FAQs as answered by the webinar presenter, Mark Kirby

Health/ Eligibility Scenarios

1. Can current health records that show improvement from original diagnoses be taken into consideration? (With existing conditions that can improve, IE high lipids or pre-diabetes)
   The underwriting practices will be similar, but not identical between carriers. The best answer to this question is usually yes, but not in every circumstance. In general, it will be harder to get an approval after being declined, but not impossible in every case.

2. Are there specific scenarios that you would say would never qualify for a LTC insurance plan? Looking for - don't bother even considering LTC insurance if ... <you are a certain age, have certain health conditions, etc.>
   Yes, absolutely. There are age limits (either 80 or 85) and health requirements. If you have any of several dozen disqualifying disorders, if you have an unwanted combination of co-morbid conditions, or if you are too high up the scale on any number of additional spectral disorders you will be declined outright.

3. What kinds of health issues will stop me from getting covered? Are there pre-existing condition exclusions?
   The list is long and arduous. In general, any disease or disorder that seems that it could cause a claim on a long-term care insurance policy will be rated or declined. A very short list of examples would be: Alzheimer's, Parkinson's, ALS, Multiple Sclerosis, Muscular Dystrophy, Down's Syndrome, or Dementia. Besides these named disorders, there are several additional general conditions or situations that can cause an outright decline, such as the use of any of the following: walkers, wheelchairs, oxygen, opioid drugs, or disability insurance (except for V.A. disability). For every example named here, there are hundreds of more obscure reasons for declines.

4. I've been told I could never get LTC insurance due to major reconstructive cervical spine surgery due to a benign tumor removal 4 years ago and because I still take daily, non-opioid pain medication. Is this true?
   It MAY be true. From the sounds of things, you still have effects from a bad back. The carriers are not only concerned with your current condition, but also with how your current condition may deteriorate in the future. If they determine that there is a high risk of deterioration of your current condition, they will not issue a policy. But every case is slightly different from one another. If there is a chance of coverage, a good agent will help you find it.

5. My mom has been diagnosed with Alzheimer's ... Will that affect my qualification?
   One of our main carriers has recently begun looking at family history of memory loss as a limiter or disqualifier. Currently, this is only one carrier. If this turns into a trend with other carriers, then everyone with this family history should look at this coverage with a little more urgency.

6. I am a cancer survivor (I hope). Will that affect my eligibility?
   Decades ago, cancer was a much greater concern than today. The good news is that the underwriting for most cancers has gotten more relaxed over the years. You are most likely a good candidate for coverage. In general, there is a waiting period of one to five years after last treatment, depending upon the type and the severity of the cancer.

7. What percentage of applicants are denied coverage?
   Depending upon the carrier and the agent, it could be anywhere from 10% to 40%. If an agent's decline rate gets much above 40%, there could be negative consequences from his agency and the carriers, due to the high cost of underwriting an application.

8. What is the best age to purchase LTC Insurance?
   Perhaps it isn't a particular age. The best time in your life to investigate this insurance is when you have all your major life expenses behind you, you are saving for retirement, and have money to protect. These major expenses include college, weddings, mortgages, etc. When you look forward and you know that you will most likely not have trouble paying these premiums and you have retirement savings that are at risk, this is when you should buy this insurance. This time in your life will come at different ages for everyone.

9. Rather than starting to purchase in your 50's or 60's, what would it cost to purchase LTC in your 30's today?
   It will perhaps be a third less expensive to buy in your 30s than your 50s. If you can do so (see previous question), then it makes sense. You will be healthier, your parents will be less likely to have been diagnosed with memory loss, and your policy will have more time to grow with the inflation rider so you will not have to buy as much coverage as you would by waiting until later. This will work exceptionally well if you are in a financial position to buy a hybrid plan.

Hybrid Plan Questions

1. Where can I obtain a chart showing the Hybrid LTC premiums?
   Charts for long term care insurance premiums, whether traditional or hybrid, just don't exist. There are too many variables that determine rates. But just to get a general idea, my advice to those who are shopping for coverage is that if you have at least a half million dollars in savings, then you can look at either the hybrids or traditional plans. If you have less than that in savings, then the traditional plans will probably work best. This is due to the high initial outlay of the hybrids.

2. Do you have written material to review about all this, especially the hybrid plan?
   Yes. There are terabytes of information available about all of these products. Anyone who asks me can get a lifetime supply; it just is not feasible to include it with this presentation or with this FAQ response page.

