Kansas Insurance Department

Long-Term Care

insurance guide

effective June 1, 2017

Ken Selzer, CPA
Commissioner of Insurance
August 2017

Dear Kansas consumer,

Long-Term Care insurance is one tool that some people consider purchasing while planning for their future. Long-Term Care insurance pays for some or all costs of assisted living or care during times when you are unable to care for yourself. Coverage can include care in a nursing home, an adult day care facility or your own home.

Like many forms of insurance, long-term care insurance can be very confusing. This booklet is designed to give you basic information about long-term care insurance and answer some of your commonly asked questions, including who should consider buying long-term care insurance. It also provides cost and rate-increase information to help you if you decide to shop for a policy.

If you have questions or need assistance understanding long-term care insurance issues, please contact the Kansas Insurance Department’s Consumer Assistance Hotline toll-free at 800-432-2484. Our trained staff is here to help answer your insurance questions and find solutions to your problems.

Sincerely,

Ken Selzer, CPA
Commissioner of Insurance
Table of Contents

Section I: About Long-Term Care Insurance  2 - 17
  What is long-term care?
  Designing your policy
  Qualifying for coverage
  Partnership plans

Section II: Shopping Tips & Other Resources  18 - 24

This guide is not an endorsement of any insurance company’s insurance policies. For the most up-to-date information, visit www.ksinsurance.org.
Section I: About Long-Term Care Insurance

What is long-term care?

Long-term care is the help you may need if you are unable to care for yourself because of a prolonged illness or disability. People often think of long-term care as taking place in a nursing home. In fact, “long-term care” refers to a variety of private and semi-private care situations and services, including home health care, adult day care and nursing facilities.

Long-term care differs from traditional medical care. While medical care services rehabilitate or correct certain medical problems, long-term care services help a person maintain his or her lifestyle.

When am I eligible to use long-term care insurance?

In order to use your long-term care insurance benefits, you must meet the qualifications outlined in your policy. Most policies will require you meet certain criteria, called “benefit triggers,” usually one of the following:

- You suffer from severe cognitive impairment
  OR
- You are unable to perform at least two Activities of Daily Living (ADLs) on your own.

ADLS include:
- Bathing
- Eating
- Dressing
- Toileting
- Transferring in and out of beds
- Care for incontinence
- Care for cognitive limitations due to Alzheimer’s disease or another form of dementia.

Be sure to read your policy and understand what and how many benefit triggers you must meet in order to receive long-term care coverage.
How much does long-term care cost?
The cost of long-term care varies greatly depending upon the type of services provided. Skilled services, such as nursing or therapy, will cost more than support services, such as homemaker help or personal care. Generally, home care services can be provided at a lower cost than in a nursing facility.

Because there is such a wide variety of services now available and the costs vary from area to area, you should check in your local area for the kinds of services offered and their costs. As you plan, it’s also important to keep in mind that these costs will probably increase before you actually have a need for the services.

How is long-term care paid for?
The basic ways that long-term care is paid in Kansas:

- Medicaid
- Medicare
- Private pay
- Long-term care insurance

Medicare may cover some long-term care costs, but that coverage is limited in nature.

Medicare: After a three-day minimum inpatient hospital stay for a related illness or injury, Medicare covers a semiprivate room, meals, skilled nursing, rehabilitative services and other services and supplies for up to 100 days in a benefit period. To receive care in a skilled nursing facility, you must need skilled care, like intravenous injections or physical therapy ordered by a physician. Medicare doesn’t cover long-term care or custodial care in this setting.

Number of new LTC claims paid in 2016 and distribution by facility with 121,652 total claims.

Nursing Home: 37%
Assisted Living: 25.4%
Home Care: 37.6%

To check eligibility and apply for KanCare (state financial assistance) or Medicaid:

Visit: Kancare.ks.gov
or
https://cssp.kees.ks.gov
or

call: 1-800-792-4884
“Activities of daily living” are usually defined as:

- bathing
- eating
- dressing
- toileting
- transferring in and out of chairs or beds
- care for incontinence
- care for cognitive limitations due to Alzheimer’s disease or another form of dementia

Look for a personal worksheet in the back of this guide to help you assess your needs.

**Medicaid:** To receive Medicaid assistance, you must meet federal poverty guidelines for income and assets, and may have to “spend down” or use up most of your assets on health care. When you have spent down your assets, you may then be eligible for Medicaid. Many people begin paying for nursing home care out of their own pockets and spend down their financial resources until they become eligible for Medicaid. They then turn to Medicaid to pay part or all of their nursing home expenses.

