

CHAPTER 17

LONG-TERM CARE INSURANCE (LTCI)

Although most adults expect to remain healthy and independent throughout their lives, many will develop chronic illnesses or conditions that require care over a prolonged period of time. Such care can range from in-home care assistance, including social and adult day health programs, to care in assisted living or continuing care facilities, nursing homes or hospice. Care in all of these settings is very expensive.

According to the Genworth's 2024 Cost of Care Survey, in Massachusetts, the median cost for home care is \$7,607 per month. Many will transition to an assisted living setting, with a median cost of \$7,476 per month. Dementia units typically cost an additional \$2,000–\$4,000. Semi-private rooms in nursing homes have a median cost of \$14,372, and private rooms, \$15,330. In addition to the costs of facility care, those who can afford to supplement their care with private caregivers will often choose to add this expense to have care personalized, unrushed and scheduled.

While the average duration of long-term care is 2.2 years for men and 3.7 years for women ([longtermcare.gov](https://www.longtermcare.gov)), it is important to know that long-term care is not a “bell-shaped” curve, where the middle represents the highest utilization of care. It is a “U-shaped” curve, where those who are less healthy use less than a year of benefits and those who filed a claim and are in the claim process for more than a year are more likely to require four or more years of care. Nearly 16 percent of claims last more than five years. (Long Term Care Claim Experience Data for Genworth Life Insurance Company and Affiliates, Dec. 1974–Dec. 31, 2023.)

A. DEFINING LONG-TERM CARE INSURANCE

Long-term care insurance (LTCI) is insurance that protects against the possibly devastating costs of long-term care. LTCI helps pay for the cost of care in both private home settings and private facilities, preserving retirement assets, income streams, promoting greater choices in care, and minimizing the burden on family and friends. LTCI is defined and regulated by law by the Massachusetts Division of Insurance (DOI). 211 CMR 65.00.

B. QUALIFYING FOR BENEFITS

To qualify for benefits under an LTCI policy to help pay for care, the policyholder needs stand-by or hands-on assistance for at least two daily living skills, including bathing, dressing, toileting, continence, transferring and feeding oneself (from table to mouth). Older policies may only have five daily living skills identified, with bathing being excluded. Benefits can also be triggered when one requires substantial supervision due to a severe cognitive impairment. Many people may require some form of home care support prior to being eligible for benefits under their long-term care policy. While the bar appears high to qualify for long-term care insurance benefits, 50% of policyholders will use their LTCI insurance benefits with a 0-day elimination period, and 35% of insureds will qualify for their benefits with a 90-day elimination period. (American Association for Long-Term Care Insurance, November, 2024)

C. TRADITIONAL HEALTH INSURANCE DOES NOT COVER LONG-TERM CARE

Original Medicare, Medicare supplements, Medicare Advantage plans and ordinary health insurance generally do not cover long-term care expenses. As a result of this gap in coverage, the cost of long-term care is most often borne by the individual, who is forced to privately pay until they qualify for MassHealth (Massachusetts Medicaid) long-term care coverage in the community or in a nursing home. If an individual is receiving MassHealth benefits, under certain circumstances, a lien can be placed upon their home during life, and the home may be subject to an estate recovery claim at death. Due to the potentially devastating costs associated with long-term care and the strict asset requirements of MassHealth eligibility, many people seek LTCI to help pay for these costs and for home care to keep them home longer. Massachusetts provides an incentive to homeowners seeking LTCI with a law that provides an exemption for the home from estate recovery for certain traditional LTCI policies.

D. MASSACHUSETTS MASSHEALTH EXEMPTION

A significant benefit to a traditional LTCI policy (in contrast to a hybrid policy) is that Massachusetts law and MassHealth regulations allow for an exemption against a post-death claim by MassHealth for recovery of MassHealth benefits paid during the life of the policyholder, typically for nursing home care, but also other long-term care costs. (M.G.L. c. 118E, section 33.) This exception does not prevent a lien from being placed on the property, so if it is sold during the insured's lifetime, MassHealth will be entitled to recover any benefits paid from the proceeds of the sale. However, upon the death of the insured, the exemption will prevent MassHealth from recovering the benefits it paid when the home is inherited by the applicant's beneficiaries through the probate process. (Note: The LTCI exemption exempts collection of long-term care costs, but not everything. For instance, the exemption does not include ordinary medical bills, like hospitalizations, that may have been incurred by a person on MassHealth medical insurance.)

