

Florida Long Term Care Partnership Program Frequently Asked Questions

What is long term care?

Long term care encompasses a wide range of medical, personal and social services. People may need this care if they suffer from prolonged illness, disability or cognitive impairment. This care includes services provided by home health care agencies, adult day care centers, traditional nursing homes and continuing care retirement communities. In addition, family members often provide long term care.

What is long term care insurance?

Private insurance companies offer individual or group long term care insurance policies or certificates that provide benefits for a range of services not covered by your regular health insurance, Medicare or Medicare supplement insurance.

Long term care policies or certificates may be sold by an agent, through the mail or on the internet. Some companies sell these policies or certificates through senior citizen organizations, fraternal societies and continuing care retirement communities. Some employers now offer these policies or certificates to their employees.

The Department of Financial Services provides more information on long term care insurance in its 'Florida Consumer Guide to Long Term Care and Other Options for Seniors' publication. The Department of Financial Services website provides access to this document: www.myfloridacfo.com; click on Consumer Protection, Consumer Guides, and then select Long Term Care Guide - A Long Term Care Insurance Guide for Consumers.

What types of benefits are available in a long term care policy or certificate?

The benefits will vary based on the type of policy or certificate you purchase. Benefits include some or all of the following:

- Nursing Home;
- Respite;
- Alternative, waiting in hospital for nursing home;
- Adult Day Care;
- Bed Reservation;
- Assisted Living Facilities;
- Home Health Services;
- Hospice; and
- Home and community based services.

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How much is the cost of long term care insurance?

The cost of long term care insurance policies or certificates, including Partnership policies or certificates, will vary depending on your age, type of coverage you choose, and the company issuing the policy or certificate.

You can contact long term care insurance companies to obtain price quotes for a policy or certificate.

Some financial experts recommend that you spend no more than 5 percent of your income on a policy or certificate. Following this recommendation means that you would need an annual income of at least \$60,000 to afford a \$3,000 policy or certificate that would provide all the benefits for a range of care. Of course, the price of your policy or certificate will depend partly on your health status, your age and the benefits you choose.

Carefully evaluate your sources of income. If you have large investments to protect, such as houses, businesses or stocks, it might be a good idea to buy a long term care policy or certificate. This is especially true if you do not want to use all of your savings and assets to pay for long term care. However, if you are living on a limited income, such as Social Security benefits or a small pension, a long term care policy or certificate may not be the best way to spend your money.

During your application review process, you will be provided with two important forms. One is a personal worksheet; the other is a disclosure. The personal worksheet will collect financial information to determine if the policy or certificate is suitable for you. The disclosure will provide, among other things, a list of the company's past rate increases. This information is valuable when comparing products and companies.

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Are there standard provisions in long term care insurance?

Long term care policies or certificates are not standardized, resulting in many different policy or certificate designs. However, there are some common provisions that must be part of long term care policies or certificates sold in Florida:

- Long term care policies or certificates may cover at least 24 months of skilled, intermediate or custodial nursing home coverage supervised or recommended by a doctor. However, as of July 1, 2006, policies or certificates are no longer required to offer this feature.
- Long term care policies or certificates must provide at least one lower level of care, such as home health care or adult day care. The benefits for this lower level of care must have at least half the benefits of the nursing home care, in both the benefit period and the benefit amount. For example, if you bought a policy or certificate with a two-year nursing home benefit, the lower level(s) of care must last at least one year.

What about inflation protection in long term care insurance?

Inflation protection is a requirement up to age 76. This benefit is optional at age 76 and older.

The Long Term Care Partnership policy or certificate must meet the following inflation coverage limitations:

- Policies or certificates issued to a person who is age 60 or under must contain annual compound inflation coverage.
- Policies or certificates issued to a person age 61 to 75 must contain compound inflation coverage.
- There is no requirement for inflation coverage on policies or certificates issued to an individual after age 76.

Removal of inflation protection before age 76 will disqualify your policy or certificate from the Long Term Care Partnership Program.

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What services are covered under long term care insurance?

While long term care policies or certificates vary in coverage, they usually will pay either a fixed-dollar amount (an indemnity) or the actual costs of care. However, policies or certificates that pay for actual costs usually have a specified daily benefit amount that puts limits on how much can be paid out each day. There may also be a limit on how many days the benefits will last.

Will I need a long term care insurance policy or certificate?

The possibility of needing long term care increases with age. At age 65, seniors face a 40-percent lifetime chance of a nursing home stay, according to the U.S. Department of Health and Human Services. For about 10 percent of the seniors, this stay will last five years or longer. You may not need long term care insurance if you have enough savings to cover your health care. Nationally, the average cost of nursing home care may be about \$50,000 a year or more, according to America's Health Insurance Plans (AHIP). Medicaid is the only government program available to pay long term care costs for those who meet certain federal poverty guidelines and cannot afford to buy private insurance or pay the costs out-of-pocket. Contact your local Social Security office or your Area Agency on Aging for more information on Medicaid. To obtain the Area Agency on Aging phone listing in your area, call the Florida Elder Helpline toll-free at 1 (800) 963-5337.

