

## Long Term Care (LTC) Insurance Policy Comparisons Definitions

**SAMPLE COMPANY NAME- NAIC 12345**

**Long Term Care Insurance Policy - Type, Category, and Business Class**

Policy Form: LTC 12345

Policy Type = Individual; or Group; or Partnership

Policy Category = Nursing Facility/Residential Care; or Home Care Only; or Comprehensive

Business Class = Tax - Qualified or Non - Tax Qualified

### 1. Maximum Policy Benefit (MPB) = In year(s).

1Yr	2Yrs	3Yrs	4Yrs	5Yrs	6Yrs	7Yrs	Lifetime	Other

<b>MPB Definition</b>	<p>The Maximum Lifetime Benefit - The approximate number of years you want the policy to provide benefits will determine the Maximum Lifetime Benefit. The longer the period of coverage, the higher the premium. Your Lifetime Maximum Benefit is computed by multiplying the Daily Maximum benefit you select by the approximate number of days you want benefits to be paid or reimbursed.</p> <p>While everyone would like to buy lifetime coverage or unlimited benefits, not everyone can afford to do so. A policy that pays/reimburses benefits for a few years can provide valuable coverage and for some people that will be all they will need.</p> <p>Selecting the Maximum Lifetime Benefit - No one can predict how many days or years of long-term care a person will need or the reason they will require care. Some people can afford lifetime coverage, others have so little money they would quickly qualify for Medi-Cal. Choosing the right amount of benefit depends on the premium you can afford, and the assets you would otherwise have to spend.</p>
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### 2. Nursing Home/Facility Daily Benefit Amounts (NHB) - There is a minimum and maximum amount offered in dollar increments.

Minimum	Maximum	Increment	Day	Week	Month	None	Other

<b>NHB Definition</b>	<p>Represents the nursing home/facility benefit amounts in dollar increments and period of time. The Daily Maximum - It is important to understand the coverage provided and how benefits will be paid/reimbursed before you purchase a Long-Term Care Policy. If you decide to buy a long-term care insurance policy, you will select a maximum daily benefit. It is important to note that the minimum home care daily benefit you can select in California is \$50 a day.</p> <p>Selecting the Daily Maximum - Because you will be responsible for all expenses not paid or reimbursed by your insurance policy, you need to decide how much of the daily cost of care you may need to pay yourself. Estimate the daily cost of long-term care in your community and subtract the amount you can afford to pay for each day of your care.</p>
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### 3. Residential Care Facility Daily Benefit (RCFE) - Represents the RCFE percentage of the Nursing Facility Limit.

100%	90%	80%	75%	70%	Other

<b>RCFE Definition</b>	<p>Represents the Residential Care Facility percentage (%) of the Nursing Facility Limit. NOTE: Residential Care Facility must be at least 70% of the Nursing Facility Limit.</p>
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### 4. Home Care Benefit (HCB) - Represents the percentage of Home Care Benefit Amount for Comprehensive Policies.

100%	90%	80%	75%	70%	60%	50%	None	Other

<b>HCB Definition</b>	<p>Represents the Home Care Benefit percentage (%) of the Nursing Facility Limit for Comprehensive LTC policy forms. NOTE: Home Care must be at least 50% of the Nursing Facility Limit.</p>
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### 5. Home Care Only Benefit Amounts (HCBO) - There is a minimum and maximum amount offered in dollar increments.

Minimum	Maximum	Increment	Day	Week	Month	None	Other
<b>HCBO Definition</b>	Represents <b>Home Care Only</b> LTC policy form benefits: These policies are required to pay for Home Health Care, Adult Day Care, Personal Care, Homemaker Services, Hospice Services and Respite Care but care in a facility is not covered.						

### 6. Qualification for Benefits (QB)

QB_2_OF_6	QB_2_OF_7	QB_OTH1	QB_MN	QB_CI	QB_90DR	QB_OTH2
<b>QB Definition</b>	Long-term care involves the assistance or supervision you may need when you are not able to do some of the basic "activities of daily living" (ADLs) like bathing, dressing or moving from a bed to a chair. The Benefit Triggers in a tax qualified long-term care insurance policy are ADLs which are qualification for benefits. ADLs are used to measure your physical abilities to determine if you qualify for benefits. The law requires tax-qualified policies to pay or reimburse benefits if you are impaired in two out of the following six ADLs (i.e. "QB_2_OF_6"): bathing, dressing, transferring, eating, toileting, and continence. An "impairment" in ADLs means that you need "substantial assistance either in the form of hands-on assistance or standby assistance due to a loss of functional capacity to perform the activity". An "impairment of cognitive ability" ("QB_CI") means you need "substantial supervision due to severe cognitive impairment". Note: Some companies also offer a non tax qualified long-term care insurance policy. The non tax qualified policy will include ambulating as a seventh ADL (i.e. "QB_2_OF_7"). Other qualification of benefits are medical necessity ("QB_MN") and 90 day requirement ("QB_90DR"). Please contact the company directly for additional information regarding ADLs and qualification of benefits.					

