montana Department of Public Health & Human Services	
Aging Services Bureau	(406) 444-7788
Medicaid Services Division	(406) 444-4540
Senior and Long-Term Care	(406) 444-4077
Lien Recovery Program	(406) 444-4162
State Health Insurance Assistance Program	(800) 332-2272
State Long-Term Care Ombudsmen	(800) 332-2272

LONG-TERM CARE INSURANCE

CONTENTS

Introduction to Long-Term Care	2
What is long-term care?	2
Will I need long-term care?	2
How much does long-term care cost?	3
Who pays for long-term care?	3
Government Programs	4
Medicare and Nursing Homes/Home Health Care	4
Medicaid	5
Medicaid and Nursing Care/Home Health Care	5
Long-Term Care Policies	6
Indemnity, Expense and Life Insurance Policies	6
What is Covered by the Policies?	7
Prior Levels of Care	7
Location of Treatment	7
What isn't Covered by the Policies?	8
Pre-existing Conditions	8
Specific Exclusions	8
Premium Costs	9
Age, Benefits	9
Duration of Benefits, Waiting Periods, Waivers, Inflation Protection	10
Nonforfeiture Benefits, Premium Return	11
Policy Renewals and Cancellations	12
Renewing/Switching Policies, Cancellations, Free-Look Period	12
Assessing Your Income	13
Favorable Tax Treatment	13
Shopping Suggestions	14
Glossary of Terms	15
Policy Evaluation Checklist	16
Complaint Form	17

INTRODUCTION TO LONG-TERM CARE

What is long-term care?

Long-term care is the help you may need if you are unable to care for yourself because of a prolonged illness or disability. People often think of long-term care as nursing homes. In fact, the term now refers to a whole variety of private and semi-private care situations and services, including in-home care, assisted living, adult family homes, adult residential care and nursing homes.

Long-term care differs from traditional medical care. Medical care services rehabilitate or correct certain medical problems while long-term care services help a person maintain his or her lifestyle.

Will I need long-term care?

Before making a decision about buying a long-term care policy, you may want to consider your finances, your age, your family's health history and the average length of stay in a nursing facility.

The possibility of needing nursing care increases with age. When thinking about your health history you might want to consider how long other members of your family have lived.

What percentage of individuals stay in nursing homes more than 90 days?

Age	Percentage
65-74 years	1.4 percent
75-84 years	6 percent
85 years +	25 percent

*1997 Montana Health Care Association Statistics

How long do people stay in long-term care facilities?

- 36% stay less than 1 year
- 32.5% stay from 1 to 3 years
- 14% stay from 3 to 5 years
- 17% stay 5 years or longer

*National Center for Health Statistics

If you decide to buy a policy, you will want to consider how many years you want to receive benefits. Policies are sold with benefit terms from one year to a lifetime. The average nursing home stay lasts 290 days, according to U.S. Census data, but increases with age. (Check this fact!!)

How much does long-term care cost?

The cost of long-term care varies greatly in Montana depending on the kind of services provided. The annual cost in June 2001 for a private nursing home stay was \$32,000 to \$53,000, or \$90 to \$146 a day. The state average is about \$113 a day, more than double the price in 1980. By 2015, one year in a nursing home is expected to cost in excess of \$60,000.

Costs vary in Montana depending on whether you live in a rural or urban area. Nursing homes generally charge \$2,700 to \$4,380, with the average cost of a private room at \$3,390 a month.

Home-based health care also is expensive. In Montana, Medicare pays \$40 to \$100 for a home health care visit. A visit typically lasts 15 to 20 minutes and rarely is more than an hour. The cost depends upon the type of care and where you live.

According to the 1997 Montana Alliance for Home Care Salary Survey, the statewide average for private-duty skilled nursing is \$17 to \$19 per hour. The hourly cost of a licensed practical nurse is \$12 to \$13 per hour.

The survey found that the average cost of a personal assistant to help a person with eating and bathing is \$7 to \$9 per hour. Homemaker services to help with the preparation of meals and household chores cost \$6 to \$8 per hour.

Who pays for long-term care?