3. Can you comment on the quality of specific offerings (e.g., is there a rating or "top ten" list of hybrid insurance long term care plans)?
   Perhaps it is best to hedge a little bit with my answer to this question. Our company offers four hybrid products. Each of them has a niche that they cater to. Some people are adamant that they only want an indemnity payout (vs. reimbursement). Some folks are interested in a zero-day waiting period and some want lifetime unlimited benefits. The carriers we offer have different combinations of these and other features. It wouldn't be fair of me to list them in order of my preference, because you might have different requirements. But rest assured that your alumni association and the additional 650 organizations that we have a relationship with, will not allow us to offer you inferior products, nor would I ever want to.

4. Is a life insurance policy with a "living benefits" rider an example of a hybrid solution?
   This is a similar solution to the same problem. Generally, however, the hybrid long term care policies are more geared toward long-term care benefits than life insurance. For instance, if you have a variable life policy without benefit guarantees, it may not be the best solution for long-term care because your benefits may diminish while the cost of care rises. This kind of issue is addressed with a true hybrid policy.

5. Can you pay for a hybrid policy with a retirement medical insurance plan?
   Since the Pension Protection Act, we are allowed to use our HSA and MSA accounts to pay for long term care insurance premiums. But there are two things happening with your question that need to be considered. First, a hybrid plan is a *life insurance policy* with long term care benefits. This may preclude its eligibility for special tax treatment. Second, the cost of a hybrid is so high that your HSA or MSA will have to be very robust to handle the premium, if it is even allowed. This question will be answered better by your tax accountant.

6. Please explain the difference between Return of Premium Rider vs Hybrid LTC.
   The concept is similar, but not identical. With (most) return of premium riders, your estate will receive a check for all unused premiums that were paid into the policy and not used for a claim. If you have an early demise, there won't be much of a refund. The hybrid concept will give you a defined death benefit in the event of a death, and your estate will receive this amount whenever you pass away. If you need long term care, this death benefit is used for the care until it is spent. Some policies will then give a guaranteed residual death benefit, even if the policy was used up in care. And some companies will continue to pay long-term care benefits (with the use of a rider), even beyond the depletion of the death benefit.

7. What plans are most sold? Regular or Hybrid?
   Traditional coverage is still the most common sold. However, hybrids are gaining ground. The limitation of the hybrid ever catching up (in my opinion) is the high initial cost of the hybrid over traditional.

<u>State Related Questions</u>

1. If you purchase a policy, can it be used if you should pass away in another state. Will the policy still be honored in the state of death?
   Yes. All policies, traditional and hybrid are portable. This means you can take them anywhere in the country and they will be honored. Your policy will remain under the jurisdiction of the issuing state (in the event of rate increases or regulatory issues).

2. What happens if you need LTC and want to move to a different state, for example, to be near children or another family member?
   This is allowed in all circumstances. The policies are portable (see previous question).

3. You mentioned different states have different requirements - what happens if you move from one state to another? Does that impact your eligibility, premium, or coverage?
   No, your coverage will only be affected by the state in which your policy was originally issued.

4. How does this LTC insurance work when you move to a new state?
   (see previous three questions)

5. Are there restrictions on policies based on your state of residence?
   There may be minor differences. For instance, with traditional policies, there is a feature called a "State Partnership" agreement that is an incentive offered by some, but not all states. And there are four states (CT, IN, NY and CA) that originated these incentives and have been grandfathered to allow slightly differing incentives than other states. Massachusetts offers their own version of an incentive that allows you to protect your home. Some states don't offer any incentive at all. These are jurisdictional differences, although they are not actually restrictions.

   When it comes to actual restrictions, there are a few minor things in a few states. The biggest difference aside from the partnership agreements is that there are a few states where the cost of coverage is higher, because the regulatory environment is stricter. This makes it more expensive for the carriers to operate there.

6. If you buy into one state but then move to another, can you get into a facility of the state you have been paying for or do you need to go a facility in state where you currently reside?
   (see answers above)

<u>Assets/ Responsibilities</u>

1. What do you consider "significant assets" to be?
   I've spoken with millionaires who felt they really didn't have enough money to worry about losing it, and I've spoken with people who are nearly penniless who were adamant about protecting what little they have. For me however, I think a rule of thumb is something like a six-digit nest egg that is being built up for retirement. This is usually the person I try to help with asset protection.

2. About how much in assets would one need to make LTC insurance worth buying?
   Expanding upon the previous question, I think it is more a matter of personal belief and conviction. But an important rule to remember is that the premiums for this insurance should not change your life-style. Another good rule of thumb is that if the nest egg cannot support the premiums for this insurance and keep growing, you're probably not at the "significant" level yet.

