

Have you thought about your Long Term Care needs?

Valuable Long Term Care Information

Provided for

By:

Your LTC Specialist

What exactly is Long Term Care?

Long term care is the type of care you or someone in your family may need if you can no longer take care of yourself; for example, if you needed help getting dressed, eating or bathing.

Where do I fit in?

The average American can expect to live 20-30 years more after retirement. It's nice to know that after so many years of laboring at

After the age of 65, Americans have more than a 70% chance of needing some form of long-term care.

Source: living long has its benefits, and its costs, San Diego Daily Transcript. Sept 26, 2003

the workplace, we'll have the time to enjoy and pursue our hobbies and interests. But the major concern these days is whether we will be able to afford this

lengthy retirement. You should ask yourself:

- What would my family do today if I needed some type of long term care?
- Would they be able to care for me at home?
- What if I needed nursing home care ?
- How would we pay for all of this?

How about my family?

Realistically, the time and financial demands of caring for ailing, elderly parents may be more than your children can handle. Can your children take the time away from their family and job to

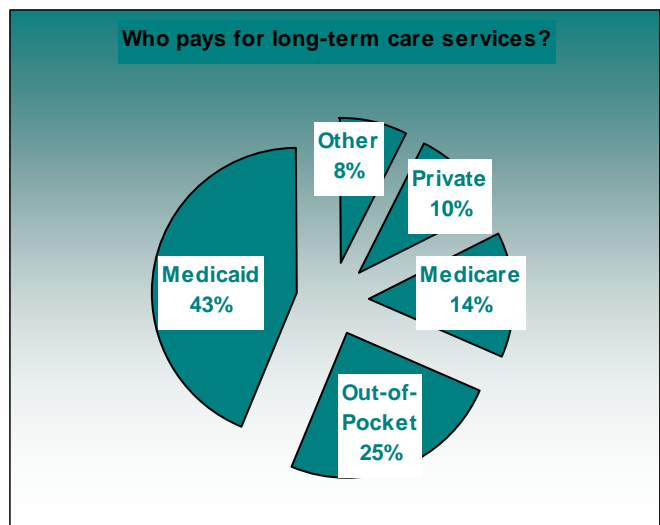
Family Caregivers who provide care 36 or more hours weekly are more likely than non-care givers to Experience symptoms of depression or anxiety.

American Journal of Public Health 2002

help care for disabled parent(s)? Consider this:

- 48.6% of people ages 65 and older may spend time in a nursing home. ¹
- 71.8% of people over age 65 may use some form of home health care. ¹
- National annual average nursing home cost is \$61,000.00. ²
- Extensive 24-hour-a-day home care can cost as much or more than a nursing home. ³

1. Health Insurance Association of America. 2002
2. Long-Term Care Facility Cost, Prudential Financial Global Market Research 2004.
3. Long Term Care Planning Guide United Seniors Health Council. 2001.



4. Department of Health and Human Services, HCFA Office of the Actuary, National Health Statistics Group, Personal Care Expenditures, 2001

Where could I receive Long Term Care?

One of the major benefits of planning for long term care is that you can decide where you would like to receive your care. In recent years, home health care has become a popular alternative to care in a nursing home. Other options include assisted living facilities and adult day care centers.

40% of people receiving Long Term Care are between 18 and 64.

Source: The ABC'S of LTC. 2003

Can I expect to receive help from Major Medical, Medicare and Medicaid programs?

Not much, if at all. Major medical insurance and Medicare, as well as Medicare supplements, are designed to pay for hospital, physician, surgical, rehabilitation, outpatient, and treatment expenses. These coverages were never designed to pay for long term care. They cover long term care when it is at the skilled level (acute care requiring nurses).

Medicaid does provide certain types of coverage. However, in order to qualify, you have to spend down your assets to the state's poverty level. It could take years to qualify, by which time most of your savings could be gone.

Is there anything I can do today?

In order to help ensure financial security, you must begin to plan today.

Most people don't begin until it's too late. The simple truth is, the closer you are to retirement, the greater your risk and need. Long Term Care

Insurance can help secure not only your financial future, but also that of your family and loved ones. A Long Term Care Insurance policy can help protect your assets from the rising cost of care, allowing you to remain financially and socially independent.