Many people assume that Medicare will pay if they need long-term care. However, Medicare pays limited benefits. Others assume that their private Medicare supplemental insurance policy will pay for long-term care expenses. It covers only the services authorized by Medicare. Since Medicare does not cover long-term care for the most part, neither does Medicare supplemental insurance.

Some employer-sponsored health insurance plans will pay for long-term care, but the practice is not widespread.

In most cases the individual pays for long-term care, or Medicare does after the individual or family qualify for government assistance.



Whether you need long-term care insurance depends on your income, family situation and personal risk factors.

Use the personal worksheet at the center of this guide to help you assess your needs.

GOVERNMENT PROGRAMS

Medicare and Nursing Homes

Medicare pays approximately 2 percent of the nation's total nursing home bills, primarily because it only covers skilled care. Assistance from nonmedical personnel to individuals who need help with daily living activities is not covered by Medicare. Assistance with activities of daily living is the type of care that 95 percent of people need when they go to a nursing home. Less than 5 percent require skilled care.

Medicare pays when the following conditions are met:

1. You must have been in a hospital at least three consecutive days, not including the day of discharge, before entering a nursing facility.
2. You must receive care in a skilled nursing facility and occupy a designated skilled bed.
3. Your doctor must certify that the care you need and receive is skilled nursing or skilled rehabilitation care.
4. Your admission must be for the same condition for which you were treated in the hospital.
5. The nursing home care must be received within 30 days of discharge from the hospital.

If you meet these conditions, Medicare will pay for:

1. The first 20 days - all covered expenses.
2. The next 80 days - all covered expenses minus the individual's daily coinsurance contribution, which was \$101.50 in 2002.

Medicare and Home Health Care (patient must be home bound)

When ordered by a doctor, home health care coverage includes:

1. The services of a part-time skilled nurse.
2. The services of physical and speech therapists furnished by a Medicare-certified home health agency.
3. Services including home health aide services, occupational therapy, medical social services and medical supplies.
4. Payment of 80 percent of the cost of durable medical equipment.

Medicare does not cover:

1. Full-time nursing care.
2. Drugs or meals delivered to your home.
3. Home services that primarily assist you in meeting personal care or housekeeping needs.

Medicaid

Medicaid pays for 61 percent of all nursing home bills in Montana. Medicaid assists elderly, blind and disabled individuals who can't afford medical expenses. Some individuals may turn to Medicaid for assistance with nursing home expenses when they become impoverished.

Medicaid and Nursing Care

A county welfare eligibility specialist will conduct a financial review when you apply for Medicaid and will consider your available assets at the time you or your spouse enter the nursing home.

If you are single, you may have to pay for your nursing home care until your assets are less than \$2,000 to qualify for Medicaid. You are allowed to keep your house if you are expected to return to it, personal property and generally your car. You may keep \$40 a month for personal needs and the amount you need to pay for health insurance.

Under the spousal impoverishment program, when a person enters a long-term care facility, the spouse at home may retain a maximum of half of the couple's resources, not to exceed \$87,000 (as of Jan. 2001). Certain assets are exempt including the home in which they live, household goods and one car. There also are regulations concerning the amount of income the spouse may retain on a monthly basis.

If you recently have transferred assets, prior to seeking government assistance, the transfer may be considered in deciding your eligibility for nursing care benefits. If you have questions about Medicaid eligibility, you may wish to consult with the county eligibility office in your area or an attorney.

Medicaid and Home Health Care

If you qualify for Medicaid, you may be eligible for up to 75 nursing visits from a certified home health agency. Other services provided through Medicaid include personal care attendant services, visits by physicians, emergency ambulance service, oxygen and prescription drugs.

For information on Medicaid, contact:

Montana Senior and Long Term Care Division
P.O. Box 4210
Helena, MT 59604
1-800-332-2272

The guides "**Medicare and You**" and "**Can Medicaid Help Me with My Nursing Home Bills**" are available through your county Public Welfare Office, Office of Human Services, Area Agency on Aging and at the number listed above.

