

**Frequently Asked Questions about  
Long Term Care Insurance (LTCi)**

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**Eric Burkard, CLTC**

## What is Long Term Care?

Long-term care is defined as needing assistance for more than 90 days with your activities of daily living, or ADLs (bathing, dressing transferring, eating, toileting and continence) or needing substantial supervision due to a severe cognitive impairment (Alzheimer's or other forms of dementia, etc.). It is also called extended care.

## Doesn't Medicare pay for Long Term Care?

Unfortunately, no. In fact, this is stated on the last page of your Social Security statement under "About Social Security and Medicare". Medicare will pay for short-term rehabilitative care but only after you have stayed a minimum of three nights in hospital and your recovery is expected. This rehabilitative care is limited to 100 days.

## Isn't Long Term Care covered by the Affordable Care Act (ACA)?

Again, unfortunately, no. In fact, both the Federal and most State governments urge Americans to consider private Long Term Care Insurance, if affordable. See [LongTermCare.gov](http://LongTermCare.gov) and [Georgia Long Term Care Partnership](http://GeorgiaLongTermCarePartnership.com).

## Is Long Term Care Insurance (LTCi) like Term Life Insurance?

There are two types of LTCi...

One is traditional (sometimes called "standalone") and looks much like home and auto insurance. It is the most common, but it has no death benefit, cash surrender value or premium guarantee.

The other is asset-based LTCi and is a combination of permanent life insurance policy (Whole Life or Universal Life, depending on the carrier) and an LTCi insurance policy. It is more costly than Traditional LTCi, but it is vastly different in that it includes a death benefit, a guaranteed premium and a guaranteed cash surrender value.

## What is the best age to buy Long Term Care Insurance?

I like to say it is when you are healthy and when you can afford the premiums today and in the future. There is no "magic age", however the average age of purchasers is 57, according to the American Association of Long Term Care Insurance ([www.aaltci.org](http://www.aaltci.org)).

It's important to keep in mind the "cost of waiting", i.e. the longer you wait to buy, the more money you will spend in premiums over the long run, and the more difficult it will be to qualify from a health standpoint.

## What does a Long Term Care insurance policy cover?

Most policies today are comprehensive and pay for long-term care in almost any type of setting including the home, assisted living, adult day care, nursing home, memory care and also personal care homes. Most plans also pay for a care coordinator, caregiver respite, hospice care and equipment and home modifications for people receiving care in their homes.

## How do I qualify for benefits if I have a LTC insurance policy?

To qualify for benefits, a qualified health provider will have to certify that you need standby or hands-on assistance with at least 2 of the 6 Activities of Daily Living (ADLs) such as eating, bathing, dressing, transferring, toileting or continence - OR – need substantial supervision due to a severe cognitive impairment such as Alzheimer's or other form of dementia, stroke or even a severe brain injury, for example. They will also have to certify that you are expected to need this assistance for at least 90 days. These qualifications are defined by Internal Revenue Code 7702(B) of the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

## What is the cost of care in my area?

The cost of care can vary widely depending on where you live and the type of care you need (home care, adult day care, assisted living, nursing home, etc.). A good source for this information is... <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>

## Can my rates go up?

Traditional (standalone) LTC insurance premiums can and will likely continue to go up in the future.

Asset-based LTC policies have fixed premiums guaranteed for life and can also be paid over a lifetime or a certain number of years (5, 10, 15, etc.) or as a lump sum.

## Will my policy pay my children to take care of me?

Plans generally do not allow direct family members to be reimbursed for your care. However, some policies may pay a partial cash benefit in lieu of full reimbursement, which could be used to pay a family member or anyone, for that matter. You can also buy an “indemnity” plan that pays a fixed amount directly to you once you qualify for benefits, but they are generally more expensive than reimbursement plans. Most plans are reimbursement plans.

## What should I look for in a company offering Long Term Care Insurance (LTCi)?

Look for a company that is rated “Excellent” or “Superior” by the credit rating agency A.M. Best. Equally important, however, is how long the company has been in business, how it underwrites and prices its policies, how it pays benefits, its track record of paying claims and its history of

rate increases. These are good questions to ask an independent agent who specializes in this type of insurance.

### **Who is a good candidate for Long Term Care Insurance?**

A good candidate, in my view, is someone who 1) is in reasonably good health 2) can afford the premiums now and in the future and 3) recognizes the risk, cost and consequences of extended care.

### **What other options are there to pay for Long Term Care?**

Family Members are the most common option both as payers and providers of long-term care, but spouses and family members often underestimate the financial, physical and emotional burdens of caregiving.

Retirement Savings are often tapped to pay for long-term care, but in most cases, these funds were never provisioned for long-term care in the first place, consequently retirement or legacy plans tend to collapse when extended care is needed. Although no one ever does it, you could earmark a significant portion of your savings today or start a “rainy day” fund and hope that over the next 20-25 years your fund will always grow, you will always have the discipline to contribute regularly to your fund, and you will not develop any serious health issues along the way. This option is also known as self-insuring.

Veterans Aid & Attendance benefit: Veterans may qualify for limited assistance through the Aid and Attendance benefit, but qualification is based on assets and income and specific dates of service.

Medicaid is the Federal-State funded program for the financially disadvantaged. In addition, any transfers of assets in the 5-year “Look Back” are subject to penalty.

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**Eric** is an independent life insurance agent specializing in long-term care funding solutions including asset-based LTC Insurance and represents the top carriers in the industry and across the country.

In addition to Long Term Care, Eric works with individuals and business owners to find the best solutions for Life Insurance and Disability Income Insurance.

Before entering the life insurance business in 2003, Eric worked over 20 years in international banking, finance and capital markets. He has an M.A. in International Management from the Monterey Institute of International Studies in Monterey, CA and a B.A. in Psychology from the State University of New York at Buffalo.

In the community, Eric was an active board member of the Georgia Chapter of the American Parkinson Disease Association (APDA) from 2010 through April 2019 and served as their President from November 2013 through October 2017. Eric is also an amateur photographer and is currently VP of the Roswell Photographic Society.

Eric lived many years in Venezuela and is fully fluent in Spanish. Eric lives in Alpharetta, Georgia with his wife Rosa. Their two sons graduated from Georgia College & State University in 2010 and 2013.

### **Eric Burkard, CLTC**

*Life, Disability & Long Term Care Insurance*

720 Marianna Lane, Alpharetta, GA 30004

(770) 777-5988 (office)

(770) 639-5757 (mobile)

(678) 348-7266 (fax)

[www.burkardinsurance.com](http://www.burkardinsurance.com)