



Long-Term Care Insurance

From the Office of Minnesota Attorney General Keith Ellison

Long-term care insurance is designed to provide coverage for medical, personal, and social services related to prolonged illnesses and disabilities. Such services may include assistance with daily activities, home healthcare, adult daycare, or care in a nursing home or assisted living facility.

If you're thinking about buying a long-term care insurance policy, the Attorney General's Office encourages you to consider the following steps before doing so.

- **Take Your Time and Shop Around.** Since policies differ in coverage and cost, consider contacting several companies to compare and contrast policies. Also, take your time in reviewing the policies and their requirements and limitations.
- **Check Out the Company and Agent.** Check with the Minnesota Department of Commerce to make sure the company and the agent are licensed and in good standing.
- **Be Aware.** The insurance company may seek to raise the premiums on your long-term care insurance policy after you purchase it. You should consider whether you would be able to afford the policy if its premiums were increased in the future.
- **Ask Around.** You may want to consider consulting with a trusted financial planner, tax advisor, accountant, or attorney before purchasing long-term care insurance. Factors to discuss include your age, health, life expectancy, retirement goals, income, and assets.

The Attorney General's Office offers the following information on some of the requirements and provisions that appear in long-term care insurance policies:

Minnesota Law Requirements

Minnesota law requires long-term care policies to contain the following:

- a. An "outline of coverage" that summarily explains benefits, limitations and exclusions;
- b. Coverage for mental and nervous disorders which have a demonstrable organic cause, such as Alzheimer's and related dementias (if the policy is initiated before the disease is diagnosed);
- c. A description of the differences between the benefits provided by the long-term care policy, the benefits provided by a supplemental Medicare policy, and the benefits available under parts A and B of Medicare;
- d. A statement regarding any reservation by the insurer to increase premiums during the life of the policy;
- e. A "guaranteed renewable" clause that states the policy cannot be canceled unless the premium is not paid; and,
- f. A statement that the policy can be canceled by the consumer for any reason within 30 days of its start for a full refund.

Minimum Lifetime Benefits

A policy must cover at least \$25,000 for services or one year of nursing facility services, but can provide greater benefits, including lifetime coverage. A policy might be less expensive if the benefit period is shorter.

Waiting or Elimination Period

This refers to the number of days you must be in a nursing home or the number of home care visits you must receive before receiving benefits. The number may range from 0 to 100 days.

Qualifying for Coverage

You must meet certain criteria before collecting benefits. This means you must meet varying requirements, including the inability to dress, bathe, and eat independently. If a policy has stricter requirements, it is likely to cost less.

Assisted Living

This may be covered at varying levels in different long-term insurance policies. Make sure to carefully read a policy's provisions concerning assisted living.

Inflation Protection

This protects your policy from inflation. The more a policy is protected from inflation, the more likely its premium will be higher.

Pre-existing Conditions and Exclusions

Minnesota law requires pre-existing conditions to be covered if you were not diagnosed or treated for the condition at least 90 days before the coverage became effective. You should be aware that other exclusions in the policy may apply.

Additional Resources

The Minnesota Department of Commerce licenses insurance companies, approves initial insurance rates and rate increases, and accepts complaints concerning long-term care insurance companies and their agents. The Commerce Department can be reached as follows:

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600 or (800) 657-3602
www.mn.gov/commerce

The U.S. Department of Health & Human Services offers long-term care research tools and resources and may be contacted as follows:

U.S. Department of Health & Human Services
Administration for Community Living
330 C Street SW
Washington, DC 20201
(202) 401-4634
<https://longtermcare.acl.gov>

The National Association of Insurance Commissioners (NAIC) is an organization created and governed by the chief insurance regulators across the country. The NAIC offers a free publication entitled *A Shopper's Guide to Long-Term Care Insurance*. The guide and other information about long-term care insurance are available from the NAIC as follows:

National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106
(816) 842-3600
www.naic.org

For additional information or to make a complaint, the Attorney General's Office can be reached by phone, mail, or electronically as follows:

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