LONG-TERM CARE POLICIES

Indemnity Policies

Most policies are indemnity policies, which means they pay a fixed dollar amount for each day you receive care in a nursing facility or in your home.

Generally you have a choice of indemnity amounts for nursing care ranging from \$40 to more than \$100 a day. The daily benefit for home health care usually is about half the benefit for nursing care.

Before determining how much you want your policy to reimburse, you should check the cost of nursing homes in your community.

Montana requires insurance companies to offer policies containing an optional inflation adjustment. There is more information about that option on page 10.

Expense Policies

Expense policies are different from indemnity policies in that they pay the actual expenses incurred, a set percentage of the expenses incurred or up to a maximum dollar amount per day.



Life Insurance Policies

Some life insurance policies offer long-term care benefits. Under “living benefits” provisions or riders, a portion of the life insurance benefit is paid to the policyholder if he or she needs long-term care. The death benefit then is reduced by the amount paid for long-term care. Benefits for long-term care often are limited by the rider and policy to 50 percent or less of the total benefit.

Montana law requires that a quarterly report be provided to the policyholder any time that long-term care is funded through the acceleration of death benefits in a life insurance policy. The report notes if long-term care benefits were paid each month in that quarter, provides an explanation of any changes in the policy including death benefits or cash value and indicates the amount remaining in long-term care benefits.

	QUESTIONS? Call the Montana Insurance Department 1-800-332-6148
---	--

WHAT IS COVERED BY THE POLICIES?

Health care policies may offer coverage for three levels of care: skilled, intermediate and custodial. Many policies also offer home health care and adult day care.

Montana law states that policies cannot pay for skilled care alone or pay more for skilled care than other types of care because most nursing home stays are for custodial care.

Prior Levels of Care

Montana law states that you do not need a prior hospital stay to become eligible for nursing home benefits from your long-term care policy, unless the policy was issued before 1989. (This is different from Medicare, which requires hospitalization prior to reimbursement for skilled nursing care.)

Under Montana law, your policy can require prior confinement in a nursing home or a hospital before it pays for home health care. The company cannot require that you use adult day care or other community programs before you are eligible for home health care benefits.

Be sure to ask your agent what type of restrictions are in the policy and what conditions must be met for benefits to be paid.

Montana Health Care Association has a nursing home brochure and check list with the names of licensed facilities in Montana.

Contact the association at:
36 S. Last
Chance Gulch
Helena, MT 59601
(406) 443-2876

Location of Treatment

Your policy cannot specify where treatment is to occur.

In Montana, insurance companies will reimburse you for long-term nursing care only if you stay in a state-licensed nursing facility. Facilities licensed by the state as personal care or retirement homes are not considered nursing homes because they do not provide regular nursing care. Your policy will not cover you in these facilities.

Before you purchase a policy, check to make sure that the type of care you may need is available in your community. If you have a particular facility in mind, check to see if its services would be covered by your policy. This is particularly important if you live in a rural area where licensed nursing facilities providing skilled care are not always available.

Your policy likely would allow you to receive nursing care in another state, but you should confirm that with your agent when reviewing prospective policies.

WHAT ISN'T COVERED BY THE POLICIES?

Pre-existing Conditions

Insurance policies typically have a pre-existing condition clause in them. In general, if you have a health problem at the time you become insured, the company will not pay benefits for a certain period of time.

In Montana, companies may exclude coverage of pre-existing conditions for the first six months following the effective date of the policy. The law states that a pre-existing condition can be defined only as a condition for which medical advice or treatment was recommended by or received from a provider of health care services in the six months preceding the effective date of your policy.

If you have health problems, ask the agent exactly how your medical history would be treated under the policy. Be sure you understand what will be covered.

The law states that if you replace or convert your existing policy, a new waiting period for pre-existing conditions cannot be required. However, if you decide to increase your benefits, you may be subject to a new waiting period for the increased benefits of the policy.