46% of those who have health insurance believe that this insurance would cover most of their long-term care costs.

Source: Long-Term Care. 2004

Medicare covers only 13.7% of long-term care costs on a national basis.

Source: Department of health and Human Services, 2001.

SIX MISCONCEPTIONS ABOUT LTC

#1. No one in our family ever needed long term care...neither will we.

The truth is that 43% of the over-65 population can expect to spend some time in a nursing home. (*Health Insurance Association of America "Guide to Long-Term Care Insurance" 2002*) At today's cost of between \$40,000 to more than \$100,000 per year, how many years would it take to have an impact on your savings and/or retirement plan?

#2. Medicare will cover us.

Medicare pays less than 13.7% of long term care expense (*Department of Health and Human Services, HCFA Office of the Actuary, National Health Statistics Group, Personal Care Expenditures, 2001*) Payment is made only after three days of hospitalization and only for up to 100 days. Medicare covers only skilled or rehabilitative care provided in a Medicare-certified "skilled nursing facility." Many people need custodial care, not skilled care.

#3. Our children will take care of us.

Realistically, the time and financial demands of caring for ailing, elderly parents may be more than your children can handle. In the past, women were the primary caregivers to elderly relatives. Now, nearly two-thirds of women work in the labor force. Today's adult children of elderly parents are sandwiched between educating their children and saving for their own retirement. Can your children take the time away from their family and job to help care for disabled parent(s)?

#4. There's always Medicaid.

Medicaid is the government's health care program for the poor. Medicaid patients forfeit all right of choice in type of care. Facilities that accept Medicaid-subsidized patients often have waiting lists. To qualify for Medicaid-subsidized long term care, a patient is required first to spend down all assets to the point of poverty, which may leave a spouse bankrupt.

#5. We've saved all our lives; we'll pay for our own care.

The current cost of nursing home care ranges from \$40,000 to more than \$100,000 per year, depending on where you live (*Mature Market Institute, "Met Life Market Survey on Nursing Home and Home Care Costs" 2002*) and home health care can cost over \$36,000 a year. Perhaps you have assets to cover these costs, but will the remaining spouse have to sacrifice many customary freedoms? A lifetime of savings could be wiped out by the high cost of long term care.

#6. My accountant says I cannot deduct my LTC premium as a business expense.

Many accountants are under the misunderstanding that the only way to deduct your Long Term Care premium is that it must be applied to your medical expenses and must be over the 7 1/2% of Adjusted Gross Income. The Federal Government now allows businesses to deduct long term care premiums for employees, spouses and dependents. The amount of the deduction depends on the corporate structure (C-Corp, LLC, S-Corp, Partnership or Self-employed).

SEVEN REASONS PEOPLE BUY LONG TERM CARE INSURANCE

- 1. To avoid depending on others for care***
- 2. To preserve independence and avoid welfare***
- 3. To avoid being a burden to family members***
- 4. To maintain access to quality care***
- 5. To avoid leaving a legacy of debt***
- 6. To protect assets and leave an estate for their heirs***
- 7. To avoid spending everything it took a lifetime to create***

An Approved Partnership Policy of the Connecticut Partnership for Long Term Care

Partnership Program

Participating Connecticut Long Term Care Insurance policies are certified by the Connecticut State Insurance Department. The goal of this program is for you and the state to share responsibility in Long Term Care costs so you may maintain your financial security and independence.

Medicaid Asset Protection

Medicaid is a state funded program available to pay for long term care only after you have exhausted most of your personal assets and income. This pre-certified Long Term Care Insurance Policy allows you to protect your assets, once you meet the minimum income and asset requirements and continue with Medicaid assistance.

Advantages of a Partnership Policy

Benefits paid under this policy can count towards Medicaid Asset Protection for purposes of Medicaid eligibility in Connecticut. Each Dollar that is paid under this policy can be protected from Medicaid spend down rules. When determining Medicaid eligibility, any assets you have up to the amount of benefits paid under this policy will be disregarded.