E. PROTECTION OF THE HOME

This exemption protects the primary residence (the "home"), provided that the LTCI policy meets certain minimum requirements at the time a claim is made for benefits under the policy:

1. Includes coverage for nursing home care for at least 730 days;
2. Pays at least \$125/day for nursing home care; and
3. Has an elimination period (deductible) of 365 days or less.

Note that the exemption will apply to a later nursing home stay even if the policyholder does not go into a nursing home when a claim is made and utilizes home care benefits under the policy beforehand. In order for the exemption to apply for nursing home care, there must be some small amount of benefits still on the policy prior to the date of admission to the nursing home.

The LTCI policy only protects the person insured and not their partner or spouse. However, a couple can obtain shared protection if a shared policy is obtained offering at least four years of benefits between the partners.

The cost of a LTCI policy that would meet this minimum is very small. For a 50-year-old couple of standard health, the cost would be less than \$100/month in total, regardless of gender. A 60-year-old couple's cost would be \$141/month. A 50-year-old male's cost would be \$37 a month, and a 60-year-old male's cost would be \$55 per month. A 50-year-old female's cost would be \$61 a month, and a 60-year-old female's cost would be \$91 per month. (National Guardian Life Insurance Co., October, 2024). Under regulations of the DOI, a notice must be attached to the first page of all LTCI policies in Massachusetts that says whether the policy is or is not intended to satisfy the Massachusetts LTCI exemption. 211 CMR 65.09.(1)(e).

F. HISTORY OF LONG-TERM CARE INSURANCE

Long-term care was first offered in the late 1970s, and the actuarial assumptions were, in part, based on life and disability statistics. Unfortunately, almost all the actuarial assumptions were incorrect and LTCI was grossly underpriced. This is not an uncommon phenomenon with new insurance products. Most people don't know that disability insurance went through the same growing pains as LTCI, with massive rate increases and most insurers leaving the market in the late 1980s. Today, the disability market has been stable for more than 20 years. LTCI is going through the same growing pains. Because the earlier policies were grossly underpriced, rate increases have been necessary to keep the insurance companies stable to be in a position where they can keep their promises and pay out claims. The longer companies held off in requesting rate increases and correcting for the premium deficiencies, the greater the deficits became, and the greater future rate increases required to maintain the ability for the company to pay future claims. Many of these old products will have to endure many phases of rate increases.

LTCI companies have corrected their actuarial assumptions and the industry has stabilized. Pricing has been stable for the traditional LTCI products issued in the last 12 years. (LIMRA 2024.) Some companies have had rate stability for even longer than that, and one has never had a rate increase on existing policyholders and guarantees their 10-pay premium. Hybrid LTCI products have guaranteed limited-pay premiums,

and a few products offer guaranteed lifetime premium payment options.

