



CONSUMER GUIDE TO

Long-Term Care Insurance in Oregon

OREGON INSURANCE DIVISION

Where to find help

Oregon Insurance Division

■ **Consumer Advocacy Unit** **503-947-7984 or 888-877-4894 (toll-free)**

You have the right to seek assistance from the Insurance Division at any time by filing a formal complaint against an insurance company or producer (agent). A copy of the complaint is sent to the insurance company. A response from the insurance company or producer (agent) must be received at the Insurance Division within 21 days. A consumer advocate will determine what further actions, if any, will be taken. The Insurance Division will forward a copy of the insurance company's response to you. If a law has been broken, the matter may be referred to the Insurance Division's Investigations Unit.

■ **Financial Regulation Section** **503-947-7982**

To find out if a company is authorized to sell insurance in Oregon, call our Financial Regulation Section or visit our Web site, insurance.oregon.gov, and click on "Information for Insurance Companies," then "Insurance Company Search Page."

■ **Producer (Agent) Licensing Unit**..... **503-947-7981**

To find out if your insurance producer (agent) is licensed to do business in Oregon, call our Producer Licensing Unit or visit our Web site, insurance.oregon.gov, and click on "Information for Insurance Companies," then "Insurance Producer Search Page."

Oregon Department of Human Services

■ **Seniors & People with Disabilities** **800-232-3020 (toll-free)**

- Licensed long-term care facilities
- Medicaid (state and federal help for low income and medically needy)

■ **Long-Term Care Ombudsman**..... **800-522-2602 (toll-free)**

Complaints about long-term care providers

About the Oregon Insurance Division

The mission of the Insurance Division is to administer the Insurance Code for the protection of the insurance-buying public while supporting a positive business climate. We ensure the financial soundness of insurers, the availability and affordability of insurance, and the fair treatment of consumers by:

- Licensing insurance companies and monitoring their solvency
- Reviewing insurance products and premium rates for compliance
- Licensing insurance producers (agents) and consultants
- Resolving consumer complaints
- Investigating and penalizing companies and producers (agents) for violations of insurance law
- Monitoring the marketplace conduct of insurers and producers (agents)
- Educating the public about insurance issues
- Advocating reforms that protect the insurance-buying public

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What is long-term care?

What is long-term care?

Long-term care is help for people who are ill or have disabilities and have problems taking care of themselves, usually when they are elderly. Most people need some kind of long-term care during their lifetime.

In the past, long-term care traditionally was provided by family members. Increasingly, other care providers are replacing family caregivers.

A variety of medical, personal, and social services fall under long-term care, including in-home bath aides, adult day care, and residential care. The specific services people need depend on their lifestyles, network of family and friends, health, and the safety of their homes. For example, homes with stairs and other barriers can lead to accidental falls and injuries, which sometimes lead to a need for long-term care.



Aging in place

Oregon has one of the most flexible long-term care networks in the nation, based on the belief that Oregonians have a right to live where they want to as they age. Patients decide appropriate services with their doctors, families, and others who care about them.

Most people want to live as independently as they can and still be safe, usually in a private home or apartment that is on one level and is comfortable, convenient, and hazard-free. Medicaid and long-term care insurance policies sold in Oregon must cover needed in-home care as well as any of the following residential options:

- **Assisted living** in a facility similar to an apartment
- **Adult foster care** in a single-family home
- **Custodial care** in a nursing home
- **Intermediate care** in a nursing home
- **Skilled nursing care** in a nursing home



What does it cost and who will pay?

Long-term care is expensive. According to a 2007 survey by an independent research firm, the average annual cost of a private room in a nursing home was almost \$76,000 in the Portland area and almost \$71,000 in the rest of Oregon. A private room in an assisted living facility averaged more than \$32,000 per year in the Portland area and almost \$33,000 in the rest of the state. The average hourly rate for home health aide services was almost \$31 in the Portland area and almost \$46 in the rest of Oregon.

Medicare, Medicare supplement insurance, and health insurance usually won't pay for long-term care. Medicare will cover only certain medically necessary home health services prescribed by a doctor and short nursing-home stays right after several days in the hospital.

