



Long Term Care University

Long Term Care University – Question of the Month

By Aaron Skloff, AIF, CFA, MBA

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Q: What are the Top 6 most Frequently Asked Questions (FAQs) about the California Partnership for Long Term Care?

The Problem – Understanding the California Partnership for Long Term Care (CAPLTC)

Most long term care (LTC) insurance policies provide a limited amount of benefits. Even most lifetime benefit policies generally have a daily, monthly or annual limit. The cost of long term care after a policy has been exhausted can be financially devastating for you and your family. To compound the problem, assistance in the form of Medicaid is generally limited to the impoverished.

The Solution – The California Partnership for Long Term Care (CAPLTC)

With a CAPLTC insurance policy, after you have used all the benefits of your policy you can apply for Medi-Cal (Medicaid) with ‘asset disregard’, allowing you to keep assets that would otherwise be disallowed. The amount of assets Medi-Cal will disregard is **equal to the amount of the benefits you actually receive** under your LTC Partnership Qualified policy, without a “look-back” (waiting) period. This type of disregard is often referred to as **Dollar for Dollar**.

Question 1. Will my CAPLTC policy pay for long term care both inside and outside of California?

Answer 1. Yes. CAPLTC policies will pay for long term care **both inside and outside of California**.

Question 2. After using up my CAPLTC policy’s benefits, will Medi-Cal pay for my long term care services in another state?

Answer 2. No. You must be a California resident to purchase and receive Medi-Cal benefits. But, you can buy a CAPLTC policy, move to Arizona or any other state, use up your policy’s benefits over a number of years in Arizona or any another state, then return to California to receive a lifetime of long term care paid by Medi-Cal – while protecting the same amount of your assets as your CAPLTC policy paid in benefits.

Question 3. Which of my assets are not protected under the California Partnership for Long Term Care?

Answer 3. None. Assets equal to the benefits paid by your CAPLTC policy are protected away from Medi-Cal. This includes your cash, savings accounts, investments accounts, 529s, homes, art collections and inheritances.

Question 4. Are my assets protected outside of California?

Answer 4. Yes. Assets equal to the benefits paid by your CAPLTC are protected both inside and outside of California. For example; this includes your condominium in New York, NY, house in Santa Barbara, CA and vacation homes in Naples, FL, Maui, HI and San Diego, CA.

Question 5. What key benefits must be included in a CAPLTC policy versus a non-CAPLTC policy?

Answer 5. A CAPLTC insurance policy must cover your long term care costs in a nursing home and your own home versus many policies that only cover care in a facility (e.g.: only a nursing home). CAPLTC policies must provide minimum daily benefits of \$180 per day in 2012. There are strict premium increase limits for CAPLTC policyholders that do not exist for non-CAPLTC policyholders.

Question 6. Are there any risks if I delay purchasing a CAPLTC policy?

Answer 6. Yes. Since CAPLTC policies require 5% greater benefits each year, **delaying your purchase means buying 5% greater coverage each year** (e.g.: \$190 in 2013 versus \$180 in 2012). Insurers **increase pricing on new policies for older applicants**, reflecting the higher probability that you will need long term care sooner. The combination of these two factors can add greatly to the cost of a policy. Independent of your birthday, **insurance companies can (and often do) raise rates for new applicants**, subject to approval from the California Department of Insurance. The combination of these three factors can add greatly to the cost of a policy. Lastly, your health is likely to deteriorate over time, placing you in a higher price health class or **entirely disqualifying you from purchasing long term care insurance**.

Action Step – Purchase a California for Long Term Care (CAPLTC) Policy

With a CAPLTC policy you gain the safety of long term care insurance and the peace of mind provided by asset protection.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a NJ based Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at www.skloff.com or 908-464-3060.