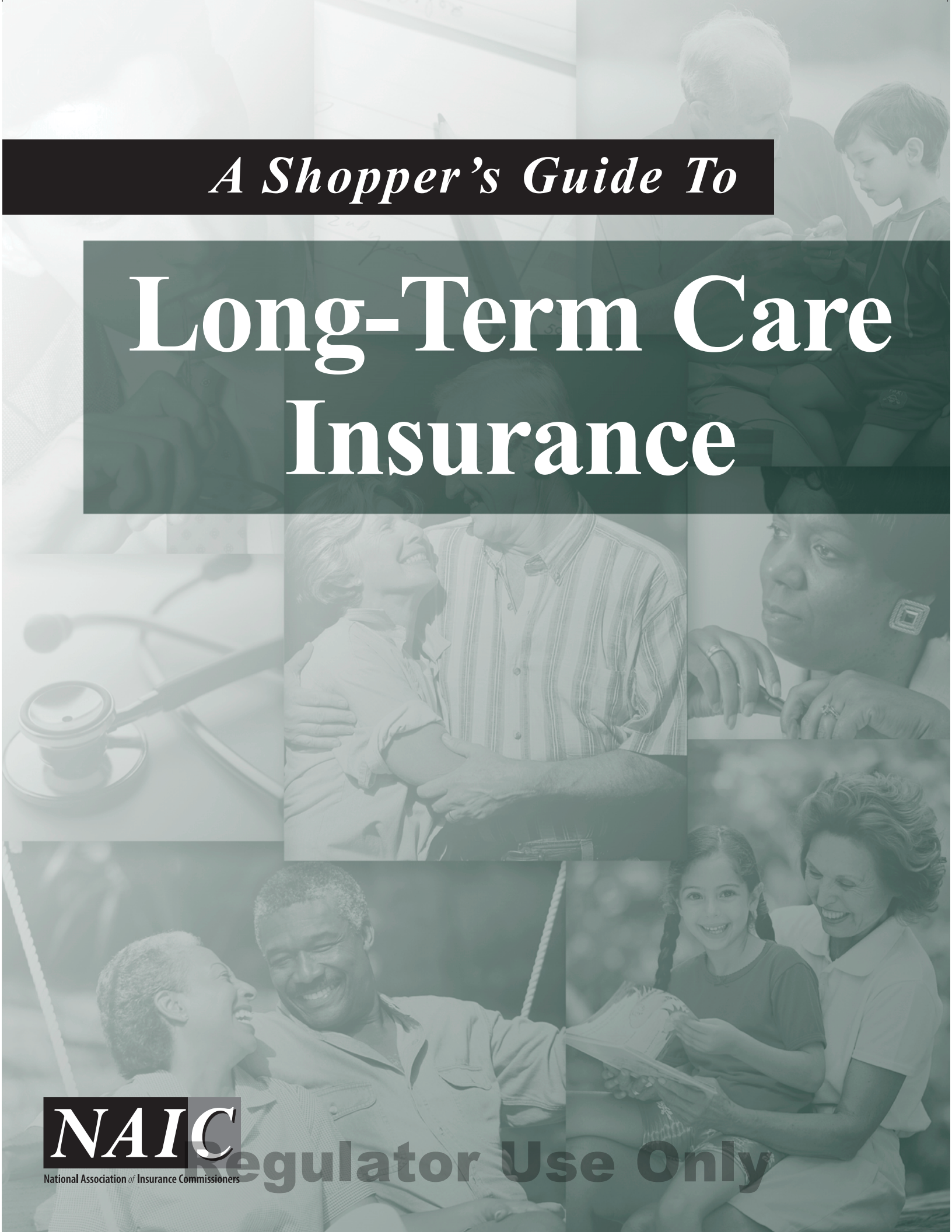
A Shopper's Guide To

Long-Term Care Insurance



NAIC

National Association of Insurance Commissioners

Regulator Use Only

A Shopper's Guide to

LONG-TERM CARE INSURANCE

About the NAIC ...

The National Association of Insurance Commissioners (NAIC) is the oldest association of state government officials. Its members consist of the chief insurance regulators in all 50 states, the District of Columbia and five U.S. territories. The primary responsibility of the state regulators is to protect the interests of insurance consumers, and the NAIC helps regulators fulfill that obligation in a number of different ways. This guide is one example of work done by the NAIC to assist states in educating and protecting consumers.

Another way the NAIC lends support to state regulators is by providing a forum for the development of uniform public policy when uniformity is appropriate. It does this through a series of model laws, regulations and guidelines, developed for the states' use. States that choose to do so may adopt the models intact or modify them to meet the needs of their marketplace and consumers. As you read through this guide, you will find several references to such NAIC model laws or regulations related to long-term care insurance. You may check with your state insurance department to find out if these NAIC models have been enacted in your state.

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About This Shopper's Guide

The **National Association of Insurance Commissioners** (NAIC) has written this guide to help you understand long-term care and the insurance options that can help you pay for long-term care services. The decision to buy long-term care insurance is very important and one you shouldn't make in a hurry. In most states, state law requires insurance companies or agents to give you this guide to help you better understand long-term care insurance and decide which, if any, policy to buy. Some states produce their own guide.

Take a moment to look at the table of contents and you'll see the questions this guide answers and the information that is in it. Then, read the guide carefully. If you see a term you don't understand, look in the glossary starting on page 36. (Terms in **bold** in the text are in the glossary.) Take your time. Decide if buying a policy might be right for you.

If you decide to shop for a long-term care insurance policy, start by getting information about the long-term care services and facilities you might use and how much they charge. Use the first worksheet that starts on page 42 to write down this information. Then, as you shop for a policy, use Worksheet 2, starting on page 44. There you can write down the information you collect to compare policies and buy the one that best meets your needs.

If you have questions, call your state insurance department or the insurance counseling program in your state. The telephone numbers are listed starting on page 56 of this guide.

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What Is Long-Term Care?

Someone with a prolonged physical illness, a disability or a **cognitive impairment** (such as **Alzheimer's disease**) often needs long-term care. Many different services help people with chronic conditions overcome limitations that keep them from being independent. Long-term care is different from traditional medical care. Long-term care helps one live as he or she is now; it may not help to improve or correct medical problems. Long-term care services may include help with **activities of daily living**, **home health care**, **respite care**, **hospice care**, **adult day care**, care in a **nursing home**, or care in an **assisted living facility**. Long-term care may also include care management services, which will evaluate your needs and coordinate and monitor the delivery of long-term care services.

Someone with a physical illness or disability often needs **hands-on** or **stand-by assistance** with activities of daily living (see page 19). People with cognitive impairments usually need supervision, protection or verbal reminders to do everyday activities. The way long-term care services are provided is changing. Skilled care and personal care are still the terms used most often to describe long-term care and the type or level of care you may need.

People usually need skilled care for medical conditions that require care by medical personnel such as registered nurses or professional therapists. This care is usually needed 24 hours a day, a physician must order it, and it must follow a plan. Individuals usually get skilled care in a nursing home but may also receive it in other places. For example, you might get skilled care in your home with help from visiting nurses or therapists. Skilled care includes physical therapy, caring for a wound, or supervising the administration of intravenous medication.

NOTE: Medicare and **Medicaid** have their own definitions of skilled care. Please refer to *The Guide to Health Insurance for People with Medicare* or *The Medicare Handbook* to find out how Medicare defines skilled care. Contact your local social services office for questions about Medicaid's definition of skilled care. For copies of these publications, contact your state insurance department or **State Health Insurance Assistance Program** listed on pages 56-64.