Most people use one or more of the following resources to pay for long-term care:

- **Medicaid** pays for extended long-term care for people with low incomes and little savings or investments. If a Medicaid patient needs out-of-home residential care, the patient's home may be sold to pay for the care. It does not have to be sold immediately if there is a chance the patient may improve enough to return home, or if a spouse or dependent family member is living in it.
- **The Veterans Administration** provides long-term care for some U.S. military veterans.
- **Individual resources**, such as personal or family money, savings, investments, annuities, and pensions can be used to cover living expenses, including long-term care.

- **A reverse mortgage** allows people who own and live in their home to sell it back to the bank for monthly income to help pay living expenses.
- **An accelerated death benefit** is included in some life insurance policies. It is a payment of all or part of the policy's death benefit if you have a terminal illness, a medical condition requiring extraordinary medical intervention, or permanent institutional confinement. A life insurance policy with accelerated benefits may or may not include long-term care insurance, depending on whether the policy includes benefits or eligibility for benefits that are conditioned on the receipt of long-term care.
- **Long-term care insurance** is private insurance purchased before a person needs long-term care. Monthly premiums increase with age, but stop while the person is receiving long-term care benefits. Long-term care plans will pay a specified amount for covered long-term care and home health services, but usually do not cover 100 percent of the costs.

Long-term care plans sold in Oregon must pay benefits for a minimum of two years. Coverage is available for longer periods.

Long-term care insurance may not be a good idea for someone who cannot afford the monthly premiums.

What does long-term care insurance cover?

Oregon law requires long-term care insurance policies to pay for covered services provided through a nursing home, assisted living facility, home care, and adult foster care.

A long-term care policy protects your assets against expenses for your care. Most policies limit the total benefit they will pay over the life of the policy. Some state the maximum benefit limit in years; others specify a maximum dollar amount. More coverage means less chance you will run out of money to pay for your care.

Long-term care insurance policies are not standardized. Companies sell policies with many combinations of benefits and coverages. Each policy is different. To buy the right coverage, you must decide what combination of benefits, services, and costs best fits your lifestyle.

Once you determine which benefits you want in a long-term care policy, ask a producer (agent) or insurance customer service representative to show you those benefits in an outline of coverage. You should assume that coverage that isn't in writing doesn't exist.

Is long-term care insurance right for you?

Don't buy long-term care insurance if:

- You can't afford the premiums
- You have limited assets
- Your only source of income is a Social Security benefit or Supplemental Security Income (SSI)
- You often have trouble paying for utilities, food, medicine, or other important needs
- You're on Medicaid

Consider buying long-term care insurance if you:

- Have significant assets and income
- Want to protect some of your assets and income
- Can pay premiums, including possible premium increases, without financial difficulty
- Want to stay independent of the support of others
- Want to have the flexibility to choose care in the setting you prefer or will be most comfortable in

Personal considerations

- Can your home be made comfortable and hazard-free?
- Will your adult children or others be able and willing to help care for you?
- Are you willing to have caregivers hired by a facility or home health agency, or will you find your own caregivers? Some long-term care policies limit whom you can hire.
- How much will it cost to pay all of your daily/weekly/monthly expenses?
- Will you be able to purchase long-term care insurance when you want to?

Questions to ask insurance companies

- How much will the services I need and want cost per day? Per week? Per month?
- How often does your company raise its premiums?
- Are premiums waived once I qualify for benefits?
- Do benefit payments increase with inflation?
- What percentage of submitted claims are paid?

Complaints against insurers

One source of information about how companies treat their policyholders is the *Consumer Guide to Oregon Insurance Complaints*, which annually ranks insurers from best to worst based on consumer complaints to the Insurance Division. To request a copy, call 503-947-7984 or 888-877-4894 (toll-free). The guide also is on our Web site: insurance.oregon.gov.

Insurer financial information

Cost is just one factor to consider when choosing an insurance company. It's also important to look at the company's financial condition and how it treats its policyholders. A company's financial information is available from the producer (agent) who represents the company and also from the following organizations that rate insurance companies. Some of these organizations may charge a fee for their services.