3. Does not-having children/heirs and subsequently no immediate younger family member support "skew" which LTC policy is appropriate?
   There are three basic reasons to buy this insurance. First, to avoid becoming a burden on your adult children who have enough of their own issues to deal with. Second, to prevent spending all the money you've ever made in a place you would rather die than go to in the first place. Third, to assure quality of care if you ever need it and avoid ending up in a situation or care setting that you and everyone around you will regret. Everyone who buys this insurance will place varying levels of importance on these three key points. Not having children will totally remove any qualm about the first point, but will add significance to the last one. When determining which type of coverage is best for you, you will have your own personal reasons for choosing one over the other. My intention is to provide you with enough information to be able to make a sound choice. For instance, you may at first glance determine that you don't need a death benefit, so you don't need a hybrid plan. But then you find out that the only unlimited lifetime coverage available is with a hybrid plan, and this becomes more important to you than the absence of heirs, because it will protect your money better and assure quality of care for longer. These are the things that we will go over when determining the right coverage.

4. What are your thoughts for getting LTC insurance if you have no children?
   (See previous answer)

Other Questions

1. What are the data collection and privacy policies? Where can I find a copy of those policies right now?
   For anyone to be covered by this or any personal insurance, you will have to allow the carrier to go through your medical records. There are no exceptions. You may refuse them, and they will refuse your coverage. You may get a sample policy, and a copy of the HIPAA release form that must be signed simply by requesting them from me.

2. How is the audit cost determined?
   The LTCRplus care audit is one of the options offered within LTCRplus. The cost of the care audit will be determined by the company that provides the service and will include factors such as the city and state of the patient, along with the extensiveness of the care being audited. The most expensive care audit right now is $400.

3. Are you able to use any LTC provider?
   With all policies, you may use any care provider and setting that is licensed to perform the required tasks. A few rare policies will pay anyone or any setting. These are typically indemnity benefit offerings.

4. We have had a LTC policy for approximately 8 years. Is it reasonable/expected to have yearly increases in our premiums?
   Perhaps you should not be surprised if increases occur on older policies. But I would not expect them annually unless your state insurance commissioner set it up this way. The only increases allowed on these polices must go through the state regulators and the carrier must prove a loss to be allowed to increase the premiums. Typically, this will be a “one-shot” increase. However, some regulators have determined that it will be easier to handle the increase if it is broken up over several years, especially if it is a large increase.

5. Do you represent independent companies and can get the best price?
   We represent several main-stream carriers. In the traditional market, we can offer discounts that are not available to the general public. We also offer unmatched experience, service, and expertise.

6. Is it possible to get an estimate of what the combination policy will cost before going through the whole underwriting process?
   Yes. When you decide to investigate this coverage, we will have conversations that will lead you to an appropriate solution. You will have solid quotes and a good understanding of what to expect from the underwriters. The actual application is a culmination of many conversations, and perhaps many quotes from many carriers.

7. Will LTC cover your care in home to be able to stay or is it just in the facility.
   The programs offered these days are defined as integrated. This means you will have a predetermined amount of money to spend on care. There will be two restrictions on this money. There will be a monthly or daily allowance which may not be exceeded and there will be a lifetime cap on the policy. These will both grow over time if an inflation rider is added to the policy (highly recommended). But there will be no restriction on where you may receive your care. The three broad categories are home care, assisted living and nursing homes. There are many sub categories as well, and they are all covered with an integrated policy.

8. What is the discount for the alumni group?
   The alumni association members can receive 5% off from some of the traditional carriers, but not the hybrids.

9. How does this long-term insurance program compare with AARP's partnership with New York Life?
   Our programs compare very favorably with anything in the marketplace. I will be happy to show you comparisons with all competitors.

10. When talking about CPI vs GPO you mentioned companies no longer being in the business. What happens if the insurance company goes out of or gets out the business of a certain type of insurance?
    There have been many carriers who have left the market. The policies they sold still must be honored by them; they cannot drop anyone’s coverage. These programs are Guaranteed Renewable for Life, which means that if you are willing to pay for it, they have to honor it.

11. Does Long Term Care include hospice, rehab and/or health aides whether you are in a facility or choose to remain at home?
    Yes. The policies will always pay after Medicare (skilled care only) and they will pay in any setting you choose. Medicare will pay for some hospice or rehab situations, but with strict limits. This insurance will pay after Medicare stops.

12. I have purchased LTC insurance for 5 years from another company. Is there a chart you have so I can compare my current company with one you might recommend?
    If you have coverage already, there should be no good reason to switch. The new coverage will be more expensive in every situation due to a combination of four factors that raise rates for incoming applicants exponentially. These are: advancing age, higher benefit levels due to inflation riders, deteriorating health over the years, and new programs from the carriers that have always been more expensive than preceding ones.