1. **Massachusetts Division of Insurance Actions:** The DOI, which regulates Massachusetts LTCI policies, has no legal basis to regulate out-of-state policies. However, the division has greatly limited rate increases on many older, underpriced products compared to most other states.
2. **Managing Older Policies with Rate Increases:** The older policies that were grossly underpriced are still of great value even with large rate increases. However, this may be of little comfort when the new premiums become unaffordable or the unknown of future rate increases impairs future estate planning. It is important for consumers to discuss rate increases or settlement options with a trusted advisor, LTCI specialist or attorney before making the decision to reduce benefits to avoid a premium increase. To reduce the premium cost, there may be options to reduce the daily/monthly benefit, inflation protection benefit duration, or increase the elimination period. Most often, it is best to keep the policy benefits originally purchased and pay the additional increases. However, if there is a need to reduce the benefits, it is not recommended to extend the elimination period. Typically, the difference in premium does not justify the additional out-of-pocket expense. Depending on age and health, it is recommended to reduce the daily/monthly benefit or the inflation protection. (Note: Some insurance companies have identified that reducing the inflation protection will likely reduce the percentage of future rate increases.) Decreasing from an unlimited policy to a limited benefit policy may also help reduce the extent of future rate increases. It is important to remember that long-term care is a U-shaped curve, and those policyholders who live past a year are more likely to require four or more years of care, so deciding to reduce duration of benefits based on long term care averages may not be prudent. Long-term care is expensive, and every tax-free dollar received from an LTCI policy provides consumers with more flexibility and care options as they age.
3. **Policy Lapse Notification:** It is important to make sure a policyholder has a person identified with the insurance company in case a payment is missed, or the policy becomes in danger of lapsing. Lapsing of policies may occur because of a changed address, changed bank account or a cognitive impairment. It is important to make sure not only that a third party has been identified, but also that the information for that third party stays up to date. A policyholder can identify more than one person with the company for this type of notification.
4. **Today's Long-Term Care Insurance Policies:** Newer policies are comprehensive, covering home care, adult day care programs, assisted living, nursing home and hospice. Almost all policies in Massachusetts include an alternative plan of care that allows the company to approve other services not identified in the contract that would be helpful and are cost-effective. Older policies may be limited to either home care only or nursing home only. Cash policies do not require invoices for claims to be paid. Cash benefits are deposited monthly into the insured account to be used by the insured without review.

Note that LTCI is underwritten, which means those applicants with chronic illnesses will have more limited options or be denied coverage from most LTCI companies. However, new products are coming on the market, including a traditional LTCI policy that offers simplified underwriting; and a guaranteed single-premium hybrid annuity product.

G. IMPORTANT FEATURES TO CONSIDER WITH LONG-TERM CARE INSURANCE

1. **Types of Care Covered:** While most of today's policies are comprehensive, older policies may be defined as "nursing home only" and will not cover care received at home or in an assisted living facility. There may be unique situations that allow for a "nursing home only" policy to pay for a secure memory unit in an assisted living setting. Others that are defined as "home care only policies" will not cover any facility settings or pay for home care to be provided in an assisted living or nursing home setting. The older policies that include both home care and nursing home coverage will typically include an assisted living setting based on the definition of the "nursing home" in the contract.

Home Care (HC): Care covered by LTCI may be identified as a Skilled Home Care Agency, Home Care Services, or home care services (the capitalization does make a difference). The distinction is critical prior to using services. Independent care providers need to be identified specifically in the policy to be a covered service. In Massachusetts, home care agencies are defined as employment agencies, and consequently, it is easy for an independent provider to become an agency and fulfil the agency definition. This gives additional flexibility to LTCI policies in Massachusetts that require agency caregivers.

2. **Benefit duration:**

Today's policies have pooled benefits: If less than the daily benefit is used, and benefits are pooled, then those unused, remaining benefits will extend the policy duration. As an example, if a policy has a \$200-a-day benefit and a three-year duration, the total value of benefits is \$219,000 ($\$200 \times 365 \times 3$). If less than \$200 a day is used, then benefits will last longer than three years (until the 219,000 is exhausted). If exactly \$200/day is used, then benefits will end at the three-year mark.

Older policies may have a fixed duration benefit: These policies identify a specific number of years of benefits regardless of the percentage of benefits utilized.

The minimum benefit duration to purchase in Massachusetts is two years, which is consistent with the Massachusetts MassHealth Exemption Law (see section D). Different companies offer different benefit duration. They may be two, three, four, five, six, eight or unlimited benefit durations.

Shared Benefits: Many policies offer shared benefits between partners. The way in which companies allow partners to share benefits is not the same. Some policies allow a couple to share the entire pool of benefits; either partner may use the full pool, leaving nothing to the other partner. This type of benefit-sharing provides the maximum protection to the healthy spouse, protecting the assets for their lifestyle with the intent that if the benefits are all used up, the estate can be spent down for the second spouse. Another option allows sharing but requires that one or two years of the pool be held for the healthy spouse. And still another option provides a pool for each partner and an additional pool of benefits that can be used by either spouse.

