What is Long Term Care?
A. Solicit input from class about their understanding about LTC
B. Important terms
   a. Activities of Daily Living
      i. Eating
      ii. Bathing
      iii. Dressing
      iv. Toileting
      v. Continence
      vi. Transferring
   b. Cognitive Impairment
      i. Alzheimer’s Disease
      ii. Senile Dementia
      iii. Impaired judgment/memory
      iv. Need for supervision
C. Custodial Care
   a. assistance with ADL’s
   b. supervision for cognitive impairment
   c. settings
D. Skilled Care
   a. regular muscular injections
   b. tube feeding
   c. physical therapy
   d. continuous oxygen
   e. treatment of deep skin lesions
   f. suctioning
   g. monitoring
   h. setting
E. Long Term Care
   a. definition
   b. types of care
   c. services

Why is LTC an Important Issue?
A. Cost of Care
   a. Average annual cost
   b. Average length of stay

B. Demand for Care
   a. Increase of number of people needing care
   b. Aging of baby boomers
   c. General increases in longevity
   d. Family members not able to provide care-giving needs
Who Pays for Long Term Care?
A. Overview of Who Pays (Chart)
   a. Private health insurance
   b. Medicare
   c. Medicaid
   d. Self-Insurance (out of pocket)
   e. Other

Medicare
A. Coverage in Nursing facility
   a. What Medicare pays in Nursing Facility
   b. Medicare coverage for home care

Medicaid (Title XIX)
A. More After the Break

Private Health Insurance
A. Requirement of skilled care
   a. Requirement of professional care provider

Out-of-Pocket
A. Percentage of expenses paid for out of personal funds
   a. Medicaid only after personal resources used

Summary of Part I
A. Landscape of Long Term Care
B. What is Long Term Care
C. Medicare
D. Medicaid

Break

Long Term Care Insurance- Part 2

Medicaid (Title XIX)
Description of Medicaid
A. Qualifying for Medicaid
   i. Transfers causing ineligibility for Medicaid
   ii. 2014 Asset and Income Limits
   iii. Protection for spouse
B. Calculating the penalty period
   a. Example of 2014 Penalty Period

Overview
a. Self-Insuring
   b. Purpose of LTC Insurance
   c. Common Features of LTC Insurance Policies

Self-Insuring
a. Definition of Self-Insuring
b. Self-insuring
   i. self-insuring by default
   ii. cost of self-insuring
c. How to Self-Insure
   i. concept of self-insuring
   ii. example of self-insuring
d. Risks of self-insuring
   i. need exceeds assumed period of care
   ii. need to liquidate assets
   iii. lost value and income
   iv. loss of retirement saving

Long Term Care Insurance
A. Purpose of LTC Insurance
B. Reasons People Buy LTC Insurance (Benefits)
   a. preserve independence
   b. protect assets
   c. protect standard of living
   d. avoid Medicaid
   e. support caregiver and family

Partnership Plans
A. Original Partnership States
   a. California, Connecticut, Indiana and New York
   b. Robert Wood Johnson Foundation funding
   c. Established in the late 1980’s
B. Full Asset Protection
   a. New York and Indiana
   b. Original Plans: 3/6/50 and 4/4/100
      i. Additional Riders available may include:
         1. 100% Home Care Benefit
         2. Extension of Benefit Period
C. Dollar for Dollar Asset Disregard
   a. California, Connecticut, Indiana and New York
      i. 3/6/50 and 4/4/100
         1. 100% Home Care Benefit
         2. Extension of Benefit Period
   b. Original 4 States plus 36 additional added in 2006
      i. The Deficit Reduction Act authorized states to again offer Partnership policies
      ii. As of 1/1/14, there are now 36 additional States and counting
D. The Long Term Care Partnership Program is NOT a uniform program in all states
   a. Reciprocity
      i. Yes, In most states
      ii. There are some exceptions with the original 4 Partnership states (California in particular). The original 4 states are exceptions to every rule.
         1. CT does allow reciprocity if the client’s new state also does.
2. IN allows reciprocity if the clients new state does. Only dollar-for-dollar method.
   a. The reciprocity for the IN Full Asset Protection plans will be as a Dollar-for Dollar Asset Disregard
3. NY allows reciprocity – dollar for dollar method
   a. The reciprocity for the NYS Full Asset Protection plans will be as a Dollar-for Dollar Asset Disregard
4. CA – does not allow reciprocity.
   b. Compound Inflation
      i. In most states any Compound COLA is OK under the age of 61. From 62-75 it can be any automatic cost of living rider and after age 75, nothing is required. The 61-62 age can vary but 75 is typically the cut off for a required COLA rider. In most states the GPO does not qualify the policy for partnership.
         1. The original 4 are exceptions from the rules.
         2. California: 5% Compound required to age 70. After age 70, client can opt for 5% Simple.
         3. Connecticut: 5% Compound required at all ages. Under 65 benefits can inflate but discuss with a specialist the available options.
         4. Indiana: 5% Compound inflation protection is required to earn total asset protection. 5% simple for buyers ages 75 and older earns a dollar for dollar only or CPI at any age up (earns dollar for dollar only).
         5. New York: 3% or 5% Compound at ages 79 and younger.