Personal care (sometimes called **custodial care**) helps one with activities of daily living (ADLs.) These activities include **bathing**, **eating**, **dressing**, **toileting**, **continence** and **transferring**. Personal care is less involved than skilled care, and it may be given in many settings.

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How Much Does Long-Term Care Cost?

Long-term care can be expensive. The cost depends on the amount and type of care you need and where you get it. Below are some average annual costs for care provided in a nursing home, in an assisted living facility and in your own home.

Nursing Home Costs

In 2007, the national average cost of nursing home care was about $181 per day (for a semi-private room).[1] This cost does not include items such as therapies and medications, which could make the cost much higher.

Assisted Living Facility Costs

In 2007, assisted living facilities reported charging an average fee of $2,714 per month (for a one-bedroom unit), or $32,568 per year, including rent and most other fees.[2] Some residents in the facilities may pay a lot more if their care needs are higher.

Home Care Costs

In 2007, the national average cost of part-time basic home care (home health aide three times a week) averaged $16,000 per year.[3] Skilled care provided by a nurse is more expensive than care provided by a home health aide. Annual costs for home health care will vary based on the number of days per week the caregiver visits, the type of care required and the length of each visit. Home health care can be expensive if round-the-clock care is required. These costs are different across the country. Your state insurance department or the insurance counseling program in your state may have costs for your area. (See directory starting on page 56.)

Who Pays For Long-Term Care?

People pay for long-term care in a variety of ways. These include: using the personal resources of individuals or their families, long-term care insurance, and some assistance from **Medicaid** for those who qualify. **Medicare**, **Medicare supplement insurance**, and the health insurance you may have at work usually *will not pay* for long-term care.

Individual Personal Resources

Individuals and their families generally pay for part or all of the costs of long-term care from their own funds. Many use savings and investments. Some people sell assets, such as their homes, to pay for their long-term care needs.

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Medicare

Medicare's skilled nursing facility (SNF) benefit does not cover most nursing home care.[4] Medicare will pay the cost of some skilled care in an approved nursing home or in your home, but only in specific situations. The SNF benefit only covers you if a medical professional says you need daily skilled care after you have been in the hospital for at least three days and you are receiving that care in a nursing home that is a Medicare-certified skilled nursing facility. While Medicare may cover *up to 100 days* of skilled nursing home care per benefit period when these conditions are met, after 20 days beneficiaries must pay a coinsurance fee. In 2008, that coinsurance was $128 per day.[5] While Medicare may pay for nursing home care sometimes, it doesn't cover the costs of care in assisted living facilities.

While many people would like to receive care in their own homes, Medicare does not cover **homemaker services**. In addition, Medicare doesn't pay for home health aides to give you **personal care** unless you are homebound and are also getting skilled care, such as nursing or therapy. The personal care must also relate to the treatment of an illness or injury, and you can only get a limited amount of care in any week.

You should not rely on Medicare to pay for your long-term care needs.

Medicare Supplement Insurance

Medicare supplement insurance is private insurance that helps pay for some of the gaps in Medicare coverage, such as hospital deductibles and excess physician charges above what Medicare approves. Medicare supplement policies do not cover long-term care costs. However, four Medicare supplement policies—Plans D, G, I and J—do pay up to $1,600 per year[6] for services to people recovering at home from an illness, injury or surgery. The benefit will pay for short-term, at-home help with activities of daily living. You must qualify for Medicare-covered home health services before this Medicare supplement benefit is available.

Medicaid

Medicaid is the government-funded program that pays nursing home care only for individuals who are low income and who have spent most of their assets. Medicaid pays for nearly half of all nursing home care on an aggregate basis, but many people who need long-term care never qualify for Medicaid assistance.[7] Medicaid also pays for some home- and **community-based services**. To get Medicaid help, you must meet federal and state guidelines for income and assets. Many people start paying for nursing home care out of their own funds and "**spend down**" their income until they are eligible for Medicaid. Medicaid may then pay part or all of their nursing home costs. You may have to use up most of your assets on your health care before

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Medicaid is able to help. Some assets and income can be protected for a spouse who remains at home. In addition, some of your assets may be protected if you have long-term care insurance approved under one of the state long-term care insurance partnership programs. (See section on partnership programs on page 11.)

State laws differ about how much money and assets you can keep and be eligible for Medicaid. (Some assets, such as your home, may not count when deciding if you are eligible for Medicaid.) However, federal law requires your state to recover from your estate the costs of the Medicaid-paid benefits you receive.[8] **Contact your state Medicaid office, office on aging or department of social services to learn about the rules in your state. The insurance counseling program in your state also may have some Medicaid information.** (Please see the list of offices on aging and counseling programs starting on page 56.)

Long-Term Care Insurance

Long-term care insurance is one other way you may pay for long-term care. This type of insurance will pay or reimburse you for some or all of your long-term care. It was introduced in the 1980s as nursing home insurance but has changed a lot and now covers much more than nursing home care. The rest of this Shopper's Guide will give you information on long-term care insurance.

You should know that a federal law, the **Health Insurance Portability and Accountability Act** of 1996, or HIPAA, gives some federal income tax advantages to people who buy certain long-term care insurance policies. These policies are called Tax-Qualified Long-Term Care Insurance Contracts, or simply Qualified Contracts. The tax advantages of these policies are outlined on page 15. There may be other tax advantages in your state. **You should check with your state insurance department or insurance counseling program for information about tax-qualified policies. (See the list of state insurance departments and counseling programs starting on page 56.) Check with your tax advisor to find out if the tax advantages make sense for you.**

Who May Need Long-Term Care?

The need for long-term care may begin gradually as you find that you need more and more help with activities of daily living, such as bathing and dressing or independent activities of daily living (IADLs) such as household chores, meal preparation, or managing money. Or you may suddenly need long-term care after a major illness, such as a stroke or a heart attack. If you do need care, you may need nursing home or home health care for only a short time. Or, you may need these services for many months, years or the rest of your life.

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It is hard to know if and when you will need long-term care, but there are some statistics that may help. For example:

- Life expectancy after age 65 has now increased to 17.9 years. In 1940, life expectancy after 65 was only 13 extra years. The longer people live, the greater the chances they will need assistance due to chronic conditions.[9]
- About 12.8 million Americans of all ages require long-term care, but only 2.4 million live in nursing homes.[10]
- About 44% of people reaching age 65 are expected to enter a nursing home at least once in their lifetime.[11] Of those who do enter a nursing home, about 53% will stay for one year or more.[12]
- Most persons needing long-term care are elderly. Approximately 63% are persons aged 65 and older (6.3 million). The remaining 37% are 64 years of age or younger (3.7 million).[13]
- The lifetime probability of becoming disabled in at least two activities of daily living or being cognitively impaired is 68% for people age 65 and older.[14]
- By 2050, the number of individuals using paid long-term care services or skilled nursing facilities will likely double from 13 million to 27 million. This estimate is influenced by growth in the population of older people in need of care.[15]

Do You Need Long-Term Care Insurance?

Whether you should buy a long-term care insurance policy will depend on your age, health status, overall retirement goals, income and assets. For instance, if your only source of income is a Social Security benefit or Supplemental Security Income (SSI), you probably shouldn't buy long-term care insurance, as you may not be able to afford the premium.