Informal caregivers, such as family and friends, provide about 70 percent of all long term care, according to America's Health Insurance Plans (AHIP). You should discuss with your spouse, children or friends what assistance they would provide if you became sick or injured and needed care. It is a difficult subject to discuss, especially when you are feeling well, but you should know what kind of help they can provide and what care you will have to pay for.

Before committing yourself to a policy or certificate, you should also investigate what services your community provides for seniors. Area Agencies on Aging may be able to provide you with some of this information.

How can I tell if I have a Long Term Care Partnership policy or certificate?

Some long term care insurance policies or certificates do qualify for the Florida Long term Care Insurance Partnership Program. Insurance companies voluntarily agree to participate in the Partnership Program by offering long term care insurance coverage that meet certain state and federal requirements.

Please call the insurance company or ask the insurance agent that sold you the long term care policy or certificate, and be sure your policy or certificate states Long Term Care Partnership.

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Do long term care insurance policies or certificates provide tax advantages?

As a result of the federal Health Insurance Portability and Accountability Act of 1996, some insurance companies offer policies or certificates with certain tax advantages. Policies or certificates with tax benefits are known as “qualified policies or certificates.” Generally, they offer the same benefits as long term care policies or certificates, but the eligibility requirements may differ. For example, the insured must be chronically ill or unable to perform at least two activities of daily living, such as bathing or dressing, in order to receive benefits.

You can find out more information about these policies or certificates by contacting a trusted and reputable insurance agent, attorney, accountant or financial planner. You can also contact the Florida Consumer Helpline toll-free by calling 1 (877) 693-5236 (within Florida) and (850) 413-3089 (outside Florida), or by submitting a request on this website for an email response to your inquiry:
<http://www.myfloridacfo.com/askFLDFS>.

What if I already have a long term care policy or certificate and want to change the policy or certificate to a Partnership policy or certificate?

Contact your insurance company to inquire if you are eligible for an exchange to a Long Term Care Partnership policy or certificate.

Insurance companies that sell long term care insurance and participate in the Partnership program may be able to exchange your policy or certificate to a Partnership policy or certificate. Companies are required to offer an exchange of your long term care policy or certificate to a Partnership policy or certificate if you purchased it on or after March 1, 2003.

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Can I expect to receive a document from the insurance company that confirms I have purchased a Long Term Care Partnership policy or certificate?

You should receive a document confirming you have purchased a Long Term Care Partnership policy or certificate. The requirements for this document are detailed in Informational Memorandum #OIR-07-11M, issued by the Florida Office of Insurance Regulation on July 30, 2007. This link will provide you access to a copy of that memorandum: <http://www.floir.com/siteDocuments/OIR-07-11M.pdf>.

At a minimum, this disclosure notice is required to provide you with:

1. Confirmation that you have purchased a Long Term Care Partnership policy or certificate;
2. Statement that your policy or certificate would qualify for asset disregard (this allows you to off-set assets when applying for Medicaid long term care services);
3. What could disqualify your policy or certificate from being a Long Term Care Partnership policy or certificate;
4. Informs you to contact the Florida Department of Children and Families for Medicaid eligibility questions; and
5. Informs you to contact the insurance company for policy or certificate questions.

The insurer may use form OIR-B2-1786 (1/2007) to provide you with this disclosure notice. If language is modified, the notice must be approved by the Florida Office of Insurance Regulation. This is the link that will provide you access to this disclosure notice form: <http://www.floir.com/siteDocuments/OIR-07-11M.pdf>.

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What is the difference between a qualified long term care policy or certificate and a Florida qualified Long Term Care Partnership policy or certificate?

A qualified long term care policy or certificate is the same as a Florida qualified Long Term Care Partnership policy or certificate except for a few features for a long term care policy features required to qualify as a Partnership policy or certificate:

1. You must be a Florida resident at the time of purchase;
2. Inflation protection must be purchased and maintained until at least age 76; and
3. The policy or certificate effective date must be on or after January 1, 2007.

What is the main advantage of a long term care policy or certificate that qualifies for the Long Term Care Partnership Program, verses a long term care policy or certificate that does not qualify for the Long Term Care Partnership Program?

When you have exhausted all the benefits of a long term care policy or certificate that qualifies for the Long Term Care Partnership Program, the advantage of that policy or certificate is an asset disregard. In return for purchasing partnership policies or certificates, a portion of policy or certificateholders' assets will be disregarded when determining their eligibility for Medicaid long term care services, if and when they apply for such services.