13. Do your LTC policies cover paying for private Aides/Caregivers while living in an ALF (Assisted Living Facility)?
    Yes, but the benefit limits set in the policy will limit how much benefit will be available for these services. If you are paying the rent at the ALF with the policy and then want to pay for aids as well, you will most likely run into your periodic benefit limit.

14. Can you cancel at any time?
    You will never be obligated to keep this insurance in force. But if you cancel, you will lose your coverage and be in a worse position than you were when you bought it. You will be older and therefore closer to a claim. And you will be poorer to the extent of the premiums you’ve paid. The hybrids will give you a cash value however, so if you cancel your hybrid policy you will receive a

refund of all or most of your capital outlay. The best thing to do however is to commit to the program and not ever cancel it. This will ensure your goals when you take out the coverage.

15. What are credit quality/ratings of insurance companies you recommend? What happens if Insurance co exits LTC or goes bankrupt after years of paying premium?
    A) I only recommend highly rated companies. B) This is a small concern. The carriers must honor the contracts they sell, even if they exit the market. And since the depression, every policy in the insurance industry has been honored with safety nets put in place by the government. The bigger concern you have is getting to the point that you require care and then run out of money because you weren't insured.

16. Does your LTC program work with all facilities or have preferred ones that you use exclusively?
    The programs we offer will allow you to choose any facility or setting in the nation. There is no preferred list per se. But the LTCRplus program is available to help you determine which setting is best for you. This is a free service.

17. Can I use the program multiple times?
    Yes. If you go in and out of care the policy will start and stop. However, you cannot "refill" your benefits unless you have a restoration of benefits rider on your policy. Keep in mind that your doctor has signed off that he expects your care to last at least three months. In other words, he is not expecting you to recover. Most claims happen one time and there is no recovery.

18. What is so called "Self-funded long-term care"?
    Typically, this is what most folks have always done. They go through their lives without concern for long term care. When it happens, they "self-fund" until they either pass away or they are broke. Long term care insurance is the best alternative to this approach.

19. Is the Alumni Association discount available for my spouse? And Can I buy a plan that both my wife and I can share the benefits, so that either one of us can use it?
    The answer to both questions is yes. It is highly recommended that both partners buy coverage simultaneously because there are significant discounts for you when you do. Both traditional and hybrid plans have ways to buy community benefits.

20. What is performed in the "Audit" portion in the LTCR Plus Program? And how quick can they be performed if you need care?
    The audit portion of LTCRplus is designed to ensure that the care your loved one is receiving is as good as you're hoping it is. Usually, this is performed because the care is being received remotely and the family cannot visit on a regular basis to make sure things are going as you would like them to. The auditors will assess the care being given as to its appropriateness and adequacy. They will report back to the family members who requested the audit.

21. Can I enroll a family member into the LTCR Plus program?
    Yes. A simple phone call is all that is required.

22. How long does it take to get access to benefits of the LTCRplus program?
    Access to these benefits will be instant.

23. What’s the difference between skilled care and unskilled care?
    In a broad general sense, skilled care is received when you can recover and unskilled care is received when you cannot recover. Skilled care comes from doctors, nurses, therapists, nutritionists, and other such skilled professionals whose job it is to help people recover and get back on their feet. When this fails and they require help just to get by on a day-to-day basis, this is called unskilled or custodial care. Unskilled care can be supervisory in the case of a memory patient or it can be custodial in nature to help with basic activities like dressing, bathing, or bathroom duties.

24. How does LTC Insurance work with Medicare or Medicaid?
    Medicare is health insurance for the elderly. Everyone who worked in the private workforce and is not covered by the railroad or military is entitled to receive it. It will pay for Skilled Care in a nursing home for up to 100 days. Medicaid is health insurance for welfare recipients. It will pay for custodial care in a facility, but as the name implies, you must qualify for welfare and be indigent to qualify. The process of qualifying for Medicaid to receive payment for a nursing home is commonly referred to as “spending down” your assets. Once you are at poverty level, Medicaid will pay for your long-term care.

25. If at one point, I qualify for Medicaid while having an active “account” with LTCR, do you act as a secondary insurance?
    Only in rare circumstances will this happen. For instance, if you have an old long-term care policy with unlimited lifetime benefits, but the daily allowance is very low, you may end up spending down your assets and qualifying for Medicaid. When this does occur, the insurer will pay what they are obligated to pay and Medicaid will pay as the secondary funding source. Medicare is always the first payor and Medicaid is always the last payor.