



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 ‘Traditional Versus Hybrid Life and Long Term Care Insurance’ and prefer the Hybrid Life and Long Term Care Insurance (LTC) policy. Can we pay for Hybrid Life and LTC policies over 10 years? Will the premium be guaranteed each year?

The Problem – Guaranteed Premiums for an Insurance Policy Paid Over Time

Can you imagine if your major medical health insurance, car insurance or homeowners insurance premiums were guaranteed from year to year? Not only are those premiums not guaranteed, but the insurance companies can increase deductibles or even drop your coverage. In the case of major medical health insurance, the insurance company can simply remove your doctors from their “preferred provider network” or “in plan providers”. This leaves you with a list of inferior doctors to choose from or forces you to pay additional out of pocket costs by going out of your network (if your plan even allows out of network providers). Many believe these same problems exist in Hybrid Life and LTC policies.

The Solution – Hybrid Life and Long Term Care Insurance Premiums Paid Over 10 Years with Guaranteed Premiums Each Year

Many believe Hybrid Life and LTC Insurance companies can simply eliminate which care providers you choose, change your deductible, reduce or drop your coverage, or increase your premiums. Fortunately, Hybrid Life and LTC Insurance policies are based on a pool of money that allows you to choose your care providers without a list determined by the insurance company. The policies have guaranteed deductibles and guaranteed coverage amounts. You cannot be dropped if you pay your premium – even if you file multiple claims. The policies have guaranteed premiums.

Numbers Speak Louder than Words. Let’s look at a husband and wife, Bill and Sue, who are each 55 years old and reside in Maryland. They each pay a \$10,000 premium per year for 10 years (\$20,000 combined with Nationwide CareMatters Together and OneAmerica State Life Asset Care) and are expected to need LTC in 25 years at the age of 80. Insurance companies classify a premium paid-up (no further payments required) in 10 years as a “10-Pay”. Bill and Sue are comparing Hybrid policies that offer the largest LTC benefits and inflation protection (unless noted otherwise) and prefer cash indemnity. See reimbursement policies in blue and cash indemnity in green in the chart below.

How the Insurance Policies Compare to One Another. The following table reflects Sue and Bill’s monthly and total benefits at age 80. **Brighthouse SmartCare** provides \$12,863 monthly and \$998,452 total benefits for Bill, and \$11,057 monthly and \$858,278 total benefits for Sue – **the highest total benefits with full cash indemnity and without unlimited benefits.** **John Hancock LifeCare** provides \$2,510 monthly and \$180,708 total benefits for Bill, and \$1,995 monthly and \$143,646 total benefits for Sue. **Lincoln MoneyGuard Fixed Advantage** provides \$13,255 monthly and \$1,028,832 total benefits for Bill, and \$11,400 monthly and \$884,872 total benefits for Sue – **the highest total benefits without full cash indemnity and without unlimited benefits, and a 0 day elimination period.** **Nationwide CareMatters II** provides \$12,401 monthly and \$962,539 total benefits for Bill, and \$10,638 monthly and \$825,737 total benefits for Sue. **Nationwide CareMatters Together** provides \$12,721 monthly benefits for Bill and Sue and \$1,357,437 (shared). **OneAmerica State Life Asset Care** without inflation protection provides \$8,796 monthly benefits for Bill and Sue and **unlimited, lifetime** total benefits - **the highest total benefits without inflation protection (unlimited).** **OneAmerica State Life Asset Care** with 3% compound inflation protection provides \$8,891 monthly benefits for Bill and Sue and **unlimited, lifetime** total benefits - **the highest total benefits with inflation protection (unlimited).** **Securian Minnesota Life Securian SecureCare IV** provides \$11,298 monthly and \$858,648 total benefits for Bill, and \$9,904 monthly and \$752,685 total benefits for Sue.

