

November/December 2013 Elder Update

Long-Term Care Insurance:

Answering the Important Questions

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Long-term care insurance is perhaps one of the most valuable assets you can own. First, as you age, it becomes prohibitively expensive to purchase the insurance or you become uninsurable and cannot buy it at all. Second, the average cost of home care by a home health aide is nearly \$20 per hour, and you are living longer which means you will need the care over a long period. Home care could easily cost in excess of \$50,000 per year.

Long-term care insurance affords you the ability to remain as independent as possible without the worry of burdening your children and depleting your assets. Most importantly, the insurance affords you the flexibility to make the most critical decision in your life: where and how you are going to spend your remaining years. It is therefore essential that you understand how your long-term care policy works and how to use it. This article will address some important features of the policies.

Q. Years ago I bought a home care policy and now I am considering moving to assisted living. Can I use my policy in assisted living?

A. The answer is that in most instances, you can. Under Florida law, a licensed assisted living facility is considered to be a person's home. If the assisted living facility provides you with assistance with two or more activities of daily living such as bathing, dressing, ambulating, feeding, or transferring, your home care policy should cover the cost of that care. So, if you are considering moving to assisted living or you or someone you know has moved to assisted living and has been unable to secure policy benefits, you should have someone review your policy and advise you accordingly.

Q. What if I or a loved one can still physically function well and can perform daily functions independently but because of memory issues, we can't do what we used to do? Will our policy pay for an aide?

A. Yes. Long-term care policies must cover custodial care for people who suffer from dementia. So, even if you can physically dress and bathe yourself, but need prompting and reminding, and otherwise need someone around in case of an emergency, your policy will cover the costs of an aide.

Q. I need more care than my insurance company will approve. Is there anything I can do?

A. Yes. Frequently, after you have submitted a claim for home care benefits, the insurance company will either call you or send someone to your home to assess your need for care. Oftentimes, the insurance company will conclude you do not need as much care as you or your home health agency believes you need. If you have been properly assessed by your home health agency and your plan of care has been approved by your doctor, then you stand an excellent chance of reversing the insurance company's decision.

Q. I have a nursing home policy. I need care but I'm not ready for a nursing home. Can I use the policy at home?

A. It depends. In Florida, if your policy states that it is a “long-term care” policy, then it must include home care as well. If you are facing this dilemma, you should have someone review your policy and receive appropriate advice.

Q. I have been told that my insurance benefits have run out. Is there anything I can do to keep the policy working for me?

A. Yes. Most policies offer a feature called “restoration of benefits.” That means even though you have limited benefits, restoration of full policy benefits will occur under most instances if you have gone 180 consecutive days without receiving covered benefits. During the 180-day period, you will typically be required to pay premiums. This is a critically important policy feature. If you have used all of your policy benefits, you should have someone review your policy before you stop paying premiums.

All long term care insurance policies are not the same; be sure to consult your individual policy for specific coverage information.

Steven Dunn is a long-term care insurance lawyer whose father suffers from Alzheimer's. For more information about Mr. Dunn, visit his website at www.longtermcarelawoffice.com.