On the other hand, if you have a large amount of assets but don't want to use them to pay for long-term care, you may want to buy a long-term care insurance policy. Many people buy a policy because they want to stay independent of government aid or the help of family. They don't want to burden anyone with having to care for them. However, you should not buy a policy if you cannot afford the premium or aren't sure you can pay the premium for the rest of your life.

If you already have health problems that are likely to mean you will need long-term care (for example, Alzheimer's or Parkinson's disease), you probably won't be able to buy a policy. Insurance companies have medical **underwriting** standards to keep the cost of long-term care insurance affordable. Without such standards, most people would not buy coverage until they needed long-term care services.

Some states have a regulation requiring the insurance company and the agent to go through a worksheet with you to decide if long-term care insurance is right for you. The worksheet describes the premium for the policy you're thinking about buying and asks you questions about the source and amount of your income and the amount of

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Is Long-Term Care Insurance Right For You?

You should NOT buy Long-Term Care Insurance if:

- You cannot 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 are on Medicaid.

You should CONSIDER buying Long-Term Care Insurance if:

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

your savings and investments. Some states require you to fill out the worksheet and send it to the insurance company. Even if you aren't required to fill out the worksheet, it might help you decide if long-term care insurance is right for you.

Remember, not everyone should buy a long-term care insurance policy. For some, a policy is affordable and worth the cost. For others, the cost is too great, or the policy they can afford doesn't offer enough benefits to make it worthwhile. You should not buy long-term care insurance if the only way you can afford to pay for it is by not paying other important bills. Look closely at your needs and resources, and discuss it with a family member to decide if long-term care insurance is right for you. (There are several worksheets at the back of this book that will help you as you think about whether you should buy long-term care insurance.)

For further determination of whether you should or should not consider buying long-term care insurance, please refer to the Personal Worksheet found in the back of this Shopper's Guide. In addition to the personal worksheet, consumer worksheets #1 through #4 should be used to help you decide.

If, after careful consideration, you decide that long-term care insurance is right for you, check out the company and the agent, if one is involved, before you buy a policy. Insurance companies and agents must be licensed in your state to sell long-term care insurance. **If you're not sure, contact your state insurance department.** (Please see the list of state insurance departments starting on page 56.)

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How Can You Buy Long-Term Care Insurance?

Private insurance companies sell long-term care insurance policies. You can buy an individual policy from an agent or through the mail. Or, you can buy coverage under a group policy through an employer or through membership in an association. The federal government and several state governments offer long-term care insurance coverage to their employees, retirees and their families. This program is voluntary, and premiums are paid by participants. You can also get long-term care benefits through a life insurance policy.

Individual Policies

Today, most long-term care insurance policies are sold to individuals. Insurance agents sell many of these policies, but companies also sell policies through the mail or by telephone. You will find that individual policies can be very different from one company to the next. Each company may also offer policies with different combinations of benefits. Be sure to shop among policies, companies and agents to get the coverage that best fits your needs.

Policies From Your Employer

Your employer may offer a group long-term care insurance plan or offer individual policies at a group discount. An increasing number of employers offer this benefit,[16] especially since the passage of the Health Insurance Portability and Accountability Act (HIPAA). HIPAA allows employers the same type of federal tax benefit when they pay for their employees' long-term care insurance as when they pay for their health insurance (except for Section 125 cafeteria plans).

The employer-group plan may be similar to what you could buy in an individual policy. If you are an active employee, one advantage of an employer-group plan is you may not have to meet any medical requirements to get a policy or there may be a relaxed screening process for active employees. Many employers also let retirees, spouses, parents and parents-in-law apply for this coverage. Relatives must usually pass the company's medical screening to qualify for coverage and must pay the premium.

Generally, insurance companies must let you keep your coverage after your employment ends or your employer cancels the group plan. In most cases, you will be able to continue your coverage or convert it to another long-term care insurance policy. Your premiums and benefits may change, however.

If an employer offers long-term care insurance, be sure to think about it carefully. An employer-group policy may offer you options you cannot find if you buy a policy on your own.

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Federal Government

Federal and U.S. Postal Service employees and annuitants, members and retired members of the uniformed services, and qualified relatives of any of these are eligible to apply for long-term care insurance coverage under the Federal Long Term Care Insurance Program. Private insurance companies underwrite the insurance, and the federal government does not pay any of the premiums. The group rates under this program may or may not be lower than individual rates, and the benefits may also be different.[17]

State Government

If you or a member of your family is a state or public employee or retiree, you may be able to buy long-term care insurance under a state government program.

Association Policies

Many associations let insurance companies and agents offer long-term care insurance to their members. These policies are like other types of long-term care insurance and typically require medical underwriting. Like employer-group policies, association policies usually give their members a choice of benefit options. In most cases, policies sold through associations must let members keep or convert their coverage after leaving the association. Be careful about joining an association just to buy any insurance coverage. Review your rights if the policy is terminated or canceled.

Policies Sponsored by Continuing Care Retirement Communities

Many **Continuing Care Retirement Communities** (CCRC) offer or require you to buy long-term care insurance. A CCRC is a retirement complex that offers a broad range of services and levels of care. You must be a resident or on the waiting list of a CCRC and meet the insurance company's medical requirements to buy its long-term care insurance policy. The coverage will be similar to other group or individual policies.

Life Insurance Policies

Some companies let you use your life insurance death benefit to pay for specific conditions such as terminal illness or for qualified long-term care expenses such as home health care, assisted living or nursing home care. A life insurance death benefit you use while you are alive is known as an accelerated death benefit. A life insurance policy that uses an **accelerated death benefit** to pay for long-term care expenses may also be known as a "life/long-term care" policy. It may be an individual or a group life insurance policy. The company pays you the actual charges for care when you receive long-term care services, but no more than a certain percent of the policy's death

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benefit per day or per month. Policies may pay part or all of the death benefit for qualified long-term care expenses. Some companies let you buy more long-term care coverage than the amount of your death benefit in the form of a **rider**.

Some policies may allow you to withdraw the cash value of your policy to pay for specific conditions and expenses. It is important to remember that if you use money from your life insurance policy to pay for long-term care, it will reduce the death benefit the beneficiary will get. For example, if you buy a policy with a $100,000 death benefit, using $60,000 for long-term care will cut the death benefit of your policy to $40,000. It may also affect the cash value of your policy. Ask your agent how this may affect other aspects of your life insurance policy. If you bought life insurance to meet a specific need after your death, your survivors may not be able to meet that need if you use your policy to pay for long-term care. If you never use the long-term care benefit, the policy will pay the full death benefit to your beneficiary.

Long-Term Care Insurance Partnership Plans

Some states have long-term care insurance **partnership programs** designed to help people with the financial impact of spending down to meet Medicaid eligibility standards. Under these partnership programs, when you buy a specially approved insurance policy, you will receive protection against the normal Medicaid requirement to spend down your assets to become eligible.

The long-term care partnership program is a creation of federal law allowing states to alter their Medicaid program to allow assets to be disregarded based upon claims paid by qualified long-term care insurance policies. Most states allow a dollar-for-dollar asset disregard for claims paid on qualified partnership policies and will not require you to exhaust the benefits offered under the partnership policy in order to qualify for Medicaid. Under the partnership program, if you need additional coverage beyond what is provided by your qualified partnership policy, you can access Medicaid without depleting all your assets.