- **A.M. Best Co.**
908-439-2200
www.ambest.com
- **Fitch Inc.**
800-893-4824
www.fitchratings.com
- **Moody's Investor Services**
212-553-0377
www.moody's.com
- **Standard & Poor's Rating Information Services**
212-438-2400
www.standardandpoors.com
- **Weiss Ratings Inc.**
800-289-9222
www.weissratings.com

Oregon requirements for all long-term care policies

Free look period

In Oregon, the first 30 days after you pay for a long-term care policy are considered your “free look.” That means you can change your mind and get a full refund of premiums you’ve paid if you don’t want to keep the policy. To cancel the policy for a full refund without penalty, send a letter to the insurance company, not the producer (agent), stating that you are canceling the policy within 30 days and want a full refund.

If the insurance company denies you this “free look” period, file a complaint with the Insurance Division online (insurance.oregon.gov) or by calling 503-947-7984 or 888-877-4894 (toll-free).

Outline of coverage

When you buy long-term care insurance, the producer (agent) must give you an outline of coverage when you complete your application. The outline should include the following:

- A description of the benefits
- A list of the main exclusions and restrictions
- A statement of renewability

Range of residential options

Each long-term care policy sold in Oregon since 1992 must provide benefits for in-home care, assisted living facilities, adult foster care, and nursing home care. It must be at least as easy to qualify for in-home care as for a nursing home.

Nursing home benefits must cover custodial nursing care, intermediate nursing care, and skilled nursing care, depending on the patient’s needs.

Pre-existing conditions

A new policy must begin covering pre-existing conditions of all kinds beginning after six months from the effective date of coverage.

Full disclosure

Insurers must tell applicants for long-term care insurance that a policy may be subject to future rate increases and explain the policyholder’s options if premiums go up. Rate changes are subject to review by the Insurance Division.

Guaranteed renewable

Once enrolled, you can keep your insurance policy as long as you pay your premiums on time, unless you commit insurance fraud or the company finds out your application contains information that is not true. Otherwise, your policy is guaranteed to be renewable and cannot be canceled for any other reason.

Help with activities of daily living

In Oregon, an insurer cannot base coverage solely on a patient’s diagnosis. Patients must be able to qualify for long-term care benefits based on their need for help with some of these activities of daily living (ADLs):

- Eating
- Dressing
- Mobility
- Personal hygiene
- Toileting

Dementia covered

All long-term care policies must pay for treatment of Alzheimer’s disease and other kinds of dementia, whether in a memory care facility or another location.

Is it suitable?

Insurance producers (agents) must carefully review your financial information to make sure the policy you want to purchase is suitable for your needs and goals *before* you buy.

Free Shopper’s Guide

A Shopper’s Guide to Long-term Care Insurance, published by the National Association of Insurance Commissioners (NAIC), provides checklists and questionnaires to help you plan for long-term care. Insurance producers (agents) must provide free copies. The guide also is available on our Web site (insurance.oregon.gov) or by calling 503-947-7984 or 888-877-4894 (toll-free).

Oregon requirements for long-term care policies

Additional requirements

Companies selling long-term care insurance policies in Oregon may be required to:

- Provide alternatives when rates increase, so that policyholders can maintain their current premiums for reduced coverage rather than losing their coverage altogether.
- Provide conversion or continuation options for policyholders who lose group coverage.
- Offer optional inflation protection to increase benefits over time as the cost of covered services increases.
- Include provisions to prevent unintentional lapses of coverage if the policyholder becomes incapable of paying a premium on time or forgets to pay.

Oregon requirements for Qualified Partnership policies

If after using long-term care insurance benefits, you no longer can afford the cost of your care, some policies provide “asset protection” under the Medicaid program. This type of policy is called a Qualified Partnership Policy (QPP). The policy must meet certain state and federal requirements when you purchase it. After receiving long-term care payments from the QPP, if you need to apply for Medicaid, an amount of your assets equal to the amount of QPP payments received will not count for Medicaid eligibility. Also, if you still have the assets when you die, this same amount of assets will not be collected from your estate. For example, if you receive \$80,000 in QPP payments and then make an

application for Medicaid, \$80,000 in assets will not be counted in determining whether you are eligible for Medicaid. In other words, you will get to keep \$80,000 more in assets than other Medicaid clients and still be eligible. Also, if you still have the \$80,000 when you die, it will not be collected from your estate. NOTE: This asset protection does not apply to home equity when it exceeds the limit in Oregon Administrative Rule 461-145-0220.