**Who will most likely need long-term care services?**

Your personal risk of needing long-term care depends on some of the following factors:

- **Life expectancy:** The longer you live, the more likely it is that you will need long-term care. How long did your parents, aunts, uncles and grandparents live? Do people in your family tend to live long lives?

- **Your gender:** Women are at a much higher risk of needing to pay for formal long-term care for several reasons. Women tend to marry older men, have longer life spans and often outlive their spouses.

- **Family situation:** If you have a spouse and adult children, you are more likely to receive informal care at home. If family members are unable to provide care and you cannot stay home alone, a nursing home may be an available option.

- **Health factors:** If you have been diagnosed or treated for a certain health condition, you may be at greater risk than another person of the same age and gender for needing long-term care. Unfortunately, it may be this known health condition that will make you ineligible to buy long-term care insurance.

**Kansas nursing home residents by age and gender**

<table>
<thead>
<tr>
<th>By age</th>
<th>By gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>64 or younger</td>
<td>12.7%</td>
</tr>
<tr>
<td>65 to 84</td>
<td>38.9%</td>
</tr>
<tr>
<td>85 and older</td>
<td>48.4%</td>
</tr>
</tbody>
</table>

Should you buy long-term care insurance?

After you have considered your chances of needing long-term care, you will also want to look at why you would purchase a long-term care policy and how you intend to pay for it. People buy long-term care insurance for a variety of reasons, including the following:

- to avoid spending assets for long-term care.
- to decrease the chances of going on Medicaid.
- to give the individuals more freedom of choice regarding the type of care received.
- to protect family members from having to pay for or provide care.

Who shouldn’t consider long-term care insurance?

Not everyone should buy a long-term care insurance policy. For some, a long-term care policy is an affordable and attractive form of insurance, but for others, the coverage or benefits are too expensive. You shouldn’t buy a long-term care policy if you have trouble stretching your income to pay for utilities, food or medicine. And you likely shouldn’t buy a policy if your only income is Social Security.

Whether you need long-term care insurance depends on your income, family situation, and personal risk factors.

Long-term care insurance policies are **not** standardized like Medicare supplement insurance.
Federal law provides for favorable tax treatment of certain long-term care plans. Plans are tax qualified or nontax qualified. Check with your tax adviser to find out which plan is best for you.

To claim a tax deduction for your premium, your medical expenses must exceed 10% of your adjusted gross income. The amount of premium you can deduct as a medical expense is based on your age.

Kinds of long-term care policies available

Long-term care insurance policies are not standardized like Medicare supplement insurance. Each policy is different. Companies sell policies with many combinations of benefits and coverages.

There are several ways to purchase coverage:
- an individual policy
- a group policy sponsored by your employer
- membership in an association
- a life insurance policy
- an annuity

Most of the policies in Kansas are sold on an individual basis and tax status must be disclosed through insurance agents.

Tax-qualified long-term care plans

In 1996, Congress passed the Health Insurance Portability and Accountability Act (HIPAA), which amends the Internal Revenue Code and provides for favorable tax treatment for “qualified” long-term care plans. Policies sold after Dec. 31, 1996, must meet new standards to be considered “tax qualified.”

If you have a tax-qualified plan:
- The benefits paid out by a qualified long-term care policy will generally not be taxable as income by the federal government.
- You may deduct all, part or none of the premium — to a certain level based on your age — for a long-term care insurance policy as medical expenses on your itemized federal tax return. The threshold is now 10% as determined by the Affordable Care Act signed into law on March 23, 2010.

Check with your tax adviser to find if you qualify for a deduction, and if so, how much.
**Tax status must be disclosed**
All companies selling long-term care policies sold after Jan. 1, 1997, must clearly identify the tax status of the policy. If the policy is tax qualified, the statement will normally be on the face page of the policy. Policies issued before Jan. 1, 1997, are “grandfathered.” The Internal Revenue Service always has the right to make the final determination as to the tax qualification of any policy.

**Nontax-qualified long-term care plans**
If you purchase a nontax-qualified plan after Jan. 1, 1997, you will not be able to deduct any portion of the premium, and any benefits paid may be considered taxable income to you. It would be best to consult with your tax adviser regarding these provisions.

**Some life insurance policies and annuities qualify as long-term care**
Some life insurance policies and annuities may be considered a qualified long-term care policy if they provide certain long-term care benefits as a rider or part of the contract. You must meet the requirements outlined in the policy to receive long-term care benefits from a life insurance policy or annuity.