Traditionally, to be eligible for Medicaid, applicants' assets cannot exceed certain financial eligibility thresholds. When applying for Medicaid long term care benefits, the program allows individuals who purchase qualifying insurance policies or certificates to retain one dollar in assets for each dollar of long term care insurance benefits paid by the policy or certificate. For example, the typical asset limit for an individual applying for Medicaid nursing home services is \$2,000. If an applicant received \$100,000 in benefits through a partnership program insurance policy or certificate, they may retain up to \$102,000 in assets.

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What should I do when I am ready to apply for Medicaid long term care services, and have no more benefits from a Long Term Care Partnership policy or certificate?

When there are no more benefits left on your qualified Florida Long Term Care Partnership policy or certificate, and you are ready to apply for Medicaid long term care services, contact the insurance company and request an Approved Long Term Care Partnership Program Policy or certificate Summary. The insurer may use form OIR-B2-1781 to provide you with this summary. If language is modified, the summary must be approved by the Florida Office of Insurance Regulation. This is the link that will provide you access to this summary form:

<http://www.floir.com/siteDocuments/OIR-07-11M.pdf>. The Department of Children and Families will need this summary, along with other documents, to determine your eligibility for Medicaid long term care services.

Listed below are some of the details required in the summary of your qualified Long Term Care Partnership policy or certificate:

1. if inflation protection was included;
2. if inflation protection was included, if it was simple or compound inflation protection; and
3. the total dollar amount of benefits paid.

Does Guaranteed Purchase Options (GPO) or Future Purchase Options (FPO) qualify as inflation protection?

No. A long term care policy or certificate with a Guaranteed Purchase Option (GPO) or Future Purchase Option (FPO) does not meet the inflation protection requirements for a Long Term Care Partnership Policy or certificate.

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Can a Partnership policy or certificate be canceled by the insurance company?

Long term care policies or certificates, including Partnership policies or certificates, may not be canceled by the insurance company when the premiums are paid on time.

If a policy or certificate is Guaranteed Renewable, this means you have the right to renew, subject to the terms of your long term care policy or certificate, as long as your premiums are paid on time. Your rates can not be increased due to your increasing age or declining health, but your rates may go up based on the experience of all policy or certificateholders with a policy or certificate similar to yours. The insurer cannot change any of the terms of your long term care policy or certificate on its own, except that in the future, IT MAY INCREASE THE AMOUNT OF THE PREMIUM YOU PAY.

The grace period for payment of premiums is a minimum of 30 days, as is required on all long term care insurance policies or certificates.

If a policy or certificate is canceled due to nonpayment of premium, the policy or certificateholder can have the policy or certificate reinstated if:

- The individual makes a request within 5 months of the date of cancellation; and,
- The failure to pay was unintentional; and,
- Cancellation was due to cognitive impairment or the loss of functional capacity. Cognitive impairment means a deficiency in a person's short-term or long term memory, orientation as to person, place, and time, deductive or abstract reasoning, or judgment as it relates to safety awareness. The loss of functional capacity means the individual is unable to perform at least two activities of daily living without substantial assistance from another individual.

How can I find out if the state I move to has a Partnership Program?

Contact the state you intend to move to for more information. If the state has Long Term Care Partnership reciprocity, then you can access Medicaid benefits in that state when you meet the eligibility requirements of the state where you live, regardless of when and where your Partnership policy or certificate was purchased.

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I am planning to move from Florida to another state, and I have no plans to come back to Florida. Would a Partnership policy or certificate benefit me in another state?

It is possible that a qualified Long Term Care Partnership policy or certificate purchased in Florida may be used in another state, or that a qualified Long Term Care Partnership policy or certificate purchased in another state may be used in Florida. If you plan to move to another state, you need to check with that state's Medicaid eligibility agency where you plan to relocate. Not all states participate in the Long Term Care Partnership Program or recognize policies or certificates from other states.

Partnership policy or certificate asset protection benefits may vary from state to state, and Florida has dollar for dollar asset protection. Please check with the Medicaid agency in the state where you may wish to receive Medicaid benefits to determine eligibility criteria.

Do I qualify for Medicaid long term care services?

Seniors who do not have the financial resources to pay their long term health care expenses may qualify for Medicaid. Medicaid pays almost one half of the nation's long term care bills. To qualify for Medicaid long term care services, your monthly income must be less than the federal poverty level and your assets cannot exceed certain limits.

Florida Medicaid will cover nursing home services when:

1. the Department of Children and Families has determined you are eligible for Florida Medicaid long term care services;
2. the nursing home:
 - is a Florida Medicaid approved facility; and
 - provides the level of care you need.

Under certain circumstances, Medicaid will pay for home health care. The rules governing Medicaid are complex. For more information about Medicaid and long term care, contact the:

- Florida Department of Children and Families at 1 (866) 762-2237;
- Florida Department of Elder Affairs toll-free at 1 (800) 963-5337; or
- Florida Department of Financial Services Consumer Helpline toll-free at 1 (877) 693-5236 (within Florida) and (850) 413-3089 (outside Florida).