Benefits of the Partnership Program

- Partnership policies are tax-qualified plans under federal law, must contain certain consumer protections and must provide inflation protection benefits for purchasers so that benefits keep up with the cost of inflation over time.
- The long-term care partnership program provides an alternative to spending down or transferring assets by forming a partnership between Medicaid and private long-term care insurers.
- Once private insurance benefits are used, special Medicaid eligibility rules are applied if additional coverage is necessary.

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Key Features of Long-Term Care Partnership Policies

- The policies must be tax-qualified plans.
- Policies must provide inflation protection:
  - Those under age 61 at date of purchase must have compound annual inflation protection.
  - Those at least 61 years of age but under the age of 76 must have some level of inflation protection.
  - Those over the age of 76 may have but are not required to have inflation protection.

How Will I Know I Have Purchased a Partnership Policy?

- If the policy you purchased is a partnership plan, you will receive written notice from the insurance company. Depending upon the state, it will be in one of the following ways:
  - Your policy or certificate will be identified as a partnership policy in the policy itself either on the front page or on the schedule page of the policy.
  - You will receive a letter from your insurance company advising you that you have purchased a partnership policy. If this is the only notification you receive, it is extremely important to keep this letter.

Please keep in mind that these programs have specific requirements in each state in which they are offered. **Check with your state insurance department or counseling program to see if these policies are available in your state.** Many states with long-term care partnership programs have information about them on their Web sites. To locate your state's insurance department Web site, visit www.naic.org/state_web_map.htm. Also, the U.S. Department of Health and Human Services maintains a Web site with information on long-term care insurance and the partnership program at www.longtermcare.gov.

What Types of Policies Can I Buy?

You may be asked to choose between a "tax-qualified" long-term care insurance policy and one that is "non-tax-qualified." There are important differences between the two types of policies. These differences were created by the Health Insurance Portability and Accountability Act (HIPAA). A federally tax-qualified long-term care insurance policy, or a qualified policy, offers certain federal income tax advantages. If you have a qualified long-term care policy and you itemize your deductions, you may be able to deduct part or all of the premium you pay for the policy. You may be able to add the premium to your other deductible medical expenses. You may then be able to deduct the amount that is more than 7.5% of your adjusted gross income on your federal income tax return. The amount depends on your age, as shown in the following table.

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YOUR AGE	MAXIMUM AMOUNT THAT YOU CAN CLAIM
40 years old or younger	$320
More than 40 but not more than 50	$600
More than 50 but not more than 60	$1,190
More than 60 but not more than 70	$3,180
More than 70	$3,980

2009 figures.[18] These amounts will increase annually based on the Medical Consumer Price Index.

Regardless of which policy you choose, make sure that you understand how the **benefits** and **triggers** will work and that they are acceptable to you. For example, benefits paid by a qualified long-term care insurance policy are generally not taxable as income. Benefits from a long-term care insurance policy that is not qualified may be taxable as income.

If you bought a long-term care insurance policy before January 1, 1997, that policy is probably qualified. HIPAA allowed these policies to be "grandfathered," or considered qualified, even though they may not meet all of the standards that new policies must meet to be qualified. The tax advantages are the same whether the policy was sold before or after 1997. You should carefully examine the advantages and disadvantages of trading a grandfathered policy for a new policy. In most cases, it will be to your advantage to keep your old policy.

Long-term care insurance policies that are sold on or after January 1, 1997, as tax-qualified must meet certain federal standards. To be qualified, policies must be labeled as tax-qualified, be **guaranteed renewable**, include a number of consumer protection provisions, cover only qualified long-term care services, and generally **can provide only limited cash surrender values**. (See *Benefit Triggers*, page 19.)

Qualified long-term care services are those generally given by long-term care providers. These services must be required by chronically ill individuals and must be given according to a plan of care prescribed by a licensed health care practitioner. You are considered **chronically ill** if you are expected to be unable to do at least two activities of daily living without substantial assistance from another person for at least 90 days. Another way you may be considered to be chronically ill is if you need **substantial supervision** to protect your health and safety because you have a cognitive impairment. A policy issued to you before January 1, 1997, doesn't have to define chronically ill this way. (See *Benefit Triggers*, page 19.)

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Some life insurance policies with long-term care benefits may be tax-qualified. You may be able to deduct the premium you pay for the long-term care benefits that a life insurance policy provides. However, be sure to check with your personal tax advisor to learn how much of the premium can be deducted as a medical expense.

The long-term care benefits paid from a tax-qualified life insurance policy with long-term care benefits are generally not taxable as income. Tax-qualified life insurance policies with long-term care benefits must meet the same federal standards as other tax-qualified policies, including the requirement that you must be chronically ill to receive benefits.

How Do Long-Term Care Insurance Policies Work?

Long-term care insurance policies are not standardized like Medicare supplement insurance. Companies sell policies that combine benefits and coverage in different ways.

How Benefits Are Paid

Insurance companies that sell long-term care insurance generally pay benefits using one of three different methods: the expense-incurred method, the indemnity method, or the disability method. It is important to read the literature that accompanies your policy (or certificate for group policies) and to compare the benefits and premiums.

When the expense-incurred method is used, the insurance company must decide if you are eligible for benefits and if your claim is for eligible services. Your policy or certificate will pay benefits only when you receive eligible services. Once you have incurred an expense for an eligible service, benefits are paid either to you or your provider. The coverage will pay for the lesser of the expense you incurred or the dollar limit of your policy. Most policies bought today pay benefits using the expense-incurred method.

When the indemnity method is used, the benefit is a set dollar amount. The benefit is not based on the specific services received or on the expenses incurred. The insurance company only needs to decide if you are eligible for benefits and if the services you are receiving are covered by the policy. Once the company decides you are eligible and you are receiving eligible long-term care services, the insurance company will pay that set amount directly to you up to the limit of the policy.

When the disability method is used, you are only required to meet the benefit eligibility criteria. Once you do, you receive your full daily benefit, even if you are not receiving any long-term care services.

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FEDERALLY TAX-QUALIFIED POLICIES	FEDERALLY NON-TAX-QUALIFIED POLICIES
1. Premiums can be included with other annual uncompensated medical expenses for deductions from your income in excess of 7.5% of adjusted gross income up to a maximum amount adjusted for inflation.	1. You may or may not be able to deduct any part of your annual premiums. Congress and the U.S. Department of the Treasury have not clarified this area of the law.
2. Benefits that you receive and use to pay for long-term care services generally will not be counted as income. For policies that pay benefits using the expense incurred method, benefits that you receive in excess of the costs of long term care services may be taxable. For policies that pay benefits using the indemnity or disability methods, all benefit payments up to the federally approved per diem (daily) rate are tax-free even if they exceed your expenses.	2. Benefits that you receive may or may not count as income. Congress and the U.S. Department of the Treasury have not clarified this area of the law.
3. To trigger the benefits under your policy, the federal law requires you to be unable to do two ADLs without **substantial assistance**.	3. Policies can offer a different combination of benefit triggers. Benefit triggers are not restricted to two ADLs.
4. "Medical necessity" cannot be used as a trigger for benefits	4. "Medical necessity" and/or other measures of disability can be offered as benefit triggers.
5. Chronic illness or disability must be expected to last for at least 90 days.	5. Policies don't have to require that the disability be expected to last for at least 90 days.
6. For cognitive impairment to be covered, a person must require "substantial supervision."	6. Policies don't have to require "substantial supervision" to trigger benefits for cognitive impairments.

Whether you are considering buying a tax-qualified or a non-tax-qualified policy, consult with your tax consultant or legal advisor regarding the tax consequences in your situation.