Many forms of premium structures are available. The more popular hybrids are funded through a single premium, which eliminates the risk of future premium increases but requires considerable money to pay the premium. Hybrids give the consumer the option to receive benefit dollars for necessary LTC services. But, if the moneys are unused for LTC benefits or withdrawal/surrender benefits, these dollars remain in the death benefit. Life/annuity LTC hybrid products may be either reimbursement or indemnity products, and may be marketed as providing LTC benefits.

Check with your agent or insurance company for the most current information on this type of policy.

**What is not covered**
Kansas laws allow policies to have these exclusions:

- Pre-existing condition — A pre-existing condition is an illness or disability for which you received medical advice or treatment during a specified period before applying for insurance. Most long-term care policies will not pay benefits for these conditions for a certain length of time, usually 6 months, after you become insured.
Check the list of exclusions to see what the policy does not cover.

- Alcoholism and drug addiction.
- Illness or accident caused by an act of war or a felony.
- Treatment already paid for by Medicare or any government program except Medicaid.
- Attempted suicide or intentionally self-inflicted injuries.

90.4% of new 2016 LTC policies sold have an elimination period of 84-100 days.

Source: Broker World 2017

You must qualify for coverage according to your policy’s terms before the elimination period begins.

- Mental and emotional disorders or disease, other than Alzheimer’s disease. Check with insurance company.
- Care by family members — Most policies will not pay members of your family to take care of you. Some policies will pay to train family members to be your care provider. Check with the insurance company.

Designing your long-term care plan
There are many variables to consider when you are designing a long-term care plan that not only suits your needs but also fits your budget. This section discusses the basic plan design elements that you will need to consider.

A long-term care policy has these basic features:
- An elimination period (period before benefits begin) typically ranging from 0 to 100 days
- A maximum benefit period (pay-out period) ranging from “one year” to “lifetime”
- A daily benefit could range from $50 to $400 per day

For example, you might select a plan that pays $70 per day, has benefits that begin after 30 days and has a benefit pay-out period of 3 years.

When benefits begin — the elimination period
You will need to select an elimination period, sometimes called a waiting period, which determines when your policy will begin paying benefits once you have qualified for benefits and have entered a nursing home or begin to use home services. During this elimination period, you will be responsible for paying all costs out-of-pocket. Options are available for benefits to start at 30, 60, 90 or 100 days after you qualify for benefits and enter a nursing home or begin to receive home services. Some policies may have a longer waiting period.
In choosing an elimination period, you will want to keep in mind that the shorter the elimination period, the higher your premium. The longer you can wait for the benefits to begin, the lower your premium costs.

For example, if you buy a policy with a 90-day elimination period your policy will begin paying on the 91st day. You will be responsible for the cost of your first 90 days in the nursing home. If the nursing home costs $70 per day, you will pay $6,300 ($70 x 90 days = $6,300) before the policy will begin to pay. If you leave the nursing home before the 90 days expire, the policy will pay nothing.

Check with your insurance company about your elimination period qualifications. Some companies may only require that you meet your elimination period once in your lifetime, while others may require meeting the elimination period more than once. Some policies will require you to leave the nursing home for a period of time and be readmitted before your policy can continue.

**Length of the benefit period**

When you buy a policy, you will also be asked to decide how long you want your benefits to pay out. This benefit period begins the first day you are eligible to receive benefits from the policy. The premium cost will be higher if you choose a longer benefit period.

Several companies provide a maximum benefit stated in a total dollar amount rather than a benefit period.

For example, you might buy a lifetime benefit of $50,000. The policy will pay the actual charge per day until the maximum benefit has been paid. If the current charge is $70 per day, the benefit would last for 714 days, — or almost two years.

**Daily benefit amount**

You will select a daily benefit maximum when you buy the policy. Choices usually range from $50 to more than $900 a day. Most policies pay the actual cost of each day of care at a nursing home up to the daily maximum amount you select. The premium cost will be higher if you choose higher daily maximums. You will be responsible for the difference if actual care expenses exceed your daily benefit amount. Generally, policies pay benefits using either an “actual expenses incurred” method or an “indemnity” method:

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**Steps to designing your plan**

You will need to decide on several factors:
- elimination period
- benefit period
- daily benefit
- tax qualified or nontax qualified
- where you want to receive care
- optional provisions

42.2% of people in 2016 bought a new 3 year benefit period.

Source: Broker World 2017

When choosing your benefit amount, remember that you will be responsible for all expenses not paid by your insurance policy.
An **actual expense policy** pays benefits only when eligible services are received.