3. **Benefit Duration Factors to Consider:** Most people will need to “co-fund” their long-term care expenses. This means that if the cost of care is more than the daily/monthly LTCI benefit, the insured needs to supplement the difference out of their own pocket. This is an important concept, as longer benefit periods may be a waste of money if there are not adequate reserves to co-fund the cost of care for the full policy duration. In this case, it may be better to get a higher daily/monthly payout for fewer years. For those who have the financial resources to help pay for their own care, paying for benefits for six years or longer may be better, as longer care periods are more likely to help preserve assets, and these policies provide the greatest leveraging of premium, meaning more benefit for the cost.
4. **Inflation Protection:** Inflation benefits are purchased when the policy is issued. Inflation protection may be purchased as part of the level premium or purchased over time for an additional premium. Inflation benefits may be based on the CPI (consumer price index), or purchased with a fixed 3% or 5% simple inflation or anywhere from 1% to 5% compound inflation that may annually increase for a lifetime or for a limited period, for example, 10, 15 or 20 years. There are also inflation options that can be modified in future years priced at the newly attained age. For annually purchased benefits, it is recommended to identify if the future inflation option is impacted by age. For policies that increase by age, it is important to keep track of increasing premium, because as age increases, premiums can get out of control, and the cost vs. benefit needs to be watched.
5. **Elimination Period:** The elimination period (sometimes referred to as a “waiting period”) is the deductible period before claims are paid. It is the time that must elapse after a benefit-triggering event has happened and before coverage starts. The elimination period can be an expensive and frustrating period, although it typically will only need to be satisfied once. By law, the elimination period cannot be greater

than 365 days, and each day the insured receives any service would be applied against the elimination period. Individual policies cannot require that elimination periods be satisfied within a specified period of time or that days be consecutive.

Calendar-day elimination periods are a countdown of days from the day the policyholder meets the criteria for a claim. If it is a “reimbursement policy,” then the covered services must be received on day one to trigger the start of the elimination period countdown. In other words, the trigger to start the calendar-day countdown is the start date of covered services (as defined in the policy), whether that be at home, in adult day care, in an assisted living facility or in a nursing home.

On the other hand, if it is a “cash” policy, the elimination period qualification may start as soon as the definition of long-term care in the policy is met.

Service-day elimination periods are fulfilled by each day that a billed service is received and meets the definition of benefits paid by the policy. If the elimination period is 90 days, it would require 90 days of paid qualified services to fulfill the elimination period. If only three days a week of care was used, this would more than double the time before the policyholder would be eligible to receive benefits.

Some policies allow one qualified day of paid service during a week to satisfy one full week. In this instance, the elimination period could be satisfied sooner, with potentially less out-of-pocket expenses, than if a covered service was required to be received each day to satisfy the elimination period.

For most policies, rehabilitation days funded by Medicare will help satisfy the fulfillment of the elimination period IF these days are in a skilled nursing facility.

- 6. Elimination Period:** The elimination period or “EP” is one of the most misunderstood provisions in LTCI policies. Even if there is a 90-day EP, the claim process should be started immediately. A policyholder must be approved for benefits for any days to be counted toward the EP, and providers must also be covered under the policy. With some policies, caregiver training, respite care and equipment benefits may also be funded prior to the completion of the elimination period.

Waiver of the home care elimination period is a policy benefit that allows for services to start typically on day one or day 20 of receipt of qualifying care, when provided in the home. Some policies allow that this paid home care period counts against satisfaction of the facility elimination period as well.

For some LTCI policies, the waiver of the home care elimination period was built into the policy (rather than being an additional feature carrying additional cost), but the home care elimination period waiver may not fulfil the overall LTCI elimination period for facility services.

