Montana

Long-Term Care Insurance

2016 Rate Comparison Guide

Office of the Montana State Auditor

CSI

Commissioner of Securities & Insurance

COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN
COMMISSIONER

MONTANA STATE AUDITOR

Dear Montana Senior:

I am pleased to provide you with a copy of the *2016 Long-Term Care Insurance Rate Comparison Guide*. It is a valuable resource for comparing long-term care insurance prices in Montana. We expect it will answer most of the essential questions about long-term care insurance, the available options, and how it can help you pay for long-term care services. And, if you decide to ultimately purchase long-term care insurance, the information and tips provided here will save you time and help you select the policy that best meets your needs.

The data featured on the comparison charts was provided by 13 long-term care insurers who completed an online survey. The rates are only applicable to Montana and are subject to change at any time. (Rates quoted in this guide are effective January 1, 2016.) The price quote you receive from a company may depend on your personal situation. Cost of premiums will vary among companies depending on a person's eligibility for coverage, age at purchase, the length of coverage and the types of benefits chosen.

For specific information, you must contact the individual insurance companies. The insurance companies in this guide may also offer more plans than those shown in the comparison charts. *This guide is intended to be used as an example only.* If you have additional questions, please contact my office. Knowledgeable staff is available to assist you with a wide-range of insurance issues. Call the consumer assistance hotline at 1-800-332-6148 or for more useful information visit the agency website at www.csimt.gov.

Sincerely,

Commissioner of Securities & Insurance
Montana State Auditor

Phone: 1-800-332-6148 / (406) 444-2040 / Main Fax: (406) 444-3497
Securities Fax: (406) 444-5558 / PHS Fax: (406) 444-1980 / Legal Fax: (406) 444-3499
840 Helena Ave., Helena, MT 59601 Website: www.csimt.gov E-Mail: csi@mt.gov

LONG-TERM CARE INSURANCE
2016 Rate Comparison Guide

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Shopping for Long-Term Care

What is Long-Term Care?

Long-term care refers to a wide variety of services and supports which can be provided in your home, your community, or in other living arrangements, such as retirement communities, assisted living facilities, or nursing homes. The services help with chronic illness, disabilities, or other conditions that limit you physically or mentally. Long-term care is help you may receive with the activities of daily living such as getting dressed, eating, personal grooming, bathing or using the restroom. Most long-term care is for simple, daily activities. Beyond that, skilled nursing care is necessary.

How much does Long-Term Care cost?

The cost will depend on the amount and type of care you need and where it is provided. Long-term care is generally financed using a combination of personal resources, Medicaid assistance, or long-term care insurance.

Need more help?

Call the CSI Insurance Hotline

1-800-332-6148

Professional consumer advocates are available to assist you on a wide-range of insurance issues.

How would you pay for Long-Term Care services?

Long-term care services are usually paid for by one or more of the following methods:

- Individual Out-of-Pocket
  Individuals and their families pay less than one-third of all nursing home costs from their own funds. Generally the money is obtained from savings or investments or by selling assets, such as land or homes.

- Medicaid
  Medicaid pays for more than half of all nursing home care. Medicaid may also pay for some home and community-based services. To qualify, you must meet certain guidelines for income and assets. You will have to spend down or use up most of your assets before Medicaid is able to help. Many people begin paying for nursing home care with personal funds.

- Long-Term Care Insurance
  Long-term care insurance is designed to help pay for an individual's long-term care expenses. Depending on the plan you choose, it may pay part or all of your care. This guide will help you decide if you need a long-term care insurance policy. If you decide to purchase one, this guide provides information to select the one that will best fit your needs.

Other ways to pay for long-term care

Partnership Plans

The long-term care partnership program is a public-private cooperative program. Partnership Policies offer long-term care insurance which not only helps to pay for your long-term care needs, but will also help protect your assets when applying for Medicaid after the insurance benefits run out.

After depleting their insurance benefits, individuals who purchased qualifying long-term care policies may still qualify for Medicaid early, before spending down all of their assets. (Please note: Qualifying policies must be accompanied by a "Partnership Status Disclosure Notice".)

The Long-Term Care Partnership program provides dollar for dollar asset protection. Each dollar that your Partnership policy pays out in benefits entitles you to keep a dollar of your assets if you ever need to apply for Medicaid services.

The state will disregard the policyholder's personal assets equal to amounts paid out under a qualifying insurance policy when it determines the person's eligibility for Medicaid assistance.