For example: assume you have a policy with a maximum daily benefit of $70 and the nursing home charges only $65 per day. The policy will only pay $65 per day because the actual charge is less than the $70 maximum daily benefit.

An **indemnity policy** pays benefits as specified in the policy without regard to the specific services received.

For example: assume your policy has a $70 daily benefit and the nursing home charges only $65 per day. An indemnity policy will pay $70 per day.

For either policy, benefits will be paid to you, or you may “assign” your benefits and have them paid directly to the nursing home. It’s important that you know how much nursing facilities in your area charge before you select a benefit amount. We suggest you contact two or three nursing facilities in your area to determine current price ranges for daily care. Use the chart below to keep track of these prices.

<table>
<thead>
<tr>
<th>Present cost of long-term care in your area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Nursing home:</td>
</tr>
<tr>
<td>Nursing home:</td>
</tr>
<tr>
<td>Home health care agency:</td>
</tr>
<tr>
<td>Home health care agency:</td>
</tr>
</tbody>
</table>

**Where care is received**

Regardless of which plan you choose, it is also important to know where services are covered. If you are not in the right type of facility, the insurance company can refuse to pay.

Policies may pay for care in different places. Many policies cover all three: nursing facilities, your home and adult day care.
**Nursing home services:** In Kansas, policies are required to cover stays in licensed nursing facilities. Currently this includes assisted-living and residential health care facilities licensed in the state. The average cost of a semi-private nursing home room in Kansas in 2016 was $171 per day, or $62,415 per year.

**Home health care:** Home health care services are provided in a person’s home by a licensed home health agency. Covered services also may include part-time skilled nursing care and physical therapy. Some policies pay for homemaker services such as cooking, cleaning and running errands. Benefits for home health tend to be less expensive than for nursing home care. The average cost of home health care in Kansas in 2016 was $125 per day, or $45,760 per year.

**Adult day care programs:** Policies may provide reduced coverage for services received in an adult day care facility. These programs provide care on a daily basis to individuals who do not require confinement in a nursing home. Benefits typically include nursing care; therapeutic, social, and educational activities; and constant supervision because of Alzheimer’s or a similar disease. The average cost of adult day care programs in Kansas in 2016 was $53 per day, or $19,500 per year.

If you purchase a Kansas policy and plan to move out of state, make sure the insurance company will pay for the facility in another state. Other states license their facilities under different names or not at all. Consult with the other state’s insurance department before making a decision.

Long-term care plans are not standardized. Be sure you understand the kinds of facilities your policy will cover.
Optional provisions or riders

Optional features could be added to your policy. Most optional features will add to the cost of your plan. Optional riders could include inflation protection, waiver of premium charges, nonforfeiture benefits, restoration of benefits, shared care rider, survivorship benefit and/or waiver of home health care elimination period.

- **Inflation protection:** Inflation will affect the cost of long-term care services.

  For example, a nursing home that costs $70 a day now will cost $186 a day in 20 years, assuming an inflation rate of 5 percent a year. Providing inflation protection is an important addition to your policy because it ensures that your policy’s value will increase with inflation. However, it may also significantly increase the cost of your coverage.

The added cost will depend on your age when you purchase the policy and when you expect to use the policy. The younger you are when you purchase a policy, the more important it is for you to consider adding inflation protection.

Inflation benefits may be increased on either a simple or compounded rate basis. If the inflation adjustment is simple, the dollar amount of the increase added to the benefit stays the same every year. However, if the adjustment is compounded, the benefit grows by an increasing dollar amount each year because interest grows on the principal and the interest previously earned.

  For example, a $75 daily benefit that increases by a simple 5 percent a year will provide $150 a day in 20 years. But if it’s compounded, it would provide $199 a day. Interest rates vary; be sure you know what applies to your policy.
In Kansas, every company must offer you an inflation protection option. It is your decision whether to buy the coverage. If you refuse the coverage, you will be asked to sign a statement saying you don’t want inflation protection. Be sure you understand what you are signing.

Inflation protection is most commonly offered in one of two ways:
1) Benefits automatically increase each year.
2) Optional increases are offered to you on a periodic basis, such as every three years.

Inflation protection isn’t the same as a future purchase option, which allows you to choose to increase your benefit periodically. Your premium will initially be lower under this option but will increase each time you buy additional coverage.

• **Waiver of premium charges**: Most companies provide a waiver of premium provision. This provision allows you to stop paying premiums (waive the premium) once you are in a nursing home and the insurance company has started to pay benefits. Some companies waive the premium as soon as they make the first benefit payment. Others wait 60 to 90 days. This provision may not apply if you are receiving care in your home.