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Pooled Benefits and Joint Policies

You may be able to buy a long-term care insurance policy that covers more than just one person, or more than one kind of long-term care service. The benefits provided by these policies are often called "pooled benefits."

One type of pooled benefit covers more than one person, such as a husband and wife, or two partners, or two or more related adults. This type of benefit is sometimes called a "joint policy" or a "joint benefit." This pooled benefit usually has a total benefit that applies to all of the individuals covered by the policy. If one of the covered individuals collects benefits, that amount is subtracted from the total policy benefit. For example, if a husband and wife have a policy that provides $150,000 in total long-term care benefits, and the husband uses $25,000 in benefits from the policy, $125,000 would be left to pay benefits for either the husband or the wife, or both.

Another kind of "pooled benefit" provides a total dollar amount that can be used for various long-term care services. These policies pay a daily, weekly, or monthly dollar limit for one or more covered services. You can combine benefits in ways that best meet your needs. This gives you more control over how your benefits are spent. For example, you may choose to combine the benefit for home care with the benefit for community-based care instead of using the nursing home benefit.

Some policies provide both types of pooled benefits. Other policies provide one or the other.

What Services Are Covered

It is important that you understand what services your long-term care insurance policy covers and how it covers the many types of long-term care services you might need to use. Policies may cover the following:

- Nursing home care
- Home health care
- Respite care
- Hospice care
- Personal care in your home
- Services in assisted living facilities
- Services in adult day care centers
- Services in other community facilities

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There are several ways policies may cover home health care. Some long-term care insurance policies only pay for care in your home from licensed home health agencies. Some also will pay for care from licensed health care providers not from a licensed agency. These include licensed practical nurses; occupational, speech, or physical therapists; or licensed home health care aides. Other policies may pay for services from home health care aides who may not be licensed or are not from licensed agencies. Home health care aides help with personal care. You may find a policy that pays for homemaker or chore worker services. This type of benefit, though not available in all policies, would pay for someone to come to your home to cook meals and run errands. Generally, adding home care benefits to a policy also adds to the cost of the policy.

NOTE: Some policies pay benefits to family members who give care in the home.

Where Services Are Covered

You should know what types of facilities are covered by your long-term care insurance policy. If you're not in the right type of facility, the insurance company can refuse to pay for eligible services. New kinds of facilities may be developed in the future, and it is important to know whether your policy will cover them.

Some policies may pay for care in any state-licensed facility. Others only pay for care in some state-licensed facilities, such as a licensed nursing facility. Still others list the types of facilities where services will not be covered, which may include state-licensed facilities. (For example, some places that care for elderly people are referred to as homes for the aged, rest homes or personal care homes, and are often not covered by long-term care policies). Some policies may list specific points about the kinds of facilities they will cover. Some will say the facilities must care for a certain number of patients or give a certain kind of care. When shopping for a long-term care policy, check these points carefully and compare the types of services and facilities covered in the policy. Also, be aware that many states, companies and policies define assisted living facilities differently. Policies that cover assisted living facilities in one state may not cover services provided in an assisted living facility in another state. Before you move or retire to another state, ask if your policy covers the types of services and facilities available in your new state. Also, if your policy lists kinds of facilities, be sure to check if your policy requires the facility to have a license or certification from a government agency.

NOTE: If you do NOT reside in the kind of facility specified by your policy, the insurance company may not pay for the services you require.

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What Services Are Not Covered (Exclusions and Limitations)

Most long-term care insurance policies usually do not pay benefits for:

- A mental or nervous disorder or disease, other than Alzheimer's disease or other dementia.
- Alcohol or drug addiction.
- Illness or injury caused by an act of war.
- Treatment the government has provided in a government facility or already paid for.
- Attempted suicide or intentionally self-inflicted injuries.

NOTE: In most states, regulations require insurance companies to pay for covered services for Alzheimer's disease that may develop after a policy is issued. Ask your state insurance department if this applies in your state. Nearly all policies specifically say they will cover Alzheimer's disease. Read about Alzheimer's disease and eligibility for benefits in the section on benefit triggers on page 19.

NOTE: Many policies exclude or limit coverage for care outside of the United States.

How Much Coverage You Will Have

The policy or certificate may state the amount of coverage in one of several ways. A policy may pay different amounts for different types of long-term care services. Be sure you understand how much coverage you will have and how it will cover long-term care services you receive.

Maximum Benefit Limit. Most policies limit the total benefit they will pay over the life of the policy, but a few don't. Some policies state the maximum benefit limit in years (one, two, three or more, or even lifetime). Others write the policy maximum benefit limit as a total dollar amount. Policies often use words like "total lifetime benefit," "maximum lifetime benefit," or "total plan benefit" to describe their maximum benefit limit. When you look at a policy or certificate, be sure to check the total amount of coverage. In most states, the minimum benefit period is one year. Most nursing home stays are short, but illnesses that go on for several years could mean long nursing home stays. You will have to decide if you want protection for very long stays. Policies with longer maximum benefit periods cost more. Read your long-term care insurance policy carefully to learn what the benefit period is.

Daily/Weekly/Monthly Benefit Limit. Policies normally pay benefits by the day, week or month. For example, in an expense-incurred plan, a policy might pay a daily nursing home benefit of up to $200 per day or $6,000 per month, and a weekly home care benefit of up to $1,400 per week. Some policies will pay one time for single events, such as installing a home medical alert system.

When you buy a policy, insurance companies let you choose a benefit amount (usually $50 to $350 a day, $350 to $2,450 a week, or $1,500 to $10,500 a month) for

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care in a nursing home. If a policy covers home care, the benefit is usually a portion of the benefit for nursing home care (e.g., 50% or 75%), although a growing number of policies pay the same benefit amounts for care at home as in a facility. Often, you can select the home care benefit amount that you prefer. It is important to know how much skilled nursing homes, assisted living facilities, and home health care agencies charge for their services BEFORE you choose the benefit amounts in your long-term care insurance policy. Check the facilities in the area where you think you may be receiving care, whether they are local, near a grown child, or in a new place where you may retire. The worksheet on page 42 can help you track these costs.

When You Are Eligible for Benefits (Benefit Triggers)

The term usually used to describe the way insurance companies decide when to pay benefits is "**benefit triggers**." This term refers to the criteria and the methods that the insurance company uses to evaluate when you are eligible for benefits, and the conditions you must meet to receive benefits. This is an important part of a long-term care insurance policy. Look at it carefully as you shop. The policy and the outline of coverage usually describe the benefit triggers. Look for a section called "Eligibility for the Payment of Benefits" or simply "Eligibility for Benefits." Different policies may have different benefit triggers. Some states require certain benefit triggers, and the benefit triggers for tax-qualified contracts are also fairly standardized across insurance policies. Check with your state insurance department to find out what your state requires.

NOTE: Companies may use different benefit triggers for home health care coverage than for nursing home care, although most do not do so. If they do, they generally have a more restrictive benefit trigger for nursing home care than for home care.

Types of Benefit Triggers

Activities of Daily Living. The inability to do activities of daily living, or ADLs, is the most common way insurance companies decide when you are eligible for benefits. The ADLs most companies use are bathing, continence, dressing, eating, toileting and transferring. Typically, a policy pays benefits when you cannot do a certain number of the ADLs, such as two of the six or three of the six. The more ADLs you must be unable to do, the harder it will be for you to become eligible for benefits. Federally tax-qualified policies are required to use the inability to do certain ADLs as a benefit trigger. A qualified policy requires that a person be unable to perform at least two of their ADLs to collect benefits. The ADLs that trigger benefits in a tax-qualified policy must come from the list above. These triggers are specified in your policy.

