IMPORTANT FACTS REGARDING STATE-APPROVED Long-Term Care Insurance Partnership Plans

Preserve Your Independence and Secure Asset Protection

American Association for Long-Term Care Insurance™

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THIS PUBLIC-PRIVATE PARTNERSHIP CREATES AN INNOVATIVE PROGRAM OFFERING INDIVIDUALS QUALITY, AFFORDABLE LONG-TERM CARE INSURANCE AND A WAY TO RECEIVE NEEDED CARE WITHOUT DEPLETING ALL THEIR ASSETS.

A Way To Make Long-Term Care Insurance Affordable by matching protection to assets you wish to protect.

State-Approved Dollar-For-Dollar Asset Protection; a way to qualify for Medicaid without spending your life's savings. This benefit is not available with non-Partnership policies.

Inflation Protection options that adjust the policy's benefits to keep up with the rising cost of long-term care.

Professionally Trained LTC Insurance Agents; the only ones who can offer LTC Partnership Policies.

What Is The Long-Term Care Partnership?

To encourage more Americans to plan for the risk of needing long-term care Congress passed the Deficit Reduction Act of 2005 (DRA). The new law permits the creation of beneficial public - private partnerships; a joint-effort between states and insurance companies who offer Qualified Long-Term Care Insurance Partnership Policies.

These insurance companies have agreed to offer high-quality, affordable long-term care insurance protection that meets the stringent requirements set by the federal legislation and states.

Partnership policies not only offer benefits to pay for long-term care costs. They offer the special additional benefit of Asset Protection should you ever need to apply for Medicaid assistance.

How Can Partnership Policies Benefit You?

Long-term care insurance is a financial planning tool that can help protect your life's hard earned assets and income. It can help you maintain your freedom of choice, independence and standard of living. By choosing to purchase a qualified partnership long-term care insurance policy, you receive additional protection of your assets.

Here's how it works. You purchase a qualified partnership long-term care insurance policy. The State provides Medicaid Asset Protection, which allows you to protect additional assets from the Medicaid "spend down" rules, should you need to qualify in the future. Medicaid has limits on how much you can keep in assets and income and still qualify – if you have too much, you are required to "spend down" those assets before you can qualify for Medicaid.

Under a qualified partnership policy, personal assets in the amount of the total benefits paid are disregarded when Medicaid asset eligibility is calculated. For each dollar of benefits paid, one dollar of assets is not counted toward the eligibility limit. This means you get to keep those assets and don't have to spend them before qualifying for Medicaid. It also means that the state will not seek to recover those amounts from your estate.

Medicaid asset limits vary from state to state. The amount you can protect because of your qualified partnership policy's paid benefits is in addition to the amount otherwise allowed under Medicaid. This may be especially important for your spouse living at home. Medicaid eligibility does also consider income and any income you receive will still need to be used to pay for your long-term care, subject to state Medicaid requirements.

Do All States Have LTCi Partnerships?

Not all states have taken the steps to create a Long-Term Care Partnership. If you live in a state that has a Long-Term Care Partnership, the insurance company that issues your partnership long-term care insurance policy will give you a written document saying that your policy was issued as a qualified policy for your state's Long-Term Care Partnership.

If you want to know if your state has a Long-Term Care Partnership, you can ask your insurance agent or advisor. You can also check with your state's insurance department or online at www.longtermcare.gov.

Do All Long-Term Care Insurance Policies Qualify as Partnership Policies?

No. First, the state has to have a Long-Term Care Partnership in place. Then there are requirements that insurance policies have to meet in order to qualify for the asset protection that is provided by the Long-Term Care Partnership. Your insurance agent or insurance company will be able to tell you if the policy that you are purchasing will meet the Long-Term Care Partnership requirements of your state.

In general, for a policy to qualify under a Qualified Partnership in a state that has established one, it requires that:

You reside in your state as of the date of issue of the policy.

You buy inflation protection based on your age at issue:

- If you are under age 61, compound annual inflation protection,
- If you are 61-75, some type of annual inflation protection,
- If you are 76 or older, inflation protection can be purchased, but none is required.

If you do purchase a qualified partnership policy, you have to be careful to maintain its status until you need to qualify for Medicaid. Some things that could affect its status and possibly make it no longer qualify under the Partnership are:

- If you make a change to the policy after issue. Some changes won't make any difference to its partnership status, like adding $20/day more nursing home coverage or changing your address within the state. But if you want to drop your inflation protection, for example, this could affect the status. Check with your insurance company to see if any change you want to make will affect your policy's status.
- If you move to a state without a Qualified Partnership or one which does not recognize your policy as meeting its requirements, which vary from state to state. Under the DRA, every state is allowed to make some decisions about which inflation protection options it will accept. What qualifies in one state may not in another. You need to check with the insurance department of your new state of residence to see if they will accept your out-of-state policy as a qualified partnership policy.
- If the state or federal government changes or discontinues the Qualified Partnership program.

Who Provides the Asset Protection?

The insurance company does NOT provide the Medicaid Asset Protection. The insurance company issues an insurance policy to you and that insurance policy is a contract between you and the company. If you qualify for benefits under the insurance policy and receive services that are covered by the policy, the insurance company will pay the benefits directly to you. This is their contractual obligation to you.

The state provides the Medicaid Asset Protection by allowing you to qualify for Medicaid without spending your assets, which would normally be required by Medicaid. *It is important to point out that purchase of a Qualified Partnership Long-Term Care Insurance Policy does not automatically qualify you for Medicaid. You will still have to apply and be accepted.*

PLANNING FOR YOUR FUTURE RETIREMENT NEEDS REQUIRES

A SOLID FINANCIAL PLAN

A Qualified Partnership Long-Term Care Insurance Policy can be a part of that plan and help you designate an amount of assets you'd like to protect.

Your insurance agent or advisor can help you determine if a Partnership Long-Term Care Insurance Policy is right for you and your financial situation.

You can also find some excellent information about Long-Term Care and Long-Term Care Partnership at the National Clearinghouse for Long-Term Care Information, **www.LongTermCare.gov.**

This website 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 needs.

LONG-TERM CARE INSURANCE IS GOOD FOR AMERICA®

American Association for Long-Term Care Insurance™

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The long-term care insurance contract has exclusions, limitations, reductions in benefits and terms under which the contract may be continued in-force or discontinued. For costs and complete details of coverage, contact a Newman Long Term Care licensed insurance agent.

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