

The following document is an attempt to provide the membership with some basic information concerning the purchase of a long-term nursing care plan. This is not a comprehensive document but represents some of the basic issues and questions that the membership should be aware of and have answers to prior to purchasing any long term nursing care policy.

The first issue, which should be researched, is the financial soundness of any company whose policy you are considering by consulting the "Best" rating chart. You do not want to buy a policy from a company that might go out of business even before you claim benefits. AM Best Rating is one source you may consult. Seventy-five (75%) of all ratings from AM Best fall from A+ to C. The other twenty-five percent (25%) are classified as Not Assigned. * This material can be found in any local library. Another source is the Weiss Safety Rating, Inc. , who uses a stringent rating standard which measures the company against economic pitfalls from double-digit inflation to prolonged recession. A verbal report can be obtained from Weiss Safety Rating, Inc., which costs \$15.00, by calling toll-free, 1-800-289-9222. If you desire a written report, the company will supply you with a report for an additional fee. Weiss Safety Ratings address is 4176 Burns Road, Balm Beach, FL 33409. You may also acquire ratings of companies from Standard & Poor, Moody's, and D and P.

Below are some important questions one should ponder and obtain an answer prior to the purchase of a policy:

- Q. Does the policy require hospital admission immediately before going into a nursing care facility?
- Q. Are all levels of care covered--skilled, intermediate, custodial and assisted living? Medicare does not provide coverage for the latter three, however; some skilled nursing coverage is included.
- Q. Does the policy cover Alzheimer's disease, senility, and other forms of irreversible dementia?
- Q. Will the policy pay if you enter a nursing home due to the inability to perform several "Activities of Daily Living" (ADL)? If the policy only pays for nursing home care after an injury or illness, it may not be as useful.
- Q. Does the policy include a pre-existing clause? The more restrictive the pre-existing clause -- the less valuable.
- Q. Will the policy pay, in addition to any other insurance coverage, such as Medicare and the employer - based on the insurance that you have?
- Q. Is the policy guaranteed renewable and does the premium remain the same or increase with time? Some companies say they will increase premiums only if it is done for all policyholders in the same statewide class.

- Q. Does the policy contain a waiver of premium once you are admitted to a nursing home?
- Q. Are the benefits paid for a period after returning home from a nursing care facility?
- Q. Do you receive some level of benefits for services provided outside a nursing home? Examples would be, licensed agencies to provide Home Health Care, Adult Day Care and other types of services.

Carefully review the definition section of the policy (nursing home, cognitive impairment, etc.) All policies contain a definition section that can give you the answers to some of the above questions.

In addition, you will be required to make choices on available options. These decisions will greatly affect your premium payments. Keep accurate records on the various policy options so that you may make appropriate comparisons.

- (1) Selection of deductible period. When does coverage begin to pay once entering a nursing home: 20 days or 100 days?
- (2) Length of time for which you will receive coverage: two years, three years, 4 years, or unlimited?
- (3) Daily benefit amount: \$20, \$50, and \$80?
- (4) Some companies offer an annual cost of living adjustment to maintain the daily benefit level as costs increase.

Confused? There is no simple method to explain all of the issues involved with long term nursing care. If you are seriously considering purchasing a long term nursing care policy, discuss the questions provided here and any others you and your spouse think are important with the insurance agent. Information is critical in making this decision. Also, provide the agent with accurate information about you and your spouse and see that he notes it. People have been denied benefits for withholding information.

COMPARING LONG TERM NURSING CARE POLICIES

This comparison permits room to compare two (2) different policies.

	<u>1st Policy</u>	*	<u>2nd Policy</u>
Company Name	_____	*	_____
Policy Name	_____	*	_____
Policy Number	_____	*	_____

As you begin to compare policies to select which one gives you the most at the least cost, this form should assist you in comparing "apples to apples" between policies with some of the most important benefits and options levels which may be included in the policies.

Are Skilled, Intermediate, Custodial Care and Assisted Living covered with the same dollar amount?