If you are interested in purchasing a QPP, tell your insurance agent. If you have questions on Medicaid eligibility, contact your local Department of Human Services office.

Tax-qualified or not?

Premiums for long-term care policies that meet certain federal requirements are deductible from state and federal income taxes. In addition, benefits paid to you are exempt from taxation.

If you see a statement similar to, “This policy is intended to be a qualified long-term care insurance contract as defined by the Internal Revenue Code of 1987, Section 7702B (b),” you can deduct qualified

long-term care insurance premiums on income tax returns the same way you deduct medical expenses. Premiums may be lower on tax-qualified policies because it’s harder to qualify for benefits. Before choosing a tax-qualified over a non-tax-qualified plan, calculate how much money you would save. You may find it helpful to contact the IRS, the Oregon Department of Revenue, or your tax adviser.

Changing policies

What if I want to drop my policy or change to a different long-term care policy?

If you allow your long-term care policy to lapse after your 30-day “free look” period (see Page 5), you will not receive any benefits or a premium refund. Make sure you can afford to pay the premiums, including future increases, before you buy long-term care insurance.

If you are thinking about replacing your current policy, first determine how it differs from the one you are considering. Your current policy might contain benefit limits that are no longer allowed, or

it may pay a daily benefit that is too low to cover today’s costs. On the other hand, it might have better benefits than those offered in newer policies.

Use the plan comparison worksheets in *A Shopper’s Guide to Long-Term Care Insurance* to help compare different policies. The guide, published by the National Association of Insurance Commissioners, is available from insurance producers (agents), on the Insurance Division’s Web site, insurance.oregon.gov, or by calling 503-947-7984 or 888-877-4894 (toll-free).

Words to know

Activities of daily living (ADLs): Daily activities such as getting out of bed, walking, going to the toilet, bathing, dressing, eating, and taking medications.

Acute condition: When an individual is medically unstable and requires frequent monitoring by medical professionals, such as physicians and registered nurses, to maintain the individual’s health status.

Adult day care: Occasional supervision and support in a community setting for people who cannot leave home independently. Day care includes social contact and health monitoring and can provide respite for in-home caregivers.

Adult foster care: Any family home or facility in which residential care is provided in a home-like environment for five or fewer adults who are not related to the provider by blood or marriage.

Assisted living facility: A state-licensed residence providing a variety of flexible personal and community services in independent apartments. Meals and 24-hour staff are available.

Attained-age policy: A policy whose premium increases when an enrollee reaches a certain age.

Bathing: Washing oneself by sponge bath or in either a tub or shower, including the task of getting into or out of the tub or shower.

Benefit period: The period during which benefits are payable according to a policy, usually one to two years.

Cognitive impairment: A deficiency in a person’s short-or long-term memory; orientation as to person, place, and time; deductive or abstract reasoning; or judgment as it relates to safety awareness.

Coinsurance/copay: The portion of each claim that an insured individual must pay out-of-pocket.

Continence: The ability to maintain control of bowel and bladder function or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

Custodial nursing care: A facility that serves people who need assistance with activities of daily living but who do not need specialized medical care. The staff members usually are not nurses, and these facilities are not licensed by the state.

Deductible: An amount of money that an enrollee must pay out-of-pocket for covered services before the insurer begins to pay.

Dementia: Organic mental impairment, usually caused by stroke, head injury, or a disease such as Alzheimer’s, which prevents people from caring for themselves or managing their daily affairs. Long-term care policies in Oregon may not exclude dementia.

Dressing: Putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.

Words to know, *continued*

Eating: Feeding oneself by getting food into the body from a receptacle (such as a plate, cup, or table) or by a feeding tube or intravenously.

Elimination or waiting period: The time an enrollee must wait before the insurer will pay for covered services.

Endorsement/rider: A written change in a standard policy made at the purchaser's request.

Exclusion: Something that insurance will not pay for.

Grace period: The number of days late that you can pay your premium before your policy will be canceled.

Guaranteed renewable: A policy that can be canceled only if you have failed to pay premiums or for fraud.

Hands-on assistance: Physical assistance (minimal, moderate, or maximal) without which the individual would not be able to perform the activities of daily living.

Home care services: Medical and nonmedical services provided to ill, disabled, or infirm people in their residences. Such services may include homemaker services, assistance with activities of daily living, and respite care services.