### 7. Elimination Period (EP) = In days. Select all that applies.

0	20	30	60	90	100	CALENDAR	SERVICE	Other
<b>EP Definition</b>	<p>The elimination period (sometimes called a "Waiting Period" or "Deductible Period") is the period of time you must wait after you qualify for care and are eligible to receive benefits before the company will begin paying or reimbursing you for your covered care. You choose the length of the Elimination Period when you buy the policy. The most common options are 0 days, 30 days, 90 days or 100 days. Some policies only make you meet the Elimination Period once during the life of the policy; others apply it again after you have gone for a certain period of time without needing care. In some situations the elimination period will be satisfied by a day of either in-home care or institutional care. The premiums are usually more for short elimination periods and less for longer ones. Be sure to ask your long term care insurance agent to explain these very important differences. During the elimination or deductible period, you will be responsible for paying the full cost of your care. The claims process (or payment process) for covered costs begins once the elimination or deductible period is satisfied or on the first day if you select a zero day elimination period.</p> <p>If you qualify for benefits in a home care setting most long-term care insurance policies apply a day towards your Elimination Period for any day you actually receive care (or a home care visit). Therefore, if your plan of care only calls for 3 visits per week you will only satisfy 3 days towards your Elimination Period. Some companies offer a more liberal interpretation of this definition. For example, the policy might say that if you have one home care visit per calendar week that you've satisfied 7 days towards your Elimination Period. In this example, you would satisfy your Elimination Period more quickly.</p> <p>Companies may utilize a "calendar day" definition for the elimination period. Once the insured has been certified as being chronically ill, each calendar day counts towards the elimination period, regardless of whether formal long-term care services are received. This allows the insured person to get informal care from family or friends during the elimination period. After the elimination period has been satisfied, payment or reimbursement of benefits can begin.</p> <p>The premium cost is usually higher if you choose the shorter Elimination Periods and is lower if you choose a longer period. In addition, a premium might be higher if the company uses a more liberal "counting" of home care Elimination Period days. Also, make sure that the Elimination Period days that are accumulated either in a home care or institutional care setting are combined to satisfy your overall elimination period. Be sure to ask your long term care insurance agent to explain this.</p>							

## Long Term Care (LTC) Insurance Policy Comparisons Definitions

### 8. Inflation Protection (IP)

	5% Compound	5% Simple	Guaranteed Purchase Option	Other
IP Methodology				
Explain IP Methodology:				
IP Definition	<p>A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of long-term care services.</p> <p>Protecting against the rising cost of care is one of the most important choices you will make. Inflation protection increases the Daily Maximum, the Maximum Lifetime Benefit and other benefit amounts. If you purchase individual long-term care insurance, your insurer must offer you at the time you purchase the policy the option to purchase an inflation protection feature. Your insurer must offer inflation protection which is no less favorable than the following options: (1) Increases benefit levels annually so that the increases are compounded annually at least 5%; or (2) a Benefit Increase Option.</p>			

### 9. Waiver of Premium (WAVP)

Waiver of Premium Definition: A provision in an insurance policy that relieves the insured of paying the premiums while receiving benefits.

**SAMPLE COMPANY NAME- NAIC 12345**

### Long Term Care Insurance Rates

Policy Form: LTC 12345

Long Term Care Insurance Policy - Type, Category, and Business Class

		30 Day Elimination Period - Service				90 Day Elimination Period - Calendar			
ISSUE AGE	3 YEAR MAXIMUM POLICY BENEFIT - NO INFLATION PROTECTION	3 YEAR MAXIMUM POLICY BENEFIT - WITH INFLATION PROTECTION	LIFETIME BENEFIT - NO INFLATION PROTECTION	LIFETIME BENEFIT - WITH INFLATION PROTECTION	3 YEAR MAXIMUM POLICY BENEFIT - NO INFLATION PROTECTION	3 YEAR MAXIMUM POLICY BENEFIT - WITH INFLATION PROTECTION	LIFETIME BENEFIT - NO INFLATION PROTECTION	LIFETIME BENEFIT - WITH INFLATION PROTECTION	
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65									
70									
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80									

**Customer Service Telephone Number:** 1 (800) Sample Phone Number