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What is the 'Look Back' Period?

To apply for Medicaid long term services, an individual submits an application to the Department of Children and Families (DCF) and must provide income and asset information. DCF reviews the individual's finances for a period of time, known as the 'Look Back' period, going back 36 months from the date the individual applied for Medicaid long term care services; there is a 'Look Back' period of 60 months if there is a trust.

The Department of Children and Families (DCF) will impose penalties when, in order to qualify for Medicaid long term care services, an applicant:

- does not disclose all income and assets required on their Medicaid application; or
- an individual's income or assets were transferred to someone else for less than fair market value.

The Department of Children and Families (DCF) imposes penalties based on the circumstances, as follows:

- DCF will adjust (increase) an individual's share of cost in Medicaid long term care services for the period of time it takes to recover the amount of income and assets that were not disclosed.
- When income and assets are transferred to someone else for less than fair market value, DCF will determine Medicaid ineligibility for the period of time that depends on the value of the transferred income or resource(s).
- Anyone determined ineligible due solely to transferred income or resources cannot qualify for nursing facility payments. However, the individual may still qualify for basic Medicaid coverage (e.g., medicines, hospital coverage, etc.).

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I purchased a Florida qualified Long Term Care Partnership policy or certificate but plan to move from Florida to another state. I have contacted the other state and they will accept Florida qualified Long Term Care Partnership policies or certificates. When I am ready to apply for Medicaid long term care services, do I apply for Florida Medicaid long term care services?

If you relocate out of the State of Florida, you would not be eligible for Florida Medicaid coverage unless you return to Florida as a resident and meet all other eligibility requirements. At the time you plan to use your Partnership policy or certificate, you should apply for Medicaid long term care services in the state where you are a resident.

Each state establishes a unique Medicaid program. Medicaid services that are available and Medicaid eligibility requirements will vary from state to state and from year to year, based on state legislative mandates and funding. Even if you are eligible for Medicaid benefits, you will need to apply for Medicaid long term care services in the state where you reside at the time you need long term care services.

Medicaid eligibility requirements and Medicaid services offered will be those that are valid at the time you apply for Medicaid. Medicaid eligibility requirements and Medicaid benefits are not 'Grandfathered' with the purchase of a Partnership policy or certificate.

The Florida Department of Children and Families can provide more information about eligibility for Florida Medicaid long term care services. You may contact the Florida Department of Children and Families by calling 1 (866) 762-2237 or accessing this website: <http://www.dcf.state.fl.us/programs/access/>.

This is a link to the 'SSI Related Fact Sheet' on the Florida Department of Children and Families (DCF) website: <http://www.dcf.state.fl.us/programs/access/docs/ssifactsheet.pdf>. The section in this fact sheet entitled "Medicaid for Aged or Disabled" contains specific information regarding Medicaid eligibility and Florida's Long Term Partnership Program.

More Information About Long Term Care Partnership:

Florida Medicaid Eligibility

The Department of Children and Families (DCF)
1 (866) 762-2237
<http://www.dcf.state.fl.us/programs/access/>

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Insurance Companies and Agents (Information, Concerns or Complaints)

The Department of Financial Services, Division of Consumer Services
1 (877) 693-5236, toll-free in Florida, and
(850) 413-3089 from out of state
<http://www.myfloridacfo.com/>

Florida Long Term Care Policies or certificates, or Florida Long Term Care Partnership Policies or certificates

Florida Office of Insurance Regulation, Life & Health, Product Review
(850) 413-3152
<http://www.floir.com/>

General Information about Long Term Care Insurance

National Clearinghouse for Long Term Care Information -
This web site was developed by the U.S. Department of Health and Human Services to provide information and resources to help you and your family plan for future long term care (LTC) needs:
http://www.longtermcare.gov/LTC/Main_Site/index.aspx

Centers for Medicare and Medicaid Services -
This website offers information on long term care, steps to choosing long term care, types of long term care, paying for long term care, and links to other websites with long term care information:
<http://www.medicare.gov/LongTermCare/Static/Home.asp>

General Questions About Health Insurance Needs (including Medicare)

SHINE (Serving Health Insurance Needs of Elders Program), The Department of Elder Affairs
1 (800) 963-5337
information@elderaffairs.org
SHINE website: <http://www.floridaSHINE.org>
Long-Term Care Partnership Program in Florida (fact sheet):
<http://www.floridashine.org/longtermcare.html>

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Federal Employees
Federal Long Term Care Partnership Program 1 (800) 582-3337 http://www.opm.gov/insure/ltc/
Federal Tax Benefits
Internal Revenue Service 1 (800) 829-1040 http://www.irs.gov/