Specific Exclusions

In Montana, all long-term care policies with limitations must list them in an area clearly labeled "Limitations or Conditions on Eligibility for Benefits." State law allows insurance companies to limit long-term care coverage or deny it for the following reasons:

1. Pre-existing conditions.
2. Mental or nervous disorders except those that are a result of a demonstrable organic disease or physical injury. Alzheimer's cannot be excluded.
3. Alcoholism or drug addiction.
4. Injury or illness as a result of war or service in the armed forces, commission of a felony, intentionally self-inflicted injury or injury resulting from a suicide attempt or an aviation accident, except when you are a paying passenger.
5. If the service is provided by your immediate family, through a state or federal workers' compensation program, or in a governmental facility (unless otherwise required by law, or if it is covered by Medicare or another government program, except Medicaid.)

It is important to fill out your insurance application completely and correctly. The insurance company can deny you coverage when you need it most if you did not fill out your medical history properly and honestly.

PREMIUM COSTS

Individual policies cost about \$1,500 a year in 1994, according to a national study, up from \$1,100 in 1991. The average daily nursing home benefit chosen was \$85 in 1994, and the range of benefits offered was \$40 to \$200 a day.

Your premium cost will depend on factors including where you live, your age, the type of policy, the benefits it covers, the deductible period, whether it includes inflation protection and whether you can retain some value if you cancel your policy.

If you buy a policy with an inflation adjustment, your premiums can increase by 30 to 90 percent. However, this type of policy will keep your benefits in line with increasing health care costs.



Age

The average age of people who buy long-term care policies is 69. The cost of coverage depends on how old you are. Premiums are lower for younger individuals, but the younger you are when you buy coverage, the longer you will pay the premium. Some companies won't sell a policy to anyone younger than 50 or older than 80.

Your premium will remain the same each year unless the company increases the cost of the policy for all policyholders or you have a policy

with an inflation adjustment.

Benefits

Nursing Care

Premium costs are directly tied to the size of the daily benefit and the length of time benefits will be paid. A policy that pays \$70 a day for nursing home care up to three years will cost less than a policy with lifetime benefits.

In Montana, all indemnity policies are required to pay the designated benefit regardless of the level of nursing care received.

Home Health Care

Home health care typically pays a different daily benefit amount from nursing home care because it is less expensive.

In Montana, home health care coverage may be applied to the non-home health care benefits in your policy to determine the maximum coverage available.

Duration of Benefits

Policies generally limit benefits to a maximum dollar amount or a maximum number of days. Often, separate benefit amounts are applied to nursing care and home health care within the same policy

There are two ways a company may define a maximum benefit period. Under a one-time maximum benefit period, if you buy a three-year policy and stay in a nursing home for three years, it will pay just once in your lifetime.

Other policies offer a maximum benefit period for each “period of confinement.” Under this definition, a three-year benefit period would cover more than one nursing home stay lasting up to three years if the stays were six months or more apart.

Waiting Periods

A waiting period may be the length of time you have to wait for your policy to go into effect because of a pre-existing condition clause or because your policy requires hospitalization prior to paying for home health benefits.

Your premium cost also may depend on another type of waiting period. Some policies require that you pay for a specific number of days in a nursing home or a specific number of home health benefits before insurance benefits begin.

You will have a choice in structuring your policy. Most policies offer options for waiting periods from 0 to 100 days. If you buy a policy with a 20-day waiting period, your insurance benefits would begin on the 21st day. The longer the waiting or elimination period, the lower your premium.

When selecting your waiting period, keep in mind that although 45 percent of nursing home stays last three months or less, more than one-third last one year or more. It is the longer stay that can be financially devastating.

Premium Waivers

You have to continue paying premiums on some policies even if you are confined to a nursing home. It is common for some companies to require a 90-day nursing home stay before you can stop paying your premiums. Ask your insurance agent what restrictions your policy contains.

Inflation Protection

Montana law requires companies to offer inflation protection, in writing, as an option in all long-term care policies. Your response to the offer also must be in writing. Life insurance policies that contain accelerated long-term care benefits are not required to offer inflation protection. Adding inflation protection to your policy will make it more expensive, but potentially more valuable.

State law requires your insurance company to offer one of the following three inflation protection options.

Option 1

Benefit levels must increase at a compounded rate. Compound interest protects against inflation. Simple interest, while better than a daily benefit that remains constant, doesn't provide as much protection.