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If the policy you're thinking of buying pays benefits when you cannot do certain ADLs, be sure you understand what that means. Some policies spell out very clearly what it means to be unable to feed or bathe oneself. Some policies say that you must have someone actually help you do the activities. That's known as hands-on assistance. Specifying hands-on assistance will make it harder to qualify for benefits than if only stand-by assistance is required. The more clearly a policy describes its requirements, the less confusion you or your family will have when you need to file a claim.

NOTE: The six activities of daily living (ADLs) have been developed through years of research. This research also has shown that bathing is usually the first ADL that a person cannot do. While most policies use all six ADLs as benefit triggers, qualifying for benefits from a policy that uses five ADLs may be more difficult if bathing isn't one of the five.

Cognitive Impairment. Most long-term care insurance policies also pay benefits for "cognitive impairment." The policy usually pays benefits if you cannot pass certain tests of cognitive function.

Coverage of cognitive impairment is especially important if you develop Alzheimer's disease or other dementia. If being unable to do ADLs is the only benefit trigger your policy uses, it may not pay benefits if you have Alzheimer's disease but can still do most of the ADLs on your own. But if your policy also uses a test of your cognitive ability as a benefit trigger, it is more likely to pay benefits if you have Alzheimer's disease. Most states do not allow policies to limit benefits solely because you have Alzheimer's disease.

Doctor Certification of Medical Necessity. Some long-term care insurance policies will pay benefits if your doctor orders or certifies that the care is medically necessary. However, tax-qualified policies cannot use this benefit trigger.

Prior Hospitalization. Long-term care insurance policies sold in the past required a hospital stay of at least three days before paying benefits. Most companies no longer sell policies that require a hospital stay.

NOTE: Medicare still requires a three-day hospital stay to be eligible for Medicare payment of skilled nursing facility benefits.

When Benefits Start (Elimination Period)

With many policies, your benefits won't start the first day you go to a nursing home or start using home care. Most policies have an **elimination period** (sometimes called a deductible or a waiting period). That means benefits can start zero, 20, 30, 60, 90, or 100 days after you start using long-term care or become disabled. Elimination

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periods for nursing home and home health care may be different, or there may be a single elimination period that applies to any covered service. How many days you have to wait for benefits to start will depend on the elimination period you pick when you buy your policy. You might be able to choose a policy with a zero-day elimination period, but expect it to cost more.

Some policies calculate the elimination period using calendar days, while other policies count only the days on which you receive a covered service. Under the calendar days method, every day of the week would count in determining the elimination period regardless of whether you received any services on those days. Under the days of service method, only days when you receive services will count toward the elimination period. This means if you only receive services three days a week, it will take longer for your benefits to start, and it could mean that you have more out-of-pocket expenses before your benefits begin. Also, some policies have an elimination period that you only need to satisfy once in your lifetime, while other policies require that you satisfy the elimination period with each "episode of care." Some policies allow you to accumulate non-consecutive days toward satisfying the elimination period, and some policies require consecutive days. Make sure you know how the policy defines the elimination period.

During an elimination period, the policy will not pay the cost of long-term care services. You may owe the cost of your care during the elimination period. You may choose to pay a higher premium for a shorter elimination period. If you choose a longer elimination period, you'll pay a lower premium but must pay the cost of your care during the elimination period.

For example, if a nursing home in your area costs $150 a day and your policy has a 30-day elimination period, you'd have to pay $4,500 before your policy starts to pay benefits. A policy with a 60-day elimination period would mean you'd have to pay $9,000 of your own money, while a policy with a 90-day elimination period would mean you'd have to pay $13,500 of your own money.

If you only need care for a short time and your policy has a long elimination period, your policy may not pay any benefits. If, for example, your policy had a 100-day elimination period, and you received long-term care services for only 60 days, you would not receive any benefits from your policy.

On the other hand, if you can afford to pay for long-term care services for a short time, a longer elimination period might be right for you. It would protect you if you need extended care and also keep the cost of your insurance down.

You may also want to think about how the policy pays if you have a repeat stay in a nursing home. Some policies count the second stay as part of the first one as long as you leave and then go back within 30, 90 or 180 days. Find out if the insurance company requires another elimination period for a second stay. Some policies only require you to meet the elimination period once per lifetime.

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What Happens When Long-Term Care Costs Rise (Inflation Protection)?

Inflation protection can be one of the most important additions you can make to a long-term care insurance policy. Inflation protection increases the premium. However, unless your benefits increase over time, years from now you may find that they haven't kept up with the rising cost of long-term care. The cost of nursing home care has been rising at an annual rate of 5% for the past several years.[19] This means that a nursing home that cost $150 a day in 2000 will cost $398 a day in 20 years, if inflation is 5% a year. Obviously, the younger you are when you buy a policy, the more important it is for you to think about adding inflation protection.

You can usually buy inflation protection in one of two ways: automatically or by special offer.

Automatic Inflation Protection. The first way automatically increases your benefits each year. Generally, there would be no increase in premium when the benefit is automatically increased. Policies that increase benefits for inflation automatically may use simple or compound rates. Either way, the daily benefit increases each year by a fixed percentage, usually 5%, for the life of the policy or for a certain period, usually 10 or 20 years.

The dollar amount of the increase depends on whether the inflation adjustment is "simple" or "compound." If the inflation increase is simple, the benefit increases by the same dollar amount each year. If the increase is compounded, the dollar amount of the benefit increase goes up each year. For example, a $100 daily benefit that increases by a simple 5% a year will go up $5 a year and will be $200 a day in 20 years. If the increase is compounded, the annual increase will be higher each year and the $100 daily benefit will be $265 a day in 20 years.

Effect of Inflation on Daily Rates for Nursing Home Care

Compound Interest					
Rate of Inflation	**2000**	**2005**	**2010**	**2015**	**2020**
5%	$150	$191	$244	$312	$398
6%	$150	$201	$269	$359	$481
7%	$150	$210	$295	$414	$580
8%	$150	$220	$324	$476	$699
Simple Interest					
Rate of Inflation	**2000**	**2005**	**2010**	**2015**	**2020**
5%	$150	$188	$225	$263	$300
6%	$150	$195	$240	$285	$330
7%	$150	$203	$255	$308	$360
8%	$150	$210	$270	$330	$390

The chart is for demonstration purposes only. It shows simple inflation increases over a 20-year period.