• **Nonforfeiture benefits**: With this benefit, if you cancel the policy or stop paying the premiums you will not forfeit all benefits at the end of the period covered by your final premium. You will be eligible for a reduced benefit for a limited period of time until the non-forfeiture benefit is exhausted.

  For example: If your annual premium is $4,000 and you cancel the policy after 5 years, you would have coverage with a maximum lifetime benefit of $20,000.

A nonforfeiture benefit can add significantly to a policy’s cost, depending on such things as your age at the time of purchase, the type of nonforfeiture benefit offered and whether the policy provides inflation protection. If your policy lapses without a nonforfeiture of benefits, you may not receive any benefits.

**Inflation protection can help keep your policy benefits more current with the cost of long-term care in your area.**

**Inflation protection isn’t the same as a future purchase option, which allows you to choose to increase your benefit periodically.**

31.5% of new sales included a fixed future purchase option
Source: Broker World 2017
Qualifying for coverage

Underwriting
Companies selling long-term care insurance “underwrite” their coverage, meaning the company looks at your health and health history before it will issue you a policy. If you do not meet the guidelines established by the company, you may not qualify for coverage. The Kansas Insurance Department cannot force a long-term care insurance company to accept you and issue you a policy.

Some companies do what is known as “short-form” underwriting. On the application for coverage, they will ask you to answer a few questions about your health. They may want to know if you have been hospitalized in the past 12 months or have been confined to a wheelchair. Some companies may ask for more information, examine your current medical records or ask for a health statement from your doctor.

No matter what kind of underwriting a company uses, it is very important to answer all health questions as truthfully and thoroughly as possible. If a company later learns you did not fully disclose your health status on the application, the company could refuse to pay your claim or could rescind your policy.

A copy of your application generally will be attached to your policy. It’s a good idea for you to review this application to be certain you have answered all health questions truthfully and the information you provided to the company is complete.

Pre-existing conditions
Companies may impose a waiting period for pre-existing conditions. This means that policy benefits will not be paid for services related to conditions which existed before you purchased the policy. If the company discovers you have not disclosed a pre-existing condition on your application, it may refuse to pay for treatment related to that condition or it could terminate your coverage.

In 2016, 23.3% of new applications were declined due to underwriting resolutions. 60.9% of new applications were placed.

Source: Broker World 2017
Factors affecting your premium

Generally, your premium is based on the following:

**Age** — The younger you are when you purchase a policy, the less you will initially pay in premiums.

**Elimination period** — Premiums are less if you increase the elimination period. The longer you can wait for benefits to begin, the lower your premium will be.

\[
\text{dollar amount per day} \times \frac{\text{number of days}}{= \text{policy coverage or benefit amount}}
\]

**Benefits** — A policy paying $50 a day for three years will cost less than one paying $100 a day for five years. To decide the benefit amount you would like to have, multiply an estimated daily cost of care and by the number of days of care for which you want coverage.

**Other factors** — Where you live, your health at the time the policy is issued and any optional benefits you decide to add to your policy may increase your costs.

Premiums on long-term care policies will probably increase in the future.

Insurance companies may raise the premiums on their policies but only if they increase the premiums on all policies. *No individual can be singled out for a rate increase, regardless of the number of claims they've filed.*

Partnership plans

**What is the Kansas Partnership for Long-Term Care?**

The Long-Term Care Partnership program is a public/private cooperative program that allows states to be designated as Partnership states under the Deficit Reduction Act of 2005. Insurance policies must meet the state and federal Partnership requirements.

In 2016, 32.3% of new sales purchasers chose a monthly benefit amount of $3,000 to $4,499.

Source: Broker World 2017
People who purchase qualifying long-term care policies, after depleting their insurance benefits, may still qualify for Medicaid, provided they meet all other Medicaid eligibility criteria.

For most people, the benefits of their private Partnership insurance policy will provide all the care they will ever need. But, because of the unique asset protection feature of this program, you won’t have to impoverish yourself if you run out of insurance benefits and still need care: Protected assets are not considered in determining Medicaid eligibility and estate recovery.

**Who benefits?**

The initiative benefits consumers by protecting their assets for their own use. Insurance companies benefit because the initiative encourages the private funding of long-term care, and the state benefits because Medicaid dollars are saved when Kansans fund their long-term care needs with private insurance.

**Asset protection**

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.

For example, a person with a $100,000 policy could keep $100,000 in assets when applying for Medicaid. Without such a policy, a person would have to spend down all but $2,000 in assets before applying for Medicaid.