Yes _____ No _____ Yes _____ No _____

Does the policy cover qualifying stays which result from:

1. Alzheimer's Disease?

Yes _____ No _____ Yes _____ No _____

2. Similar forms of senility or irreversible dementia?

Yes _____ No _____ Yes _____ No _____

Is a subsequent hospital stay required for nursing home benefits?

Yes _____ No _____ Yes _____ No _____

If yes, number of days?

_____ * _____

Are premiums waived during an inpatient nursing home stay?

Yes _____ No _____ Yes _____ No _____

If yes, after how many days?

_____ *

Are daily benefit levels adjusted on an annual basis to keep pace with inflation?

Yes _____ No _____ Yes _____ No _____

If yes, after how many years?

_____ *

What is the ceiling of the cost of living adjustment (COLA)? Some policies have a 100% ceiling; i.e., if the original benefit has \$80.00 per day it could go no higher than \$160.00 per day.

_____ *

Is there an extra premium cost the COLA benefits?

_____ *

Does the cost of living adjustment (COLA) start when you enter the nursing home (many times this could be ten more years after you purchase the policy)?

Yes _____ No _____ Yes _____ No _____

Or date of purchase?

Yes _____ No _____ Yes _____ No _____

How often is a COLA given?

_____ *

Does the COLA stop at any given age?

Yes _____ No _____ Yes _____ No _____

If yes, at what age?

Yes _____ No _____ Yes _____ No _____

Is there a annual cap of the COLA?

Yes _____ No _____ Yes _____ No _____

If yes, what is the cap?

_____ * _____

***** If the policy is NOT satisfactory at this point, there may not be any need to complete this form. *****

Can coverage be canceled?

Yes _____ No _____ Yes _____ No _____

If yes, when?

Yes _____ No _____ Yes _____ No _____

Is there a "Guaranteed Renewable" clause?

Yes _____ No _____ Yes _____ No _____

Important Considerations --- Policy Restrictions

Elimination of, or waiting period for the following:

1. Nursing home care?

_____ * _____

2. Home health care?

_____ * _____

3. Preexisting conditions?

_____ * _____

Is a subsequent nursing home stay required for home health benefits?

Yes _____ No _____ Yes _____ No _____

If yes, how many days?

_____ *

Can you receive coverage anywhere in the U.S.?

Yes _____ No _____ Yes _____ No _____

Could a rate hike be contingent upon a renewal?

Yes _____ No _____ Yes _____ No _____

Can the premium be increased over time or under other circumstances?

Yes _____ No _____ Yes _____ No _____

If yes, under what circumstances?

Is a subsequent skilled nursing home stay required before the policy will pay for:

1. Intermediate care?

Yes _____ No _____ Yes _____ No _____

If yes, number of days required?

_____ *

2. Custodial care?

Yes _____ No _____ Yes _____ No _____

If yes, number of days required?

_____ *

3. Assisted living?

Yes _____ No _____

Yes _____ No _____

If yes, number of days required?

_____ * _____

What is the age range for enrollment?

_____ * _____

Does the policy require:

1. Your physician's certification of need?

Yes _____ No _____

Yes _____ No _____

2. The insurance company's agent to make a certification of need (may be based on a functional assessment).

Yes _____ No _____

Yes _____ No _____

What are the exclusions listed in the policy?

Does the policy provide home health care?

Yes _____ No _____

Yes _____ No _____

Limitations and special features?

Policy Premiums Comparisons

For comparisons you may wish to use a \$100 a day benefit for a stay in a nursing home. Please use the ages of you and your spouse.

1st Policy _____

Annual Cost	Male	Female
1 year stay	\$ _____	* _____
2 year stay	\$ _____	* _____
3 year stay	\$ _____	* _____
4 year stay	\$ _____	* _____
Lifetime stay	\$ _____	* _____

Special Features: i.e., premium refunds, policy pays benefits on the actual nursing home charges, etc.

2nd Policy _____

Annual Cost	Male	Female
1 year stay	\$ _____	* _____
2 year stay	\$ _____	* _____
3 year stay	\$ _____	* _____
4 year stay	\$ _____	* _____
Lifetime stay	\$ _____	* _____

Special Features: i.e., premium refunds, policy pays benefits on the actual nursing home charges, etc.