The most common protection offered is 5 percent simple interest. This automatically raises your daily benefit limit by 5 percent each year. An \$80 per day benefit would increase \$4 a year. After 20 years, the \$80 per day benefit would increase to a \$160 per day benefit. Your benefits would increase faster and would more adequately keep pace with inflation if interest is compounded. At 5 percent interest compounded annually, the \$80 policy would rise to \$212 per day after 20 years.

Option 2

You must be allowed to increase your benefit level periodically without again going through underwriting or without providing evidence of insurability or health status.



Option 3

Your policy will cover a specified percentage of actual or reasonable charges for each day you receive care rather than giving you a maximum specified amount limit.

Nonforfeiture Benefits

Montana law requires this option be offered to consumers and requires agents to review criteria to ensure the sale is appropriate for your level of income. If you choose to discontinue your coverage or your coverage lapses because you forgot to pay the premium, this benefit returns part of what you have paid in premiums. The return likely will not be in cash, but will guarantee some portion of your benefits.

To receive a reduced benefit, you must have paid premiums for a specified number of years. The policy should spell this out and should state what portion of the benefit you will receive.

Premium Return

Some companies offer a premium return feature. At an additional cost, you can buy a policy that will return all or a portion of your premium depending on whether you have claims. Paid claims generally are deducted from the premium return.

POLICY RENEWALS & CANCELLATIONS

Renewing Your Policy

Montana law states that long-term care policies cannot be cancelled or nonrenewed because of health, age or mental condition.

Review the renewability provision of your policy, normally found on the first page. It will list the conditions under which the policy may be cancelled and when premiums may be increased.

Switching Your Policy

New policies in Montana no longer can impose requirements for a prior hospital stay or for prior levels of care. In many ways, new policies are more favorable to consumers than older ones, which may contain those requirements.

Montana law also states that your replacement policy may not contain new pre-existing conditions, waiting periods, elimination periods or probationary periods. If you have fully satisfied the waiting period under your present policy, your new policy cannot require another waiting period.

You should never switch policies before making sure the new policy truly is better than the old one. You should never discontinue your old policy until you are certain that your new one is in effect.

Cancellations

A company can cancel your policy, even if you pay your premiums, if you misrepresent your health status on your application. The company also may be within its rights to deny coverage when you file a claim. It is very important to fill out your application completely and accurately.

Each policy sold in Montana must have a cautionary note regarding cancellation when you sign the application, as well as when you receive the policy or certificate.

Free-Look Period

Montana law requires that insurance companies give you time to think over this important decision.

You have 30 days from the time you receive a policy to review it and decide whether you are happy with it. If, within 30 days of receiving the policy, you decide you are not satisfied for any reason, your entire premium must be refunded. It is a requirement that the notice informing you of the 30-day free-look period be printed prominently on your policy. The Montana Department of Insurance urges you to use this time to review your policy and ask questions.

ASSESSING YOUR INCOME

Long-term care is expensive, but so are insurance premiums. If your savings are low or modest, insurance may not be a good buy. On average, it takes a person 13 weeks to deplete his or her savings on nursing care. At that point, many people become eligible for Medicaid.

You need to consider whether you can afford insurance, if you have a level of assets worth protecting and if your assets will be sufficient to pay an increase should premiums rise in the future.

If you are 65, it is possible that you may pay premiums for 20 years before you need long-term care. You should consider whether you can afford that.

Many people who decide to buy long-term care insurance have assets they want to protect for their children, or they want to preserve their independence and avoid depending on others.

Before shopping for a policy, list the income and assets you have available to pay for a nursing home stay. Include the following income:

- ◆ Social Security income
- ◆ Veterans' benefits
- ◆ Family contributions
- ◆ Private retirement or pension income
- ◆ Bank account, stock and bond earnings
- ◆ Income from real estate rentals

Also include assets that you might sell or cash in:

- ◆ Savings accounts
- ◆ Real estate
- ◆ Personal property
- ◆ Life insurance cash value
- ◆ Stocks, bonds and money market funds
- ◆ Antiques and jewelry

In general, if your total assets don't exceed the Medicaid guidelines on page 5 of this publication, you may not need a long-term care policy. You shouldn't buy something you can't afford.