Benefits paid to you or a provider of Long Term Care services on your behalf under this policy can count towards Medicaid Asset Protection for purposes of eligibility for Connecticut's Medicaid program or any other state's Medicaid program that has a reciprocal agreement with Connecticut's Medicaid program (Indiana.)



THE CONNECTICUT PARTNERSHIP for LONG TERM CARE INSURANCE

To help you plan ahead for your long term care needs, the State of Connecticut has joined forces with private insurance companies to form the Connecticut Partnership for Long Term Care. Working together, this public/private partnership has created an innovative program that offers:

Quality, affordable long term care insurance —a way to get the care you need, without depleting all of your savings and while protecting your assets.

What are the chances I'll need Long Term Care?

More than half of all Americans who turn 65 years old will eventually need some assistance with daily living activities, either in a nursing home or in their own homes. A Partnership-approved Long Term Care insurance policy can help you plan for this possibility.

Won't my health insurance cover these costs?

Typically, Medicare and other medical plans only cover Doctors' fees and hospital stays—not ongoing or personal care. Medicaid will cover long-term care costs, but only after you have spent down most of your assets. Long Term care insurance from the Partnership is a safety net against this possibility.

How does the Partnership work?

If you buy long-term care insurance approved by the Connecticut Partnership, you can apply to Connecticut's Medicaid program to cover costs that could arise after your insurance policy ends, without having to drain all your savings first. That's because this program pairs private insurance with special Medicaid eligibility requirements to give you more control over your financial future.

For example, you may buy a policy that will eventually pay for \$150,000 in long-term care costs. If your long term care exceeds \$150,000, you can then apply for Medicaid assistance. Because you had a Partnership policy, Connecticut's Medicaid program would allow you to keep a portion of your assets equal to the amount your policy paid in services. In this example, you would be able to keep \$150,000 of your assets.

The Connecticut Partnership for Long Term Care is a joint public-private program which encourages individuals to plan for their long term care needs by purchasing insurance protection in the amount of assets he or she wishes to protect. If and when an individual exhausts insurance benefits, he or she can apply for Medicaid in Connecticut or an approved reciprocal state and each dollar that the insurance policy has paid in benefits will be subtracted from the assets the individual still has so that those assets would not be recognized or considered in determining the individual's eligibility for Medicaid in Connecticut or a reciprocal state.

CT PARTNERSHIP—LTC

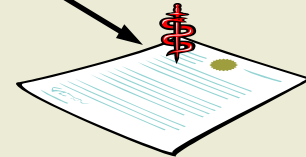
How your policy protects you!!



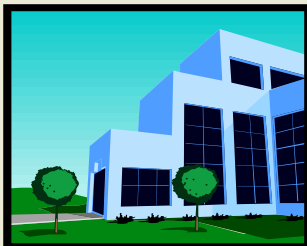
\$550,000



Nursing Home,
Home Health Care,
Assisted Living Facility



\$400,000
Total LTC Bill



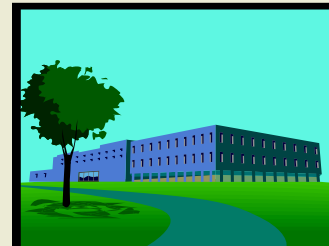
LTC INSURANCE
Carrier



LTC Benefits
paid by



Benefit Payment
Notification



Connecticut
MEDICAID Office



Dollar for Dollar
Asset Protection

\$400,000
Protected Assets

Your **CT Partnership LTCi Policy** protects your assets up to the benefit amount and avoids the spend-down requirements of the Connecticut Medicaid program.

EXAMPLE: If your estate is \$550,000 and your CT Partnership-Approved **POLICY** pays out a maximum benefit of \$400,000 (\$220 per day for 5 years), you would only be required to deplete the unprotected portion of your estate (which in this case would be \$150,000*) in order to qualify for CT Medicaid coverage of your ongoing LTC Expenses. The Partnership **POLICY**-protected \$400,000 is not included for Medicaid spend-down and is, therefore, available to use at your discretion. Without the CT Partnership the entire \$550,000 would have to be spent on your care before CT Medicaid would become available.