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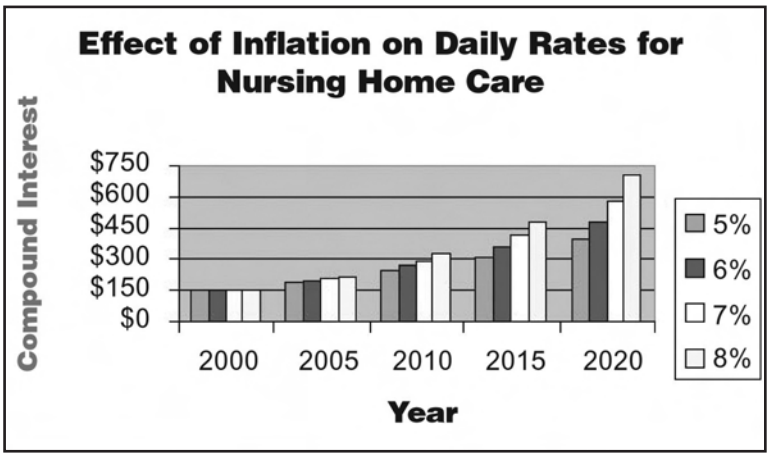
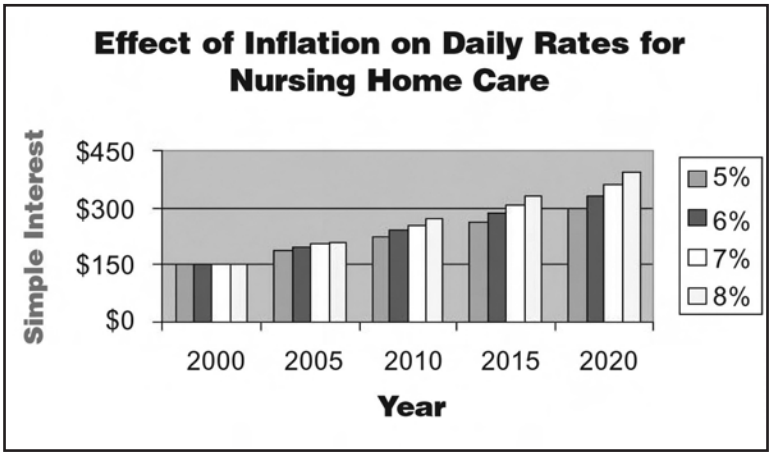
Automatic inflation increases that are compounded are a good idea, but not all policies offer them. Some states now require policies to offer compound inflation increases. Check with your state insurance department to find out if this applies in your state. All individual and some group tax-qualified policies must offer compound inflation increases as an option. Compounding can make a big difference in the size of your benefit.



This graph is for demonstration purposes only. It shows compounded inflation increases over a 20-year period.



This graph is for demonstration purposes only. It shows simple inflation increases over a 20-year period.

Special Offer or Non-Automatic Inflation Protection. The second way to buy inflation protection lets you choose to increase your benefits periodically, such as every two or three years. With a periodic increase option, you usually don't have to show proof of good health, if you regularly use the option. Your premium will increase if you increase your benefits. How much it increases depends on your age at the time and on the amount of additional benefit you want to buy. Buying more benefits every few years may help you afford the cost of the additional coverage. If you turn down the option to increase your benefit one year, you may not get the chance again. If you get the chance later, you may have to prove good health, or it may cost you more money. If you don't accept the offer, you need to check your policy to see how it will affect future offers. Some policies continue the inflation offers while you are receiving benefits, but most do not. So check your policy carefully before you buy.

The above charts and graphs illustrate the effects of inflation in two formats.

NOTE: Most states have adopted regulations that require companies to offer inflation protection. It's up to you to decide whether to buy the coverage. If you decide not to take the protection, you may be asked to sign a statement saying you didn't want it. Be sure you know what you're signing.

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Additional Benefits

Third Party Notice. This benefit lets you name someone whom the insurance company would contact if your coverage is about to end because you forgot to pay the premium. Sometimes people with cognitive impairments forget to pay the premium and lose their coverage when they need it the most.

You can choose a relative, friend or a professional (e.g., a lawyer or accountant) as your third party. After the company contacts the person you choose, he or she would have some time to arrange for payment of the overdue premium. You can usually name a contact person without paying extra. Some states require insurance companies to give you the chance to name a contact and to update your list of contacts from time to time. You may be required to sign a waiver if you choose not to name anyone to be contacted if the policy is about to lapse.

Other Long-Term Care Insurance Policy Options You Might Choose

You can probably choose other policy features, but keep in mind that not all insurers offer all of the policy options. Each may add to the cost of your policy. Ask your insurer what features increase your policy's cost.

Waiver of Premium. Many policies automatically include this feature, but some may only offer it as an additional optional benefit. Premium waiver lets you stop paying the premium once you are eligible for benefits and the insurance company has started to pay benefits. Some companies waive the premium as soon as they make the first benefit payment. Others wait until you have received benefits for 60 to 90 days.

Restoration of Benefits. This option gives you a way to keep the maximum amount of your original benefit even after your policy has paid you benefits. With this option, if you fully recover after a prior disability and go for a stated period without needing or receiving more long-term care services, your benefit goes back to the amount you first bought. For example, assume your policy paid you $5,000 in long-term care benefits out of a policy maximum of $75,000. You would have $70,000 in benefits left. With a restoration of benefits option, if you fully recovered and didn't need or use any long-term care services for a specified time (usually 6 months), your maximum benefit would go back to the original $75,000. Premium Refund At Death. This benefit pays to your estate any premiums you paid minus any benefits the company paid. To get a refund at death, you must have paid premiums for a certain number of years. Some companies refund premiums only if the policyholder dies before a certain age, usually 65 or 75. The premium refund option may also add to the cost of a policy.

Downgrades. While it may not always appear in the contract, most insurers let policyholders reduce their coverage if they have trouble paying the premium. When you downgrade to a less comprehensive policy, you will pay a lower premium, usually based on your age at the time your purchased your original policy. This may allow you to keep the policy in force instead of dropping it.

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What Happens If You Cannot Afford the Premiums Anymore?

Nonforfeiture Benefits. If, for whatever reason, you drop your coverage and you have a nonforfeiture benefit in your policy, you will receive some benefit value for the money you've paid into the policy. Without this type of benefit, you get nothing, even if you've paid premiums for 10 or 20 years before dropping the policy.

Some states may require insurance companies to offer long-term care insurance policies with a written offer of nonforfeiture benefit. In this case, you may be given benefit options with different premium costs, including **reduced paid-up policies**, **shortened benefit period policies** and **extended term policies**. Under these benefit options, when you stop paying your premiums, the company gives you a paid-up policy. Depending on the option you chose, your paid-up policy either will have the same benefit period but with a lower daily benefit (reduced paid-up policy) or will have the same daily benefit but with a shorter benefit period (shortened benefit period policy or extended term policy). Under all of these options, the level of benefits you will receive depends on how long you paid premiums and the amount of premiums you have paid. Since it's paid-up, you won't owe any more premiums.

Other insurers may offer a "return of premium" nonforfeiture benefit. They pay back to you all or part of the premiums that you paid in if you drop your policy after a certain number of years. This is generally the most expensive type of nonforfeiture benefit. A nonforfeiture benefit can add roughly 10% to 100% (and sometimes more) to a policy's cost. How much it adds depends on such things as your age at the time you bought the policy, the type of nonforfeiture benefit, and whether the policy has inflation protection.

You have the option to add a nonforfeiture benefit if you're buying a tax-qualified policy. The "return of premium" nonforfeiture benefit, the "reduced paid-up policy" and the "shortened benefit period policy" may be available options under a tax-qualified policy if you drop the policy. You should consult a tax advisor to see if adding a nonforfeiture benefit would be good for you.

Contingent Nonforfeiture. In some states, if you don't accept the offer of a nonforfeiture benefit, a company is required to provide a "contingent benefit upon lapse." This means that when your premiums increase to a certain level (based on a table of increases), the "contingent benefit upon lapse" will take effect. For example, if you bought the policy at age 70 and did not accept the insurance company's offer of a nonforfeiture benefit, if the premium rises to 40% more than the original premium, you will be offered the opportunity to accept one of the "contingent benefits upon lapse." The benefits offered are: 1) a reduction in the benefits provided by the current policy so that premium costs stay the same; or 2) a conversion of the policy to paid-up status with a shorter benefit period. You may also choose to keep your policy and continue to pay the higher premium.