Hospice: Most policies require that the elimination period be fulfilled prior to receiving benefits for hospice services. However, a few carriers will fund hospice on day one of the claimant’s qualifying for benefits. (Note: If it is a life insurance based LTCI policy, in most states, the death benefit can be accelerated during this period.)

- 7. Medical Equipment:** Medical equipment is often covered by Medicare and may also be included in the benefits of an LTCI policy. Before any medical equipment is purchased, it is recommended to check to see if Medicare will cover it. If not, a claim should be filed under an LTCI policy. If the claim is approved, eligible expenses will qualify if purchased and approved after the initiation of the claim. Depending on the LTCI policy, payments under this benefit may be subtracted from the back end of policy benefits.

8. Options for Benefit Payments:

This provision defines how the daily or monthly benefit will be paid when the policyholder qualifies for benefits. Policies pay benefits in one of three ways:

- Reimbursement
- Indemnity
- Cash

Reimbursement policies are the most common and pay based on eligible expenses, up to a daily or monthly maximum. The key word here is “eligible,” and it requires the policyholder to fully understand the types of services the carrier will reimburse. For example, one carrier may pay for an independent aide while another will require that services be provided through a professional home care agency.

An indemnity policy pays the full daily benefit if one hour of service is required. Monthly indemnity policies typically pay based on the number of days in which services are utilized each month regardless of the actual expenses incurred.

Cash indemnity policies pay a monthly benefit regardless of services utilized or actual expenses.

H. NEW OPTIONS FOR LONG-TERM CARE

- 1. Hybrid LTCI Policies:** Traditional LTCI products are “use or it lose it,” meaning if the policy benefits are never used, the premiums paid are lost. Hybrid LTCI policies are LTCI products that leverage the benefits for long-term care, but are built on a life insurance or annuity platform so that a death benefit is also available. Hybrid LTCI products with a life insurance platform typically require less underwriting than traditional insurance, and hybrid LTCI products with an annuity platform require less than those with a life insurance platform. Originally, Hybrid LTCI products were more expensive than traditional LTCI policies, but with the rise in interest rates over the last few years, the cost of hybrid products has dropped and costs are much more competitive with traditional LTCI. In fact, for individuals, limited-pay hybrid LTCI may be more cost-beneficial than traditional LTCI. Hybrid policies are most competitive when paying over a reduced premium period of 20 years or less. Some hybrid policies only accept single premiums. An advantage of the hybrid is that several of these products provide cash benefits, guaranteed premiums and a death benefit. If a person can afford and wants to fund a product during their working years and be done paying prior to retirement, the hybrid is worth comparing since it may be about the same premium with all the added benefits of cash flexibility, and a death benefit. It needs to be restated, though-hybrid policies may NOT provide home protection under the Massachusetts MassHealth Exemption Law discussed above. However, buying a traditional LTCI product for home protection, together with a hybrid LTCI product for long-term care protection generally, may give the best overall protection.
- 2. Life Insurance with LTC Riders:** New LTCI policy options have become available in Massachusetts that provide a competitive LTCI option as an employee benefit, especially for younger employees and those with uninsurable conditions. Life insurance with an LTCI rider is a life insurance product that allows for acceleration of the death benefit for LTC expenses with an additional extension of benefits for LTC. There is no inflation benefit on this product. It is important to compare traditional and hybrid LTCI products when these benefits are offered at the employer site to make sure the most appropriate benefit is being obtained based on the individual situation. Again, these life insurance riders may NOT provide home protection under the Massachusetts MassHealth Exemption Law discussed above.
- 3. Other Alternative Products:** Because LTCI is an underwritten product, many will not be eligible for qualified LTCI products. However, there are alternatives that may be helpful in long-term care planning. A home care contract is available that is designed to help keep people in their own homes, and benefits become available as soon as any home care is required. (This can be used in conjunction with qualified LTCI policies to fund care before one may qualify for LTCI benefits.) Long-term care hours are purchased in bulk at a discounted rate. If one is still independent in all aspects of their personal and community care and still driving, regardless of diagnosis, they can be eligible to apply for this home care product. Annuities with long term care riders are another approach to funding long-term care without underwriting, as long as no care is required when purchased. (Note: LTC riders on annuities do not always cover home care, and most do not identify cognitive impairment as a trigger.) Depending on the state, if a policyholder has a second home, there may be a qualified LTCI annuity that is a guaranteed-issue, single-premium product, and is worth investigating.