**Qualified plans**

Partnership-qualified policies must be tax-qualified, contain certain consumer protection provisions and provide inflation protection. Policies are available from licensed insurance professionals.

To qualify for Partnership benefits, long-term care insurance policies must have been purchased on or after April 1, 2007. Consumers who purchased policies prior to that date should contact their insurance carrier to see if their policies qualify.

You can find more information about Partnership plans, as well as a link to companies with approved Partnership endorsements, at [www.ksinsurance.org](http://www.ksinsurance.org).

When companies increase their premiums, it does not mean they will increase policy benefits.

Partnership plans provide dollar-for-dollar asset protection should you ever need to apply for Medicaid.

Partnership-qualified policies must be tax-qualified, contain certain consumer protection provisions and provide inflation protection.

If you already have a long-term care policy, check with your insurance carrier to find out whether your policy qualifies.

For example, a person with a $100,000 policy could keep $100,000 in assets when applying for Medicaid. Without such a policy, a person would have to spend down all but $2,000 in assets before applying for Medicaid.
## Company Customer Service Phone Numbers

<table>
<thead>
<tr>
<th>Company</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankers Life and Casualty Co.</td>
<td>800-231-9150</td>
</tr>
<tr>
<td>Country Life Insurance Co.</td>
<td>866-856-4760</td>
</tr>
<tr>
<td>Genworth Life Insurance Co.</td>
<td>888-436-9678</td>
</tr>
<tr>
<td>Knights of Columbus</td>
<td>800-214-9825</td>
</tr>
<tr>
<td>Massachusetts Mutual Life Insurance Co.</td>
<td>800-272-2216</td>
</tr>
<tr>
<td>Mutual of Omaha Insurance Co.</td>
<td>800-775-1000</td>
</tr>
<tr>
<td>National Guardian Life Insurance Co.</td>
<td>800-548-2962</td>
</tr>
<tr>
<td>New York Life Insurance Co.</td>
<td>800-224-4582</td>
</tr>
<tr>
<td>Northwestern Long Term Care Insurance Co.</td>
<td>800-890-6704</td>
</tr>
<tr>
<td>State Farm Mutual Automobile Insurance Co.</td>
<td>Contact local agent</td>
</tr>
<tr>
<td>Thrivent Financial for Lutherans</td>
<td>800-847-4836</td>
</tr>
<tr>
<td>Transamerica Life Insurance Co.</td>
<td>877-532-4910</td>
</tr>
</tbody>
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## Financial Rating Organizations (FRO)

Financial Rating Organizations rate an insurance company’s financial stability. Each independent agency has its own rating scale. The ratings represent the company’s assessment of an insurer’s ability to meet its obligations to its policy holders. The insurance company’s rating depends on many factors including:

- Company structure and management style
- Claims paid
- Focus
- Financial Reserves
- Comparison to peers

<table>
<thead>
<tr>
<th>A.M. Best Insurer Ratings</th>
<th>Moody’s Investors Service</th>
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<tbody>
<tr>
<td><a href="http://www.ambest.com">www.ambest.com</a></td>
<td><a href="http://www.moodys.com">www.moodys.com</a></td>
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<tr>
<td>908-439-2200</td>
<td>212-553-0377</td>
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<table>
<thead>
<tr>
<th>Fitch Ratings</th>
<th>Standard &amp; Poor’s Insurance Ratings</th>
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<td><a href="http://www.fitchratings.com">www.fitchratings.com</a></td>
<td><a href="http://www.standardandpoors.com">www.standardandpoors.com</a></td>
</tr>
<tr>
<td>800-893-4824</td>
<td>212-438-2000 (Eastern Time)</td>
</tr>
<tr>
<td></td>
<td>415-371-5000 (Pacific Time)</td>
</tr>
</tbody>
</table>
Consumer protections in Kansas

**Free look**
All long-term care policies must provide a “free look” period of at least 30 days from purchase for you to review the policy features. Be sure your policy says what you think it does. If you have questions, ask a trusted friend or your attorney, or call the Kansas Insurance Department. For a full refund, return the policy before the 30 days are up. Using certified mail is a good idea but not required.

**Outline of coverage**
During the sale of a long-term care insurance plan, the agent or company is required to provide you with an outline of coverage. Long-term care policies are difficult to compare. Use the long-term care shopping list at the end of this book to help you compare plans.

