

Key Issues to Review

- **Coverage.** You can choose long-term care policies that pay only for nursing home care, or only for home care. Or, you can opt to purchase coverage for a mixture of care options that includes nursing home, assisted living, and adult day care. Some will pay for a family member or friend to care for you in your home.
- **Daily or Monthly Benefit.** The daily or monthly benefit is the amount of money the insurance company will pay for each day or month you are covered by a long-term care policy. If the cost of care is more than your daily or monthly benefit, you will need to pay the balance out of your own pocket.
- **Benefit Period.** Your benefit period determines the length of time you will receive benefits from your policy. You can choose a benefit period that spans from two to six years, or the rest of your life.
- **Elimination or Waiting Period.** During this period, you must pay all of your long-term care expenses out of your own pocket. This period could last anywhere from 0 to 100 days. The longer the waiting period is, the lower your premiums will be.
- **Inflation Protection.** With health care costs rising to new heights every year, buying a policy without inflation protection is probably buying a policy that won't cover much of your expenses. There are two main kinds of inflation protection: the right to add coverage at a later date; and automatic coverage increases.
- **Non-Forfeiture Benefit.** Policies with this benefit will continue to pay for your care even if you stop paying premiums. This policy feature can add 10 percent to 100 percent to your premium.

Important Features to Consider

Make sure your policy:

- Clearly explains when you will be eligible for coverage and how your eligibility will be determined.
- Does not require that you spend time in a hospital before receiving benefits.
- Will be renewed as long as you pay the premiums.
- Lets you stop paying premiums once you begin receiving benefits.
- Has one deductible for the life of the policy.
- Automatically covers pre-existing conditions if you disclosed them when you applied.
- Offers choices for inflation protection including an automatic increase in your benefit on an annual basis or a guaranteed right to increase your benefit.
- Allows you to downgrade your coverage if you cannot afford the premiums.
- Includes coverage for dementia.
- Provides at least one year of nursing care and home health care coverage.
- Allows the right to cancel the policy for any reason with 30 days of purchase and receive a refund.

Tips

- It is wise to shop and compare policies.
- Evaluate the financial ratings of the insurance company you elect to purchase from.
- When you get your policy, review it right away to be sure it covers what you paid for.
- You also have a "free look" clause that lets you cancel your policy within a certain number of days after you've signed and paid for it. Check with your state insurance commission to find out how many days you would have.