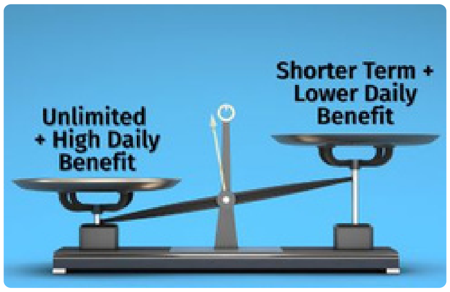
The Other Long-Term Care Insurance Benefit: Time

by Kerry Peabody, CLU®, CLTC®, RICP®

One of the concerns that many have when purchasing long-term care insurance is that the Benefit Period - the time the policy would continue to pay a benefit while on claim - is often limited to a few years. Only one stand-alone LTC insurer currently offers "unlimited" or "lifetime" benefit pools, because these are one of the factors that contributed to the need for the significant rate increases experienced by early LTC policies.



If money were no object, everyone would buy enough daily (or monthly) benefit to cover full blown nursing home care, and an unlimited benefit period. For most clients, though, price matters a great deal. Most clients are going to be purchasing a good, solid, LTC "safety net" designed to supplement their own assets, and to help them stay in their own home as long as possible. Unlimited benefit pools are certainly attractive, but that doesn't mean a lesser benefit period isn't going to be valuable. Here's why:

First, I've seen policies sold with lifetime benefit periods, but in order to keep the price down, the agent has sold a minimal daily benefit amount. What good is an unlimited pool of money if you go broke while the dollars trickle out of the LTC policy? That doesn't make much sense.

Second, today's stand-alone LTC policies are all built on a "reimbursement" chassis. If I have a $200 per day benefit amount, and I only use $100 of qualified services per day, I get reimbursed for those services, and the remaining $100 for that day stays in my benefit pool for future use. So, a 3-year benefit period can last far longer than 3-years, unless you use the full benefit, everyday, day after day. Since the majority of claims start at home, this is rare. Add in a Shared Care rider, which allows the claiming spouse to draw from the healthy spouse's pool once theirs is exhausted, and you can get a significant period of time covered, even with shorter benefit periods.

Third, and finally, here's something that very few agents andclients take into account in plan design - your premium isn't just buying you a monthly or daily benefit, it's also buying you TIME. Most of my clients are couples, and they typically end up in 3 or 4 year benefit periods each, with shared care. If one of them suffers a serious long-term care event and ends up on what could possibly be a lengthy claim, then as soon the care situation has stabilized, the healthy spouse needs to be working with the elder law attorney to ensure they're taking every possible legal step to protect their assets if andwhen the LTC insurance runs out.

In the absence of the LTC insurance, this would be an immediate crisis, but with the insurance "safety net," they have time to prepare for the possibility that the LTC benefits could eventually be exhausted.

Kerry Peabody, CLU®, CLTC®, RICP® is a long-term care Insurance Specialist with Clark Insurance in Portland, Maine. He has been involved with long-term care Insurance for more than 20 years. This includes four years as an LTC medical underwriter for UNUM, then another four years as a National Sales Director, training agents around the country on LTC needs and products. For the past 15 years, he’s been working directly with consumers, helping families and small business owners protect themselves against the staggering emotional, physical and financial impact that an extended long-term care event can have. His in-depth understanding of the market and the various types of long-term care insurance planning products, and his background in medical underwriting serve his clients well.