For most people, the benefits of their private Partnership insurance policy will provide all the care they will ever need. But because of this unique asset protection feature, you will not have to impoverish yourself if you run out of insurance benefits and still need care.

See the following page for a list of approved companies offering Long-Term Care Partnership plans in Montana.

For Further Information:

Contact your local MSU Extension office or go online to the MSU extension store to request a copy of the MontGuide "Long-Term Care Partnership Insurance in Montana."

Long-Term Care Partnership Plans approved in Montana *(as of December 2015)*

American General Life Insurance Company	www.americangeneral.com
Assurity Life	www.assurity.com
Bankers Life and Casualty Company	www.bankers.com
Berkshire Life Insurance Company	www.berkshirelife.com
Genworth Life Insurance Company	www.genworth.com
John Hancock Life Insurance Company (USA)	www.jhancock.com
LifeSecure Insurance Company	www.yourlifesecure.com
Massachusetts Mutual Life Insurance Company	www.massmutual.com
MedAmerica Insurance Company	www.medamericaltc.com
Metropolitan Life Insurance Co.	www.metlife.com
Mutual of Omaha Insurance Company/ United of Omaha	www.mutualofomaha.com
New York Life Insurance Company	www.newyorklife.com
Northwestern Long-Term Care Insurance Co.	www.northwesternmutual.com
Prudential Insurance Company of America	www.prudential.com/lifeinsurance
State Farm Mutual Automobile Insurance Co.	www.statefarm.com
Thrivent Financial	www.thrivent.com
Transamerica Life Insurance Company	www.transamerica.com

Compare Insurance Rates Online

The Montana Commissioner of Securities & Insurance website also provides quick and easy rate comparisons for auto, homeowners, Medicare supplements, and long-term care insurance.

www.csimt.gov/your-insurance

Menu of Long-Term Care Insurance Policy Options

Long-term care policies are not standardized. Each company sells policies that offer and combine benefits in different ways. The price you pay will be based upon the benefits you select.

When deciding what to include in your long-term care insurance policy you need to determine the following:

- **How much of a daily benefit do you need? What is the average cost for assisted living and long-term care in your area?**
  After determining the cost of these services you can estimate what your daily benefit should be.

- **How long of a benefit period do you need?**
  Consider your family health history and your current health when determining the benefit period. For instance, does your family have a history of chronic illness? Has any family member ever been in a long-term care facility? (On average, after turning age 65, only 13% of people spend more than 2 years in a nursing home.)

- **How long of an elimination period (waiting period) do you want?**
  The elimination period is comparable to the deductible on your insurance policies and can be 0-180 days, or longer. The longer the elimination period the lower the long-term care insurance premium. The shorter the elimination period the higher the long-term care insurance premium. Determine how long you could afford to pay for long-term care before the long-term care insurance is needed and this will help determine an elimination period.

- **What riders do you want to include?**
  There are several different long-term care insurance riders you can add for a cost to your policy:
  - **Compounding inflation protection**: Increases your daily benefit each year by usually 3-5% depending on the policy. If you are under age 70 when you purchase the insurance you may want to consider this option.
  - **Non-forfeiture benefit:** Returns at least part of the premiums if you cancel your policy or let it lapse.
  - **Waiver of Premium**: Relieves the insured of paying the premiums while receiving benefits.
  - **Premium refund at death:** Pays your estate any premiums you paid minus any benefits the company paid.

- **How much can you afford to pay out-of-pocket?**

How much do Long-Term Care Insurance Policies Cost in Montana?

For the purposes of this rate comparison guide, certain policy features were selected from the menu of choices featured on the previous page to determine the cost of long-term care insurance in Montana. The price you pay is based upon the coverage options you select. Because long-term care insurance policies are not standardized, our survey asked for rate quotes on two different policies offering various levels of coverage from companies licensed to sell in Montana. In order to differentiate the two policies, this guide has labeled them as *basic* and *comprehensive* policies. Basic and comprehensive are terms used in this guide only and are not standardized terms for long-term care insurance policies. The rates listed on the charts are average quotes; your rates may be more or less depending on your personal situation.

Basic Policy Features

- $200 daily benefit
- Insured pays the first 90 days (elimination period)
- Three-year benefit period
- Coverage of nursing home, home care, assisted living and community care benefits

Comprehensive Policy Features

- $200 daily benefit
- Insured pays the first 90 days (elimination period)
- Three-year benefit period
- Compound inflation protection of 3-5%
- Non-forfeiture benefits (if you stop paying, some of your money is returned)
- Coverage of nursing home, home care, assisted living and community care benefits

Please note: Rates in Montana do not vary by gender or marital status.

