Long Term Care University

Long Term Care University – Question of the Month

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Q: Do all Hybrid Life and Long Term Care Insurance policies offer the same international benefits?

Overview. Hybrid Long Term Care (LTC) Insurance with international benefits is a critical safety net for retirees who plan to live, travel, or expatriate abroad. Without explicit global coverage, a sudden medical crisis or the natural cognitive decline of aging in a foreign country can instantly trigger large out-of-pocket costs or force the accelerated and/or premature liquidation of retirement assets.

International benefits, particularly those structured on a cash indemnity model, provide financial flexibility by delivering direct cash payouts that bypass rigid U.S. licensing definitions, allowing you to easily fund local nursing facilities, assisted living facilities, or informal caregivers anywhere in the world. International benefits give you the freedom to choose your ideal global lifestyle without sacrificing your long-term financial security or the quality of your future care.

The Problem – Not All International Benefits Are the Same
While many Hybrid LTC policies include international benefits, their actual coverage parameters vary drastically from one carrier to another. Waiting until you need care to decipher your policy's global limitations can be a costly mistake that can lead to denied claims and sudden out-of-pocket expenses. Reviewing these rules early, especially regarding cash payouts versus complex foreign receipt reimbursement, ensures your coverage works seamlessly when and where you need it most.

The Solution – Understand Your Policy's International Benefits
Monthly Benefit Cap. Most Hybrid LTC policies have a monthly benefit limit (cap). For example: if you need $10,000 of care per month and your policy has a $6,000 monthly limit, the policy will pay $6,000. A policy with a 50% monthly cap on international care would pay 50% of your $6,000 monthly benefit, or $3,000. That could leave you with a $7,000 monthly out-of-pocket expense.

Total Number of Months Cap. Most Hybrid LTC policies have a benefit period. If your policy has a six-year benefit period and you use your maximum monthly benefit each month for six years, you will deplete your total LTC benefit. If your policy caps your international benefits at three years, only three of those six years can be used abroad. Once you receive three years of care abroad, you will no longer have access to your international benefits. If you return to the U.S., you can use the remainder of your benefits.

Reimbursement Versus Cash Indemnity Monthly Cap. Some Hybrid LTC policies are based on reimbursement, where they refund your care costs up to your monthly limit after you submit your receipts. Some Hybrid LTC policies are based on cash indemnity, where they pay your full monthly benefit directly to you in cash regardless of actual expenses, requiring no receipts. Some Hybrid LTC policies offer both reimbursement and cash indemnity, but place limits on cash indemnity benefits for care abroad.

Types of Care Limits for International Benefits. Most Hybrid LTC policies pay for care in your home, an assisted living facility and a nursing facility. Some Hybrid LTC policies prohibit informal care providers in your home, particularly if the care is provided by a family member. Some Hybrid LTC policies allow you to use formal care providers, including assisted living facilities and nursing facilities, and informal care providers, including family and friends. Since informal care providers can be much less costly than formal care providers, you can obtain significantly more care with a lower monthly benefit or stretch your benefits over more years.

The same policies that allow you to use informal home care providers in the U.S. may require you to use formal home care providers abroad. The same policies that allow you to use home care in the U.S. may require you to receive care in a facility when you are abroad.

Action Step – Compare International Benefits Before Purchasing Your Policy
International benefits can differ significantly between each insurance company's policy. Work closely with an independent insurance expert to compare policies that meet your needs. Since premiums vary greatly based on age, health and marital status, request individualized quotes.

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