Insurance Company and Product Name	Policy Owner - Age	Benefit Payment Method	Elimination Period	10-Pay Premium	Age 120 Death Benefit	Age 55 Monthly LTC Benefit	Age 55 Total LTC Benefits	Inflation Protection	Age 80 Monthly LTC Benefit	Age 80 Total LTC Benefits
Brighthouse SmartCare	Bill - 55	Cash Indemnity	90 Days	\$ 10,000	\$ 150,454	\$ 6,144	\$ 476,866	3% Compound	\$ 12,863	\$ 998,452
	Sue - 55	Cash Indemnity	90 Days	\$ 10,000	\$ 129,331	\$ 5,281	\$ 409,918	3% Compound	\$ 11,057	\$ 858,278
John Hancock LifeCare	Bill - 55	Cash Indemnity	90 Days	\$ 10,000	\$ 106,727	\$ 778	\$ 56,032	5% Compound	\$ 2,510	\$ 180,708
	Sue - 55	Cash Indemnity	90 Days	\$ 10,000	\$ 84,838	\$ 619	\$ 44,540	5% Compound	\$ 1,995	\$ 143,646
Lincoln MoneyGuard Fixed Advantage	Bill - 55	Reimbursement or 80% Cash Indemnity	0 Days	\$ 10,000	\$ 151,931	\$ 6,330	\$ 491,376	3% Compound	\$ 13,255	\$ 1,028,832
	Sue - 55	Reimbursement or 80% Cash Indemnity	0 Days	\$ 10,000	\$ 130,672	\$ 5,445	\$ 422,620	3% Compound	\$ 11,400	\$ 884,872
Nationwide CareMatters II	Bill - 55	Cash Indemnity	90 Days with	\$ 10,000	\$ 142,141	\$ 5,923	\$ 459,714	3% Compound	\$ 12,401	\$ 962,539
	Sue - 55	Cash Indemnity	0 Days Retroactive	\$ 10,000	\$ 121,939	\$ 5,081	\$ 365,818	3% Compound	\$ 10,638	\$ 825,737
Nationwide CareMatters Together	Bill - 55	Cash Indemnity	90 Days with	\$ 20,000	\$ 218,723	\$ 6,076	\$ 648,320	3% Compound	\$ 12,721	\$ 1,357,437
	Sue - 55	Cash Indemnity	0 Days Retroactive	Combined	Combined	\$ 6,076	Combined	3% Compound	\$ 12,721	Combined
OneAmerica State Life Asset Care	Bill - 55	Reimbursement or 75% Cash Indemnity	0 Days Home	\$ 20,000	\$ 211,104	\$ 8,796	Unlimited	None	\$ 8,796	Unlimited
	Sue - 55	Reimbursement or 75% Cash Indemnity	90 Days Other	Combined	Combined	\$ 8,796	Unlimited	None	\$ 8,796	Unlimited
OneAmerica State Life Asset Care	Bill - 55	Reimbursement or 75% Cash Indemnity	0 Days Home	\$ 200,000	\$ 104,970	\$ 4,374	Unlimited	3% Compound	\$ 8,891	Unlimited
	Sue - 55	Reimbursement or 75% Cash Indemnity	90 Days Other	Combined	Combined	\$ 4,374	Unlimited	3% Compound	\$ 8,891	Unlimited
Securian Minnesota Life SecureCare IV	Bill - 55	Cash Indemnity	90 Days with	\$ 10,000	\$ 120,512	\$ 5,021	\$ 406,728	5% Simple	\$ 11,298	\$ 858,648
	Sue - 55	Cash Indemnity	0 Days Retroactive	\$ 10,000	\$ 105,640	\$ 4,402	\$ 356,535	5% Simple	\$ 9,904	\$ 752,685

Conclusions. Premium payments options vary by insurance companies. While a single pay Hybrid Life and LTC Insurance policy may provide the most generous benefits, the same policy may provide less generous benefits if the premiums are paid over time – such as 10 years with guaranteed premiums each year. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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