Break

Types of Long Term Care Insurance Policies
   A. Qualified Long Term Care Insurance
   B. Partnership and Non-Partnership
      a. Statutory Authority

Plan Design for Qualified Long Term Care Insurance Policies
   A. Integrated
      a. Two-pool
      b. Facility-only
   B. Base Policy Design
      a. Benefit triggers
         i. Medical necessity
         ii. Cognitive impairment
         iii. Activities of Daily Living 2 of 6 (or older 2 of 5)
            a. Bathing, eating, dressing, transferring, toileting or continence
            b. Hands-on or stand-by
      b. Daily benefit
      c. Benefit periods
      d. Elimination periods
      e. Waiver of Premium
      f. Total benefit amount
g. Partner discount (single partner; both partners)
h. Employer/Association discount
i. Facility Bed Reservation benefit
j. Respite Care
k. Care management
l. Care coordination
m. Dividends
n. Sex-distinct or Same-sex Rates
o. Age closest or current age

C. Other Common Features
a. Rate classes
b. Best Health/Non-smoker discounts
c. Indemnity vs. Cash vs. Reimbursement
d. Monthly Benefit
   i. Fixed or variable “days in a month”
e. Inflation protection
f. Spousal waiver of premium
g. Non-Forfeiture (shortened benefit period)
h. Survivorship Benefits
   i. Paid-up survivor
   ii. Waiver of Premium for Covered Partner
i. Shared Benefit Plans
   i. 2 pool plans
   ii. 3 pool plans
   iii. Benefits transferable after death to the survivor?
j. Enhanced elimination period
k. Restoration of benefits
l. Caregiver training
m. Alternative Plan of Care
n. Premium payment options
   i. 1035 Exchanges

D. Other Available Features
   a. Informal care

Tax Advantages of Qualified LTCi Policies
A. Individuals
   1. Tax-free receipt of benefits for individuals
   2. Deductibility of premiums for individuals
      a. eligible long term care insurance premiums
      b. incentives for older individuals

Employers
A. Deductibility of premiums paid for employees
B. Premiums included in income of self-employed
C. Premiums paid by C-Corp are excluded from income of employees

Self-Employed Individuals (Partnerships, LLC’s/ Sole Proprietors, S-corporations)
A. Deductibility of eligible long term care premium w/o regard to 10% threshold
B. Benefits received excluded from income of self-employed
C. Special rules for shareholders of S corporations
   1. S-corps treated like partnerships for purposes of fringe benefits
   2. 2%+ shareholders treated like partners
   3. Effect of rules of attribution

C-Corporations
A. Deductibility of premiums paid for employees
B. Who deductibility applies to
C. How much is deductible?
D. No requirement of nondiscrimination
E. Premium paid not taxable as “imputed income” before and after retirement

Non-Qualified Policies
A. Benefit triggers
   1. Medical necessity as a benefit trigger
   2. Definition of medical necessity
   3. No requirement that need for help with ADL’s last at least 90 days
   4. Access to benefits
B. Tax treatment
   1. No statutory authority for deducting premiums
   2. No statutory authority for receiving benefits income-tax free
   3. LTC benefit payments could be taxable as ordinary income