Frequently Asked Questions

What is an elimination period?

The policies quoted include a 90-day elimination period. This means that even though your medical professional has determined that you need long-term care services, the policy will not begin to pay for your care until you or another source pays for 90 days of care. When purchasing a policy, it is important to determine that you have enough money to pay for your care during the elimination period.

Why should a policy cover more than nursing home care?

Research shows that a majority of people prefer to receive care in their own homes. Purchasing a policy that includes a wide-range of services allows your care wishes to be met and your caregiver to receive in-home assistance.

How many years should I purchase coverage?

Three years is the average amount of time people use any type of long-term care service, therefore our survey asked for quotes based on a three-year benefit period. However, other options are also available, such as one year, five year, or even a lifetime benefit. The longer the benefit period you select, the higher the premium.

Explanation of Comprehensive Policy Quotes

Why consider a comprehensive policy?

A comprehensive policy has two additional benefits:

- **Inflation protection**: Increases your daily benefit by 3-5% a year;
- **Non-forfeiture benefits**: Returns at least part of your premiums if you cancel the policy or let it lapse.

Inflation protection example:
Two friends each purchase a long-term care insurance policy. Karen added inflation protection to her policy while Linda declined because of the extra cost. They each started with a $100 daily benefit. After ten years, Karen had a $162.89 daily benefit and Linda still only had a $100 daily benefit.

Non-forfeiture benefits example:
Karen also decided to include non-forfeiture benefits to her policy while Linda declined, again due to the added cost to her policy. After 20 years of paying on their policies, they both faced financial difficulties and could no longer afford the monthly premiums. Because Karen decided to purchase non-forfeiture benefits, she will receive some or all of the money she paid into the policy; and since Linda did not include the non-forfeiture benefits, she will get no direct monetary benefit.

Important questions to ask when comparing policies

What levels of care are covered by this policy?

- Does the policy provide benefits for skilled nursing care, personal/custodial care?

Where can you receive care covered under the policy?

- Does the policy provide home care benefits, and/or care received in adult day care centers, etc?

How long are benefits paid and what amounts are covered?

- How much will the policy pay for nursing home care/assisted living facility care/home care?

How does the policy decide when you are eligible for benefits?

- Which benefit triggers does the policy use to determine your eligibility for benefits?

When do benefits start?

- How long is the waiting period before benefits begin?

Does the policy have inflation protection?

- Are benefits adjusted for inflation? Do benefits increase automatically?

What other benefits are covered under the policy?

- Does the policy have a non-forfeiture/return of premium/death benefit?

What does the policy cost?

- What is the premium excluding riders? What is the premium for home care/assisted living?

What to do if you are denied coverage:

- Apply for coverage from several insurance companies.
- If you are still denied for a health reason, try again in a few years when you are healthier or have taken steps to improve your health.
- Take the yearly cost of the long-term care policy you were considering and put the money into your retirement account, other investment, or into an emergency savings account.
- Take actions with your health and do everything you possibly can to live a healthy lifestyle.

How to Compare Long-Term Care Policies

Use this worksheet to compare policies

	Policy A	Policy B	Policy C
What services are covered?			
Skilled nursing care			
Intermediate nursing care			
Custodial care			
Home health care			
Adult day care			
Other			
How much does this policy pay each day?			
Skilled nursing care			
Intermediate nursing care			
Custodial care			
Home health care			
Adult day care			
Other			
How many years will the benefits last?			
Skilled nursing care			
Intermediate nursing care			
Custodial care			
Home health care			
Adult day care			
Other			
Does the policy have a maximum lifetime benefit? If so, what is it?			
Does the policy have a maximum length of coverage for each period of confinement? If so, what is it?			
How long is the waiting period before benefits are paid?			
How long is the pre-existing conditions waiting period?			
Do you pay premiums while you are institutionalized? If so, for how long?			
Nursing home care			
Home health care			
Is prior care required before benefits are paid?			
A prior hospital stay before home health care is paid			
A prior nursing home stay before home health care is paid			
Is there inflation protection?			
What is the rate of increase?			
Is it a simple or compound interest rate?			
How often is it applied?			
Is there an additional cost?			
Is there a non-forfeiture clause that allows you to discontinue coverage but retain some benefits?			
What does the policy cost per month/year?			
With inflation protection			
Without inflation protection			