I. MISCELLANEOUS LTCI ISSUES

1. International Benefits:

There is limited access to international benefits on most traditional LTCI policies. However, there are several hybrids that offer international benefits, and they all differ on how they are implemented and have access to the total pool of money. If considering living outside the United States, you should discuss this with an LTCI your agent prior to purchasing a policy.

For individuals who do not itemize deductions, no income tax deduction is available for LTCI.

2. IRS does not treat LTCI benefits as income:

Benefits received from an LTCI policy for reimbursement for care is not included in income [IRC Section 104(a)(3), 7702B (a)(2)], but if the contract provides for a per-diem reimbursement, the exclusion is limited to \$410 per diem for 2024, unless the policyholder can prove eligible long-term care expenses greater than that amount. Insureds will receive a 1099-LTC from the insurance company that appears to be income. The companion form 8853 offsets the income and should be filed with their tax return.

3. LTCI payments are not deemed income when applying for community MassHealth benefits:

In a MassHealth Fair Hearing decision from 2020, a hearing officer concluded that MassHealth's position that LTCI benefits constituted countable income in determining eligibility for community benefits under the FEW (Frail Elder Waiver) was incorrect. The decision was not appealed by MassHealth and stands for the proposition that benefits paid from an LTCI policy that constitute repayment for incurred medical expenses are not countable income for FEW eligibility purposes. However, it is important to note that past rulings may be a model for future cases, but do not guarantee the same decision.

Under IRC Section 7702B (a)(I), LTCI is treated as an accident and health insurance benefit. For those who itemize deductions, premiums may be deductible.

4. LTCI Deductions.

For individuals who do not itemize deductions, no income tax deduction is available for LTCI. For individuals who do itemize, there are deductions available.

For 2025, individuals who are self-employed, those who receive a 1099, or employees using a Health Savings Account (HSA) may deduct LTCI premiums paid up to \$5,880 against federal income taxes. Deductions for qualified LTCI policies are age-based, ages 71 and older — \$5,880, ages 61 to 70 — \$4,770, ages 51 to 60 — \$1,790, ages 41 to 50 — \$890 and ages 40 and under — \$480. For individuals who do not have 1099 income or an HSA account, the LTCI premium can be added to their other deductible medical expenses and count as a medical expense deduction if the total exceeds 7.5% of their adjusted gross income. Benefits are tax-free even if the premium is taken as a tax deduction. (American Association for Long-Term Care Insurance, November, 2024.)

Under regulations of the DOI, a notice must be attached to the first page of all LTCI policies in Massachusetts that say whether the policy is or is not intended to be a federally qualified long-term care insurance contract under the IRS regulations. 211 CMR 65.09.(1)(e).

Business owners may take 100% of the premium as a tax deduction for policies purchased for their employees and spouses and benefits remain tax-free, which is the same treatment for health insurance. Employers may also pay the premium on specific classes of employees vs. all employees. Known as executive carve-out, and classes may be defined as a specific salary range, tenure or job title. A class cannot be defined by age or sex. Plans purchased at work are fully portable. Self-employed business owners (sole proprietors, partnerships, LLCs, S-Corps) are allowed an age-based, first-dollar tax deduction for themselves, spouses and dependents, whereas so-called C-Corporation owners may deduct 100% of premium, including limited pay plans, for themselves, spouses and dependents. Consult with a tax advisor for more information.

