



Long Term Care University

Long Term Care University – Question of the Month

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Q: We read the Long Term Care University article that compares Traditional to Combination Life and Long Term Care (LTC) Insurance and prefer the Traditional LTC policy. Can you please review the **Mutual of Omaha MutualCare Custom Solution** Traditional LTC policy?

Overview. Mutual of Omaha is an A.M. Best A+ rated, 109-year-old company. The MutualCare Custom Solution policy is a Traditional Long Term Care Insurance policy. Traditional Long Term Care Insurance policies provide the highest level of LTC benefits for the lowest premiums and can be designed to meet Long Term Care Partnership Program requirements to protect your assets away from Medicaid.

Mutual of Omaha MutualCare Custom Solution is Unique Because It Provides Cash Benefits. Most LTC insurance policies prohibit informal care, particularly if the care is provided by a family member. **With the Mutual of Omaha MutualCare Custom Solution cash benefit, you can use formal care providers (home care agencies or facilities) and informal care providers, including family and friends.** There is no elimination period and no bills to collect and mail for reimbursement. The cash benefit equals **40%** of the policy's home health care benefit. The cash benefit pays up to an initial maximum of \$2,400 each month, which increases with the inflation protection selected.

Cash Benefit Example. If you have a \$3,300 monthly benefit, the 40% cash benefit would be \$1,320. If a home health care agency charges \$22 per hour, \$1,320 would cover 60 hours of care – about 3.0 hours a day, 5 days a week. If an informal care charges \$10 per hour, \$1,320 would provide 132 hours of care – about 6.6 hours a day, 5 days a week. **The same \$1,320 provides more than twice as many hours per day.**

Mutual of Omaha MutualCare Custom Solution is Unique Because It Provides Monthly Benefits. Most LTC insurance policies are designed with a daily home care benefit. Unfortunately, you may need more care than a daily home care benefit will reimburse on any given day. Fluctuating expenses are quite common with home based LTC. **Since the Mutual of Omaha MutualCare Custom Solution provides a monthly budget instead of daily limit, you gain much greater flexibility, which means less out of pocket costs for you.**

Monthly Benefit Example. After a medical procedure, your doctor recommends your home health aide stay in your home from the time you go to bed at night until the time you wake in the morning for five consecutive days. The cost of a 10-hour shift at \$22 per hour is \$220. Although an LTC insurance policy with a \$110 daily home care limit is sufficient for most days, your out of pocket costs for each of the five days is \$110 – totaling \$550. **Since Mutual of Omaha MutualCare Custom Solution provides a monthly budget instead of a daily limit, a policy with a \$3,300 monthly benefit would cover 100% of your care, with no out of pocket costs.**

Mutual of Omaha MutualCare Custom Solution Options. The policy options include: **Monthly benefits**; Inflation protection of none, 1%-5% compound with **Buy-Up Option**; Elimination period of 0 - 365 days; Reimbursement based benefit payment method or **Cash benefits of 40%**; **Shared care**; **Survivorship**; **Joint waiver**; **Waiver of elimination period for home health care**; **Return of premium at death.**

How Mutual of Omaha MutualCare Custom Solution Compares with Other Traditional LTC Policies. Let's look at a husband and wife, Bill and Sue, who are each 55 years old, reside in New Jersey and expect to need LTC in 25 years at the age of 80. They are comparing Traditional policies with a combined annual premium of approximately \$3,200 with **3% compound inflation protection included in the premium**, 90 day elimination, 5 years of care each, shared care and prefer monthly and cash benefits (highlighted in blue in the chart below).

Mutual of Omaha MutualCare Custom Solution Outperforms Competitors with a Monthly Benefit and Cash Benefit. Bill and Sue will each will have \$3,300 monthly benefits or \$1,320 cash benefits, giving them greater flexibility to cover 100% of their home care costs. Genworth Life Privileged Choice Flex 3 is a strong alternative due to its **guaranteed minimum** additional shared LTC benefit. Mutual of Omaha Secure Solution is notable for its **monthly benefit** and partial **cash benefit** payment method. National Guardian Life EssentialLTC is a strong alternative due to its **shared care with an additional third shared pool of benefits and lifetime benefits options.**

Insurance Company	Policy Owner	Combined Premium	Year 1 Daily or Monthly LTC Benefit	Year 1 Total LTC Benefit	Year 1 Additional Shared LTC Benefit	Year 1 Total Combined LTC Benefit	Inflation Protection	Year 25 Daily or Monthly LTC Benefit	Year 25 Total LTC Benefit	Year 25 Additional Shared LTC Benefit	Year 25 Total Combined LTC Benefit
Mutual of Omaha MutualCare Custom Solution	Bill Sue	Combined \$ 3,331	\$ 3,300 \$ 3,300	\$ 198,000 \$ 198,000	None None	Combined \$ 396,000	3% Compound 3% Compound	\$ 6,708 \$ 6,708	\$ 402,439 \$ 402,439	None None	Combined \$ 804,878
Genworth Life Privileged Choice Flex 3	Bill Sue	Combined \$ 3,247	\$ 110 \$ 110	\$ 200,750 \$ 200,750	Guaranteed Minimum 100,375	Combined \$ 501,875	3% Compound 3% Compound	\$ 224 \$ 224	\$ 408,325 \$ 408,325	Guaranteed Minimum 100,375	Combined \$ 917,025
Mutual of Omaha MutualCare Secure Solution	Bill Sue	Combined \$ 3,243	\$ 3,300 \$ 3,300	\$ 198,000 \$ 198,000	None None	Combined \$ 396,000	3% Compound 3% Compound	\$ 6,708 \$ 6,708	\$ 402,439 \$ 402,439	None None	Combined \$ 804,878
National Guardian Life EssentialLTC	Bill Sue	Combined \$ 3,243	\$ 150 \$ 150	\$ 273,750 \$ 273,750	3rd Shared Pool 273,750	Combined \$ 821,250	3% Compound 3% Compound	\$ 314 \$ 314	\$ 573,178 \$ 573,178	3rd Shared Pool 573,178	Combined \$ 1,719,534

Action Steps and Conclusions. Compare each company's total combined LTC benefits. Mutual of Omaha MutualCare Custom Solution provides monthly and cash benefits. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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