Individuals whose assets and normal cash flow are sufficient to pay for the cost of a nursing home stay also may choose not to purchase a long-term care policy.

FAVORABLE TAX TREATMENT

The favorable tax treatment of long-term care insurance premiums and benefits will apply only if your policy is a qualified long-term care policy as defined by federal law. Long-term care policies issued before Jan. 1, 1997, automatically qualify. Policies issued on or after that date must meet federal standards to qualify.

Federal law states that unreimbursed expenses for qualified long-term care services are treated as medical expenses for itemizing deductions, subject to the floor of 7.5 percent of adjusted gross income. Long-term care insurance premiums also are treated as medical expenses for itemized deductions. This variable deduction increases with the age of the taxpayer. The premium should be indexed to account for inflation.

Proceeds from a long-term care insurance contract are excluded from taxable income, subject to a cap of \$175 per day or \$63,875 annually on per diem contracts. If the aggregate amount of periodic payments exceeds the cap, the excess payments are excluded from taxation to the extent that they represent actual costs for long-term care services during the period.

Full Deductions

The state provides a full deduction for payments made by the taxpayer on long-term care policies for:

- ◆ The benefit of the taxpayer. Applies to tax years after Dec. 31, 1994.
- ◆ The benefit of the taxpayer, and the taxpayer's dependents, parents and grandparents. Applies to tax years after Dec. 31, 1996.

Maximum Deductions for LTC Insurance	
Age	Deduction Limit
40 and under	\$200
41 to 50	\$375
51 to 60	\$750
61 to 70	\$2,000
71 and older	\$2,500

SHOPPING SUGGESTIONS

- ◆ Your medical history is very important. Fill out the application truthfully and completely. If the health information is wrong, the insurance company can refuse to pay your claims or cancel your policy.
- ◆ Do not buy more than one long-term care policy.
- ◆ Carefully compare policies. They are not all the same.
- ◆ Check with several companies and agents before buying a policy.
- ◆ Never pay the agent in cash. Always write a check payable to the insurance company and get a receipt.
- ◆ Montana requires that an agent leave an outline of coverage at the time he or she initially contacts you. If an agent promises to provide the information later, we suggest that you do not deal with that person.
- ◆ Be wary of an agent who says a policy can be offered only once. Do not let anyone scare you or pressure you into making a quick decision.
- ◆ Ask the agent to come back a second time. If the individual is not willing to come back, do not purchase insurance from that agent.
- ◆ If the agent gives you answers that are vague or different from the information in the policy or brochure, do not buy the insurance.
- ◆ Be sure to get the name, address and telephone number of the agent and the company he or she represents.

GLOSSARY OF TERMS

ADL's - Activities of daily living include bathing, dressing, transferring, eating and continence.

ADULT DAY CARE - Care provided to people in a community setting who cannot remain alone but do not require constant nursing care.

BENEFIT PERIOD - A specified amount of time for which benefits will be payable during confinement or period of illness.

COGNITIVE IMPAIRMENT - Alzheimers, dementia and other mental incapacities.

COINSURANCE - A percentage of all expenses that an insured person is required to pay; for example, 20 percent of the "reasonable" charges under Medicare.

CUSTODIAL CARE - Care that is provided to someone who needs assistance with daily living needs such as eating, bathing, dressing and taking medication. The care may be provided by nonmedical personnel, but must be based upon doctor's orders.

DISCLOSURE FORM - Describes the benefits, exclusions and provisions in a policy.

ELIMINATION PERIOD - Specified period of time a person must wait before a policy pays benefits.

EXCLUSION - A condition, circumstance or medical expense the policy does not cover.

GUARANTEED RENEWABLE - The company guarantees that the policy is renewable for life so long as the premiums are paid. The premiums can increase only if there is a rate increase for everyone.