J. WHEN TO PURCHASE LONG-TERM CARE INSURANCE

Purchasing LTCI has less to do with age and more to do with a person's financial situation and should be discussed with a financial advisor. Most people will benefit from some form of LTCI either to leverage their assets, create a pool of care funds outside of managed assets, or to take advantage of additional state protections. When a person can determine that their present financial path of income, expenses and savings will make them self-sufficient in retirement, it is time to consider LTCI. Purchasing LTCI while one is healthier provides more options at lower cost. The biggest risk of waiting is becoming uninsurable; the second biggest risk is the increasing cost with older ages.

If finances are tight, unless home protection under the Massachusetts MassHealth Exemption Law (see above) alone is important, then LTCI is not recommended. For very wealthy individuals, who do not care about leveraging assets or leaving anything behind to family or charity, it may make sense to self-insure. For those who must consider LTCI in the context of many competing expenses (saving for retirement, college expenses etc.), it may make sense to purchase policies with future purchase options so that health is protected and, when finances are more liquid, additional benefits can be purchased without additional underwriting. However, the additional benefits will be priced at attained age and can eventually render the policy more expensive than including inflation at purchase. That said, it often makes sense to purchase LTCI at least by the 50s as premiums are more reasonable and health is less likely to change.

While there are traditional policies that can be purchased as young as 18 years old, greater options become available at age 30.

Providing an LTCI plan for an adult child is a way of protecting an adult child's ability to have quality options and care as they age. Using gift exclusions, limited-premium LTCI policies can be purchased and paid up in full as part of the estate plan. For example, a 30-year-old male paying \$10,000 annually for 10 years into a hybrid policy would have over \$2.2 million in a cash LTCI benefit by age 80 years old and, if never used, a tax-free death benefit to his heirs. (Nationwide quote software 10-24.)

Noncancelable: LTCI policies cannot be cancelled unless premiums are not paid, however, most traditional policies do have the flexibility to raise rates on existing policyholders as approved by the state in which the policy was purchased. There are now many options for guaranteed-premium products.

K. MAKING A CLAIM UNDER LONG-TERM CARE INSURANCE

When an insured is ready to submit a claim to their insurer, the individual or their power of attorney must call the insurance company to initiate the claim. A family member or representative can only handle a claim if they have a valid power of attorney in place. The insurance company will then send claim forms for the policyholder and caregivers to complete. They will also request medical records from a primary care physician, and if additional information is required, they may request documents from any other specialty medical providers. An on-site assessment may also be required in the home or facility. When a call is made to initiate a claim, the claims specialist should provide a summary of benefits. It is always good to confirm benefits at the time of the claim and get clarification on any questions.

The claims forms should be totally and accurately completed. It is also a good idea to get a copy of medical records to make sure that medical and care needs are well documented. Medical records are often inaccurate or lacking critical information, complicating the claims department's decision-making process. Claims can be denied due to inaccurate or incomplete medical records. Processing times for claims typically take 30 days from the receipt of the last piece of information. This means the overall process can take up to several months if information is not received in a timely manner. An appeal can add another 60 days or more. It is important to make sure claims documentation is accurate with the first claim form.

If the LTCI agent is still accessible, it may be appropriate to reach out to that agent for assistance with filing the claim. There are specialists who can be hired to help individuals through the claims process. A policyholder or representative should be proactive in following up on the claim during the decision process to verify that all documentation has been received and there is no outstanding documentation that can hold up claims. Most companies have websites in which documentation can be uploaded directly to their site.

This is the most effective way to work with a claims department. If there is a choice of email or fax, email is typically best. If fax is necessary, a call should be made 24 to 48 hours after the fax has been submitted to ensure that it has been received. While claims typically take about 30 days, they can be approved in as fast as two weeks when documentation received is clear, consistent and complete. Some companies have limited paper documentation and rely on home assessments. If the insured has better and worse times of day, it is best to schedule these assessments during the “worst” performing part of the day. It may also be wise to have a care manager present during home assessments, to help the evaluating nurse from the LTCI company document the most accurate information regarding the insured’s functional abilities.

L. CLAIM DENIALS

If a claim is denied by the LTCI company, the policyholder or their legal representative should immediately reach out to an attorney or a long-term care expert specializing in insurance claims.



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