**Third-party notification**
This provision allows you to name another person (third party) who would be notified by the insurance company if the policy is about to lapse (terminate) because of nonpayment of the premium. The other person can be a relative, a friend or a professional (a lawyer or accountant, for example). This third party would then have a set period to pay the overdue premium. This provision is especially helpful for individuals who may be suffering from a mental incapacity and have forgotten to pay the premium at the time when they may need the coverage the most.

**Inflation protection**
Kansas insurance law requires companies to show you an inflation benefit. You may reject or accept the offer. It’s important to know that there is an additional cost to include inflation protection.

**Guaranteed renewable**
Long-term care insurance policies sold in Kansas must be “guaranteed renewable,” meaning the company may not change policy provisions or refuse to renew as long as premiums are paid. Guaranteed renewable does NOT guarantee you the same premium, but premiums can only be raised for entire classes of policyholders.
No prior hospitalization required
Policies sold today are prohibited from requiring a hospital stay prior to care in a nursing home.

**Shopping tips**

- **If your income and assets qualify you for Medicaid, you do not need long-term care insurance.**

- **Don't wait until retirement** to check on long-term care coverage through your employer’s group insurance plan.

- **Talk to several agents and companies.** Compare policies. Policies have different coverage and costs. Companies also offer different services.

- **Learn about the agent and company.** Check with the Kansas Insurance Department to make sure that any agent or company you are considering is licensed in Kansas. Keep the agent’s and company’s name, address and telephone number. Through the KID website, you can find out how many complaints have been filed about a company or how many premium rate increases the company has had.

- **Take your time.** Do not be pressured into buying a policy. Principled sales people will not rush you.

- **Never buy a policy or sign something you do not understand.** Ask questions. Discuss the policy with a trusted friend, relative or adviser before you buy.

- **Never sign a blank application.** Answer all questions truthfully. An insurer can deny a claim or cancel a policy if an answer is incomplete or inaccurate.

- **When buying by mail or online,** see if the company has a local agent or a toll-free number you can call with questions.

- **Make checks payable to the insurance company,** never to the agent. **Never pay cash.** Pay by check or money order and insist the agent give you a receipt. Most companies require that you receive a receipt.

“Guaranteed renewable” means a policy must be allowed to continue in force as long as the premiums are paid. It does not mean you are guaranteed renewal at the same premium.
• **Don’t pay premiums for more than one year at a time.** If there is no discount for an annual premium, it may be to your advantage to pay by the quarter or by automatic bank draft.

• **Don’t buy multiple policies.** Generally, it is not necessary to purchase several policies to have enough coverage. One good policy is enough.

• **Replacing an old policy:** Before you buy a new policy, make sure it is better than the one you already have. Even if your agent has switched companies, carefully consider any changes. If you decide to switch, make sure your new application is accepted and the new policy is issued before you cancel the old policy. **If you cancel a policy in the middle of its term, most companies will not return any premiums you have paid.**

**Kansas Life and Health Insurance Guaranty Association**

This association was created by Kansas law to protect Kansas policyholders against financial failure of an insurance company. The association provides a safety net of protection to Kansas consumers and is designed to reduce consumer losses if an insurance company becomes insolvent.

All life and health companies licensed to do business in Kansas must belong to the association. Companies are assessed fees based on the amount of premium written in the state. These fees are used to make claim payments to consumers. In essence, financially sound companies pay for losses of insolvent companies by providing limited benefits through the association.

Kansas law defines which contracts are eligible for guaranty fund coverage and the limitations that apply. Long-term care policies are considered health policies. Claims payable under the guaranty association are subject to benefit maximums. The guaranty association is never required to pay more than the amount of the contractual obligation of the insolvent insurance company. In order for you to be protected by the Kansas guaranty fund, the insurance company must be licensed to do business in Kansas.

Long-term care benefits on any one person, regardless of the number of policies, are limited to a maximum of $300,000. Covered insurance companies are required to attach a disclaimer to their policies to notify policyholders of the limits of protection provided in the event the insurer is declared insolvent.
Resources
There are many resources available to you as a Kansas consumer. This directory is intended to provide you with a quick reference guide. Please keep in mind that KID is prepared to assist you with any insurance question or problem. However, if you're unsure of whom to call, please call our department and we will guide you from there.