Shopping Tips

Do

- Perform a personal financial audit.
- Make the purchase a family decision.
- Make a record of the sales presentation.
- ASK QUESTIONS!
- Call several agents and/or companies.
- Carefully review the benefits.
- Ask agent(s) for an outline of coverage.
- Check the insurance company's rate increase history.
- Consider compound inflation protection if you are under age 70.
- Disclose everything and fill out application thoroughly.
- Ask what the policy pays for and does not pay for.
- Ask what health conditions are not covered (i.e. Alzheimer's disease).
- Ask how eligibility for benefits is determined.
- Ask about possible policy discounts.
- Ask friends and family for agent referrals.
- Investigate the financial rating of the company.
- Ask the Montana Insurance Department (CSI) for complaints against an insurance company or agent.

Do not

- Buy a policy during the first visit with an agent.
- Rely solely on what an agent might write or say.
- Be pressured by an agent.
- Buy a policy just because it is the cheapest. Under-priced policies can run a risk of rate increases and the company going bankrupt.
- Buy a policy from a company that has a history of raising premiums. Ask the company or insurance agent how many times, how much, and how often they have raised premiums.
- Confuse the meaning of "guaranteed renewable". This is when a policy cannot be cancelled by an insurance company and must be renewed when it expires unless benefits have been exhausted. The company cannot change the coverage or refuse to renew the coverage for other than non-payment of premiums.
- Buy more than one policy.
- Pay in cash.

Basic Long-Term Care Insurance

Benefit Plan Design

- $200 daily benefit
- Insured pays first 90 days (elimination period)
- Three-year benefit period
- Coverage of nursing home, home care, assisted living and community care benefits

	Monthly Premiums			
Company	**Age 55**	**Age 60**	**Age 65**	**Age 70**
Bankers Life and Casualty Company	$171	$230	$329	$502
Genworth Life Insurance Company *(rates effective February 2016)*	$180	$218	$287	$496
John Hancock Life Insurance Company	$167	$220	$317	$504
LifeSecure Insurance Company	$122	$160	$228	$395
Massachusetts Mutual Life Insurance Company	$124	$162	$233	$375
MedAmerica Insurance Company	$78	$106	$156	$238
Mutual of Omaha	$167	$207	$292	$427
New York Life Insurance Company	$144	$174	$258	$428
Northwestern Long-Term Care Insurance Company	$159	$198	$274	$416
State Farm Mutual Auto Insurance Company	$240	$297	$382	$537
Thrivent Financial	$144	$181	$258	$392
Transamerica Life Insurance Company	$121	$167	$249	$395
United Security Assurance Company of Pennsylvania	$141	$160	$234	$347
Average Monthly Premium	**$151**	**$191**	**$269**	**$419**

Please Note: The above premium rates reflect surveys completed by the insurers and only those insurers who chose to respond to the survey are included.

Comprehensive Long-Term Care Insurance

Benefit Plan Design

- $200 daily benefit
- Insured pays first 90 days (elimination period)
- Three-year benefit period
- Compound inflation protection of 3 - 5%
- Non-forfeiture benefits
- Coverage of nursing home, home care, assisted living and community care benefits

	Monthly Premiums			
Company	**Age 55**	**Age 60**	**Age 65**	**Age 70**
Bankers Life and Casualty Company	$746	$819	$956	$1,201
Genworth Life Insurance Company *(rates effective February 2016)*	$383	$447	$549	$832
John Hancock Life Insurance Company	$696	$733	$855	$1,091
LifeSecure Insurance Company	$493	$561	$674	$927
Massachusetts Mutual Life Insurance Company	$491	$523	$623	$850
MedAmerica Insurance Company	$306	$338	$416	$528
Mutual of Omaha	$679	$696	$759	$864
New York Life Insurance Company	$547	$570	$691	$956
Northwestern Long-Term Care Insurance Company	$658	$680	$774	$962
State Farm Mutual Auto Insurance Company	$968	$960	$1,000	$1,143
Thrivent Financial	$509	$553	$660	$831
Transamerica Life Insurance Company	$391	$481	$615	$808
United Security Assurance Company of Pennsylvania	$317	$366	$506	$707
Average Monthly Premium	**$553**	**$594**	**$698**	**$900**

Please Note: The above premium rates reflect surveys completed by the insurers and only those insurers who chose to respond to the survey are included.

