



Long Term Care University

Long Term Care University – Question of the Month

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Q: What are the Top 6 most Frequently Asked Questions (FAQs) about the Indiana Long Term Care Insurance Program?

The Problem – Understanding the Indiana Long Term Care Insurance Program (ILTCIP)

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 Indiana Long Term Care Insurance Program (ILTCIP)

With a ILTCIP insurance policy, after you have used all the benefits of your policy you can apply for Medicaid with complete 'asset disregard'. This allows you to keep assets that would otherwise be disallowed. Indiana is one of only two states in the entire U.S. that permits **Total Asset** policies that provide **unlimited asset protection from Medicaid**. Furthermore, there is **no 'look-back' period**.

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

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

Question 2. After using up my ILTCIP policy's benefits, can my assets still be protected away from Medicaid?

Answer 2. Yes. On April 1, 2009, Indiana joined with National Reciprocity Compact for the recognition of Medicaid Asset Protection for member states with Deficit Reduction Act (DRA) long term care partnership programs. Asset protection outside of Indiana is limited to Dollar for Dollar – for every dollar of care your policy pays, a dollar of assets is protected away from Medicaid. **Importantly, the asset protection reciprocity is retroactive for all ILTCIP policyholders.**

Question 3. Which of my assets are not protected under the ILTCIP Total Asset protection program?

Answer 3. None. An unlimited amount of your assets are protected under the Total Asset protection program. This includes your cash, savings accounts, investments accounts, 401(k)s, 403(b)s, 457(b)s, 529s, IRAs, homes, art collections, inheritances, lottery winnings – **literally, unlimited asset protection.**

Question 4. Are my assets protected outside of Indiana?

Answer 4. Yes. An unlimited amount of your assets are protected **both inside and outside of Indiana**. For example; this includes your home in Indiana, and vacation homes in Naples, FL, Maui, HI and San Diego, CA.

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

Answer 5. A ILTCIP insurance policy **must offer to cover your long term costs in a nursing home and your own home** versus many policies that only offer to cover care in a facility (e.g.: only a nursing home). A ILTCIP Total Asset protection insurance policy must provide minimum daily benefits of \$115 (based on 75% of the average daily nursing home daily benefit in Indiana) in 2014. A ILTCIP Total Asset insurance policy must provide total benefits of \$305,603 in 2014. Total benefits minimum purchase requirements will continue to increase at a 5% compound basis, resulting in total benefits minimum purchase requirements of \$320,883 in 2015.

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

Answer 6. Yes. Since ILTCIP policies require 5% greater benefits each year, **delaying your purchase means buying 5% greater coverage each year** (e.g.: \$320,883 in 2015 versus \$305,603 in 2014). 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 Indiana Department of Insurance. Some insurance companies have yet to implement gender specific pricing in Indiana. **In other states, gender specific pricing has resulted in 60% higher prices for female applicants.** The combination of these four 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 Indiana Long Term Care Insurance Program (ILTCIP) Total Asset Protection Policy

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

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