Senior Health Insurance Counseling for Kansas (SHICK)  phone: 800-860-5260
www.kdads.ks.gov/commissions/commission-on-aging/m medicare-programs/shick

SHICK provides statewide insurance counseling through a network of more than 300 volunteers. You can receive personal assistance from trained volunteers. They will assist you with questions about:
- Medicare
- Medicare supplement insurance
- Long-term care policies and medicare part D-prescription drug coverage

Kansas Department for Aging and Disability Services  phone: 800-432-3535
www.kdads.ks.gov

KDADS provides many programs and services for Kansas seniors. Services include, but are not limited to, nutrition and meal programs, home health care, homemaker services, housing, transportation, respite care, support groups, case management, and information on long-term care. Services are available through 11 Area Agencies on Aging. Some of those services include:
- Aging and Disability Resource Center
- Older Americans Act
- Senior Care Act

Medicare  phone: 800-MEDICARE (1-800-633-4227)
TTY: 877-486-2048
www.medicare.gov

- Senior Health Insurance Counseling for Kansas
- Senior Medicare Patrol
- Medicare Improvements for Patients and Providers Act
Nursing Home Assessment
Respite for Caregivers
Publications and Reports

Kansas Foundation for Medical Care (KFMC)
phone: 785-273-2552 or 800-432-0407
www.kfmc.org

KFMC provides independent medical review and monitoring of Medicare payments. You have a right to proper diagnosis and treatment under Medicare. KFMC will act on your behalf to protect your rights, especially relating to hospital stays and treatment. These services are free to Medicare beneficiaries.

Other important information
Client Assessment, Referral and Evaluation (CARE)
Everyone seeking nursing facility care must receive a CARE assessment before admission.
• The assessment is free.
• It takes about an hour.
• It provides an evaluation of your health and ability to perform normal daily activities.
• The evaluation is used to determine kinds of services you need and where to find those services.
• Your local Area Agency on Aging will help you obtain the assessment.
To find your local area agency on aging go to: www.payingforseniorcare.com

Selecting a nursing facility
When you are faced with selecting a nursing facility, take the following steps:
• Ask to see the most recent state survey report. Nursing facilities are required by law to let you see a copy of the most recent state survey report. The report will contain information on areas of care where the facilities did not meet the state and federal regulations and standards.
• Visit the nursing facility at least twice - one scheduled and one random visit.
• Collect as much information as possible. A good resource on the kinds of questions to ask is a free publication from Medicare, “The Guide to Choosing a Nursing Home.” To get a copy, call 800-633-4227 or visit www.medicare.gov.
### Shopping list

## Comparison worksheet

<table>
<thead>
<tr>
<th>Policy features and benefits</th>
<th>Company 1</th>
<th>Company 2</th>
<th>Company 3</th>
<th>Current policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price:</strong> How much would you pay each month or year?</td>
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<td><strong>Daily benefit limits:</strong> How much will the policy pay for each day of care in a nursing home?</td>
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<td>for home health care?</td>
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<tr>
<td>for adult day care?</td>
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<tr>
<td><strong>Benefit period:</strong> How many years will the policy pay for nursing home care?</td>
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<tr>
<td>for home health care?</td>
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<tr>
<td><strong>Elimination period:</strong> How many days will you wait before the policy starts paying?</td>
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<tr>
<td>What is the maximum lifetime benefit for nursing home care?</td>
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<tr>
<td>for home health care?</td>
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<tr>
<td>What qualifies you for benefits:</td>
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<tr>
<td>• Doctor’s certification?</td>
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<td>• Inability to perform activities of daily living (ADLs)?</td>
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<td>• Prior hospital stay (home care)?</td>
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<tr>
<td>• Prior hospital stay (nursing home)?</td>
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</table>
### Policy features and benefits

<table>
<thead>
<tr>
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<th>Company 2</th>
<th>Company 3</th>
<th>Current policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inflation protection:</strong></td>
<td>How will the benefit keep up with inflation? What will be the daily benefit 10 years from now?</td>
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<td>Home health care coverage?</td>
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<td>Pre-existing condition waiting period?</td>
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<td>Health screening: Can a company reject your application because of poor health?</td>
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<td>Exclusions: What isn’t covered (other than standard exclusions allowed by law)?</td>
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<tr>
<td>Miscellaneous benefits:</td>
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<tr>
<td>• Waiver of premium</td>
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<tr>
<td>• Nonforfeiture</td>
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<td>• Discount when husband and wife buy together</td>
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<tr>
<td>• Other</td>
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<tr>
<td>The company:</td>
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<tr>
<td>• How long has it been selling long-term care insurance?</td>
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<td>• Is it licensed to sell in Kansas?</td>
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<tr>
<td>• Do you know anyone who has long-term care insurance with this company?</td>
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</tbody>
</table>
CONTACT US:

website: www.ksinsurance.org
email: kid.commissioner@ks.gov

Consumer Assistance Hotline:
800-432-2484