Hospice: End-of-life care to relieve pain and suffering and to help the patient and family adjust.

Intermediate nursing care: A state-licensed facility that serves people who need some specialized medical care and may need assistance with activities of daily living. The staff usually is made up of licensed nurses.

Issue-age policy: A policy whose premium is based on the enrollee's age at enrollment.

Long-term care: Help for people with chronic illness or disabilities who have problems living independently.

Maximum lifetime benefit: The length of time or total amount of expenses that an insurance policy will cover.

Medicaid: An assistance program that combines state and federal funding to pay for care for people who have low incomes and few resources.

Medicare: The federal health insurance program for U.S. residents who have worked and are 65 and older, or any age with a disability, including kidney failure. Information about long-term care is available on Medicare's Web site, www.medicare.gov.

Mental or nervous disorder: Neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.

Nursing facility or nursing home: A residential facility that provides special care. Most are state-licensed and provide a range of services from assistance with activities of daily living to full-time skilled nursing.

Out-of-pocket: Expenses paid by the insured, not the insurer.

Personal care: Provision of hands-on services to assist an individual with activities of daily living.

Pre-existing condition: A condition that existed before you had insurance.

Premium waiver: Premiums are no longer charged while a person is receiving long-term care benefits.

Residential care: Provision of room and board and services that assist the resident in activities of daily living, such as assistance with bathing, dressing, grooming, eating, medication management, money management, or recreation.

Respite care: Short-term care that gives in-home caregivers, usually family, a break by caring for their patient at home or in a facility.

Skilled nursing facility: A state-licensed facility that serves people who primarily need specialized medical care. The people also may need assistance with activities of daily living. The staff members are certified nurses.

Toileting: Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

Transferring: Moving into or out of a bed, chair, or wheelchair.

Underwriting: Using applicants' histories to decide whether to provide insurance coverage.

Insurance publications

The Oregon Insurance Division publishes a variety of free publications for consumers. You may request a free copy by:

Mail: **Publications**
Oregon Insurance Division
P.O. Box 14480
Salem, OR 97309-0405

Telephone: 503-947-7984 or
888-877-4894 (toll-free)

E-mail: dcbs.insmail@state.or.us

Publications are also available on our Web site, insurance.oregon.gov; click on "Publications."

- ***A Shopper's Guide to Long-term Care Insurance***
Provides an overview of long-term care insurance, including costs and benefits. Published by the National Association of Insurance Commissioners.
- ***Consumer alert: Beware of abusive Medicare insurance sales practices***
- ***Consumer alert: Senior specialists***
- ***Consumer alert: Suitable Annuities for Senior Citizens***
- ***Consumer Guide to Auto Insurance***
Provides an overview of auto insurance and gives money-saving tips for drivers.
- ***Consumer Guide to Health Insurance***
Provides an overview of health insurance and your health-care rights.
- ***Consumer Guide to Long-Term Care Insurance in Oregon***
Provides an overview of long-term care insurance and explains Oregon's requirements for long-term care policies.
- ***Consumer Guide to Oregon Insurance Complaints***
Ranks insurers from best to worst based on the number of consumer complaints to the Insurance Division.
- ***Do you have insurance questions or complaints? We can help.***
Explains the services available from the Insurance Division's Consumer Advocacy Unit.
- ***Insurance advice for Oregon consumers***
Answers frequently-asked questions about insurance.
- ***Insurance Bill of Rights***
- ***Long-Term Care Insurance: What you should know***
- ***Oregon Complaint Report Part II***
Breaks down consumer complaints against insurance companies by complaint type and disposition. There is a \$25 charge for each year's report.
- ***Preneed funeral plans and so-called "funeral insurance"***
Discusses options for prepaying for your funeral.
- ***Tips for seniors and their families***
Avoid falling prey to a con artist or purchasing a product that is not suitable.
- ***Your Rights When Purchasing Insurance and Annuities***

Visit our Web site

The Oregon Insurance Division's Web site includes all of our publications as well as other useful information for consumers. You can file a complaint against an insurance company or producer (agent), check to see if an insurer is authorized to do business in Oregon, and find out if your insurance producer (agent) is licensed in Oregon. Our Web address: insurance.oregon.gov.



Oregon Insurance Division

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