Consumer Contacts for Participating Insurance Companies

Bankers Life and Casualty Company	Customer Service	www.bankerslife.com	800-654-3072
Genworth Life Insurance Company	Customer Service	www.genworth.com	888-436-9678
John Hancock Life Insurance Company	Customer Service	www.jhancock.com	800-377-7311
LifeSecure Insurance Company	Customer Service	www.yourlifesecure.com	866-582-7701
Massachusetts Mutual Life Insurance Company	Customer Service	www.massmutual.com	413-744-1514
MedAmerica Insurance Company	Customer Service	www.medamericaltc.com	800-544-0327
Mutual of Omaha	Customer Service	www.mutualofomaha.com	800-228-7104
New York Life Insurance Company	Customer Service	www.newyorklife.com	800-224-4582
Northwestern Long-Term Care Insurance Co.	Mollie Kenny	www.northwesternmutual.com	414-661-3415
State Farm Mutual Auto Insurance Co.	Contact local State Farm agent	www.statefarm.com	866-855-1212
Thrivent Financial	Customer Service	www.thrivent.com	800-847-4836
Transamerica Life Insurance Company	Customer Service	www.transamerica.com/inidividual/ products/insurance/long-term-care/	866-478-5209
United Security Assurance Company of Pennsylvania	Customer Service	www.USAOFPA.com	800-872-3044

Glossary of Terms

ADLs – Everyday functions and activities individuals usually do without help. ADL functions include bathing, dressing, transferring, eating and continence.

Adult Day Care- Care provided to adults in a community-based center who cannot remain alone but do not require round-the-clock nursing care.

Benefit Period - A specified amount of time for which benefits will be payable during confinement or period of illness.

Cognitive Impairment - Alzheimer's, dementia and other mental incapacities.

Co-insurance - A percentage of all expenses that an insured person is required to pay; for example, 20 percent of the "reasonable" charges under Medicare.

Custodial Care - Care to help individuals meet personal needs such as eating, bathing, dressing and taking medication. The care may be provided by nonmedical personnel, but must be based upon doctor's orders.

Disclosure Form - Describes the benefits, exclusions and provisions in a policy.

Elimination Period - Specified period of time a person must wait before a policy pays benefits.

Exclusion - A condition, circumstance or medical expense the policy does not cover.

Guaranteed Renewable - The company guarantees that the policy is renewable for life so long as the premiums are paid. The premiums can increase only if there is a rate increase for everyone.

Home Health Care – Services for nursing care or occupational, physical, respiratory or speech therapy. Also included are medical, social worker, home health aide, and homemaker services.

Intermediate Nursing Care - Medical care provided in a nursing facility to patients who require daily medical supervision, but not 24-hour care. The care is supervised by registered nurses and ordered by a doctor.

Lien Estate Recovery - Medicaid is required by law to recover assets of recipients to help pay for the cost of their care. Recovery is done by filing liens on homes of certain nursing home recipients and by filing claims against the estates of certain recipients who die at or after age 55, or who reside in a nursing home. Recovery is not made when there is a surviving spouse or certain dependents.

Medicaid – A joint federal/state medical assistance program administered by the state. It provides health care services to those with low incomes or with very high medical bills relative to income and assets. Medicaid provides benefits for long-term nursing facility care if income and assets meet eligibility criteria. It also provides home health care.

Medicare - The federal program providing hospital and medical insurance to people 65 years and older. Medicare provides only limited benefits for nursing home and home health care services under specific circumstances.

Premium - The dollar amount charged for an insurance policy.

Rider - A document attached to a policy that changes the provisions of the policy. A rider may add coverage, remove coverage or redefine what sort of coverage the insurance policy provides.

Skilled Care - Care provided to a patient on a 24-hour basis by, or under the supervision of, skilled medical personnel based upon a physician's orders.

Waiting Period - The period of time before your policy becomes effective.

Technical Notes

Some of the companies that participated in this survey have differences in determining premiums. These include:

- **Thrivent**

  Offers a 15% (1-insured) and 25% (2-insured) partners/couples discount on LTC premiums.

NOTES

Contact Us

Monica J. Lindeen
Office of the Montana State Auditor
Commissioner of Securities & Insurance

840 Helena Avenue, Helena, MT 59601

Consumer Hotline

1-800-332-6148
In Helena: 444-2040

Fax:	406-444-3497
TDD Phone:	406-444-3246
E-mail:	csi@mt.gov

www.csimt.gov

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