HOME HEALTH CARE - Medical and nonmedical services provided to people in their homes. They may include homemaker services such as assistance with preparing meals and cleaning house. It may include assistance with activities of daily living, skilled nursing care or physical therapy. Respite care may be provided. A physician's order may be required to receive medical assistance.

INTERMEDIATE NURSING CARE - Medical care provided in a nursing facility to patients who require daily medical supervision, but not 24-hour care. The care is supervised by registered nurses and ordered by a doctor.

LIEN ESTATE RECOVERY - Medicaid is required by law to recover assets of recipients to help pay for the cost of their care. Recovery is done by filing liens on homes of certain nursing home recipients and by filing claims against the estates of certain recipients who die at or after age 55, or who reside in a nursing home. Recovery is not made when there is a surviving spouse or certain dependents.

MEDICAID - A medical assistance program administered by the state, which is subsidized by the state and federal governments. It provides health care services to those with low incomes or with very high medical bills relative to income and assets. Medicaid provides benefits for long-term nursing facility care if income and assets meet eligibility criteria. It also provides home health care.

MEDICARE - The federal program that provides people 65 years and older with hospital and medical insurance. Medicare provides only limited benefits for nursing home and home health care services under specific circumstances.

PREMIUM - The dollar amount charged for an insurance policy.

RIDER - A document attached to a policy that changes the coverage you have in your policy. A rider may add coverage, remove coverage or redefine what sort of coverage the insurance policy provides.

SKILLED NURSING CARE - Care provided to patients on a 24-hour basis by skilled nurses based upon a physician's orders.

WAITING PERIOD - The period of time before your policy becomes effective.

LONG-TERM CARE POLICY EVALUATION

Use this checklist to compare policies

	Policy A	Policy B	Policy C
What services are covered?			
Skilled nursing care			
Intermediate nursing care			
Custodial care			
Home health care			
Adult day care			
Other			
How much does this policy pay each day?			
Skilled nursing care			
Intermediate nursing care			
Custodial care			
Home health care			
Adult day care			
Other			
How many years will the benefits last?			
Skilled nursing care			
Intermediate nursing care			
Custodial care			
Home health care			
Adult day care			
Other			
Does the policy have a maximum lifetime benefit? If so, what is it?			
Does the policy have a maximum length of coverage for each period of confinement? If so, what is it?			
How long is the waiting period before benefits are paid?			
How long is the pre-existing conditions waiting period?			
Do you pay premiums while you are institutionalized? If so, for how long?			
Nursing home care			
Home health care			
Is prior care required before benefits are paid?			
A prior hospital stay before home health care is paid?			
A prior nursing home stay before home health care is paid?			
Is there inflation protection?			
What is the rate of increase?			
Is it a simple or compound interest rate?			
How often is it applied?			
Is there an additional cost?			
Is there a nonforfeiture clause that allows you to discontinue coverage but retain some benefits?			
What does the policy cost per month/year?			
With inflation protection			
Without inflation protection			

MONICA LINDEEN
STATE AUDITOR AND INSURANCE COMMISSIONER
840 HELENA AVE.
HELENA, MONTANA 59601
(406) 444-2040 / 1-800-332-6148
Web site: www.discoveringmontana.com/sao

INSURANCE INQUIRY/COMPLAINT FORM

Your Name _____ Telephone # _____

Address _____
Street Address City Zip Code

Date of Birth _____ Social Security Number _____
Optional Optional

Insurance Company's Name _____

Policy # _____ Claim # _____

Policy Type: _____ Auto _____ Life _____ Health _____ Property _____ Other

Agent's Name _____ Date of Loss _____

Please indicate which of the following apply:

My complaint is against: _____ COMPANY _____ AGENT _____ ADJUSTER

- The company has unfairly rejected my claim or has not paid the full benefits to which I am entitled.
- The company has delayed processing my claim and I am unable to obtain a response from them concerning it.
- The company has not refunded premium money that I am due.
- I believe the company's action of cancellation or non-renewal of my policy is not justified.
- Other _____

Do you have an attorney handling this for you?

Please describe your problem in the space below. Enclose copies of papers and correspondence related to this problem. A copy of this form may be forwarded to the insurance company involved.

Signature _____ Date _____