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Will Your Health Affect Your Ability to Buy a Policy?

Companies that sell long-term care insurance medically "underwrite" their coverage. They look at your health and health history before they decide to issue a policy. You may be able to buy coverage through an employer or another type of group without any health underwriting or with more relaxed underwriting. Insurance companies' underwriting practices affect the premiums they charge you now and in the future. Some companies do what is known as "short-form" underwriting. They ask you to answer a few questions on the insurance application about your health. For example, they may want to know if you have been in a nursing home or received care at home in the last 12 months.

Sometimes companies don't check your medical record until you file a claim. Then they may try to refuse to pay you benefits because of information found in your medical record after you file your claim. This practice is called "post-claims underwriting." It is illegal in many states. Companies that thoroughly check your health before selling you a policy aren't as likely to do post-claims underwriting.

Some companies do more underwriting. They may ask more questions, look at your current medical records, and ask your doctor for a statement about your health. These companies may insure fewer people with health problems. If you have certain conditions that are likely to mean you'll soon need long-term care (Parkinson's disease, for example), you probably cannot buy coverage from these companies.

No matter how the company underwrites, you must answer certain questions that the company uses to decide if it will insure you. When you fill out your application, be sure to answer all questions correctly and completely. A company depends on the information you put on your application. If the information is wrong, an insurance company may decide to rescind your policy and return the premiums you have paid. It can usually do this within two years after you buy the policy. Most states require the insurance company to give you a copy of your application when it delivers the policy. At this time, you can review your answers again. You should keep this copy of the application with your insurance papers.

What Happens If You Have Pre-Existing Conditions?

A long-term care insurance policy usually defines a pre-existing condition as one for which you received medical advice or treatment or had symptoms of within a certain period before you applied for the policy. Some companies look further back in time than others. That may be important to you if you have a pre-existing condition. A company that learns you didn't tell it about a pre-existing condition on your

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application might not pay for treatment related to that condition and might even cancel your coverage. A company can usually do this within two years after you buy the policy, or in some cases later, if you intentionally mislead the insurer.

Many companies will sell a policy to someone with a pre-existing condition. However, the company may not pay benefits for long-term care related to that condition for a period after the policy goes into effect, usually six months. Some companies have longer pre-existing condition periods; others have none.

Can You Renew Your Long-Term Care Insurance Policy?

In most states, long-term care insurance policies sold today must be **guaranteed renewable**. When a policy is guaranteed renewable, it means that the insurance company guarantees you a chance to renew the policy. It does not mean that it guarantees you a chance to renew at the same premium. Your premium may go up over time as your company pays more claims and more expensive claims.

Insurance companies can raise the premiums on their policies, but only if they increase the premiums on all policies that are the same in that state. **No individual can be singled out for a rate increase**, no matter how many claims have been filed. In some states, the premium cannot increase just because you are older. If you bought a policy in a group setting and you leave the group, you may be able to keep your group coverage or convert it to an individual policy, but you may pay more. **You can ask your state insurance department if your state requires this option.**

How Much Do Long-Term Care Insurance Policies Cost?

A long-term care insurance policy can be expensive. Be sure you can pay the premiums and still afford your other health insurance and other expenses.

Premiums will vary based on a variety of factors. These factors include your age and health when you buy a policy and the level of coverage, benefits and options you select for your policy. If you buy a policy with a large daily benefit, a longer maximum benefit period, or a home health care benefit, it will cost you more. Inflation protection and nonforfeiture benefits can increase premiums for long-term care substantially.

Inflation protection can add 25% to 40% to the premium. Non-forfeiture benefits can add 10% to 100% to the premium, as noted on page 25. In fact, either of these options can easily double your premium, depending on your age when you buy a policy. The older you are when you buy long-term care insurance, the higher your premiums will be, as it's more likely you will need long-term care services. (See "Who May Need Long-Term Care" on page 6.) If you buy at a younger age, your premiums will be lower, but you will pay premiums for a longer period of time. Recent studies have found the average age of purchasers was age 65 in the individual market and age 43 in the employer-sponsored market.[20]

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Here is an example of how much premiums can fluctuate based on your age and your coverage options:[21]

- The average annual premiums for basic long-term care insurance ($100 daily benefit amount, four years of coverage, and a 20-day elimination period) that do not include a 5% compound inflation protection option or a nonforfeiture benefits option were:
  - $300 for a 40-year-old.
  - $409 for a 50-year-old.
  - $1,002 for a 65-year-old.
  - $4,166 for a 79-year-old.
- The average annual premiums for the same policy with the 5% compound inflation protection option but no nonforfeiture benefit option were:
  - $649 for a 40-year-old.
  - $881 for a 50-year-old.
  - $1,802 for a 65-year-old.
  - $5,895 for a 79-year-old.
- The average annual premiums for the same policy with the nonforfeiture benefits option but no inflation protection were:
  - $382 for a 40-year-old.
  - $506 for a 50-year-old.
  - $1,196 for a 65-year-old.
  - $5,067 for a 79-year-old.
- The average annual premiums for the same policy with both the 5% compound inflation protection option and the nonforfeiture benefits option were:
  - $798 for a 40-year-old.
  - $1,087 for a 50-year-old.
  - $2,130 for a 65-year-old.
  - $7,000 for a 79-year-old.

Remember, your actual premium may be very different if it's based on other factors.

Another issue to keep in mind is that long-term care insurance policies may not cover the entire cost of your care. For example, your policy may cover $110 per day in a nursing home, but the total cost of care may be $150 per day. You must pay the difference. Remember, medications and therapies will increase your total daily costs for care. The costs of long-term care in your state should influence the amount of coverage you buy and the premiums you will pay. (See "How Much Does Long-Term Care Cost?" on page 4.)

When you buy a long-term care policy, think about how much your income is and how much you could afford to spend on a long-term care insurance policy now. Also

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try to think about what your future income and living expenses are likely to be and how much premium you can pay then. If you don't expect your income to increase, it probably isn't a good idea to buy a policy if you can barely afford the premium now.

You also need to think about whether you could afford a rate increase on your policy some time in the future. Remember, while a company cannot raise your rates based on your age or health, the company can raise the rates for an entire class of policies. Some states have laws that limit rate increases. **Check with your insurance department to learn how your state regulates rate increases.** A directory of state insurance departments begins on page 56. Again, it probably isn't a good idea to buy a policy if you can barely afford the premium now.

NOTE: Don't be misled by the term "level premium." You may be told that your long-term care insurance premium is "level." That doesn't mean that it will never increase. Except for whole life insurance policies and noncancellable policies or riders, companies cannot guarantee premiums will never increase. Many states have adopted regulations that don't let insurance companies use the word "level" to sell guaranteed renewable policies. Companies must tell consumers that premiums may go up. Look for that information on the outline of coverage and the policy's face page when you shop.

What Options Do I Have to Pay the Premiums on the Policy?

If you decide you can afford to buy a long-term care insurance policy, there are two main ways in which you may be able to pay your premiums—the **continuous payment option** and the **limited payment option**.

Under the continuous payment option, you would pay the premiums on your policy until you trigger your benefits, traditionally on a monthly, quarterly, semi-annual or annual basis. The policy is not cancelable except in the event of nonpayment of premiums; however, the insurance company can increase premiums on an entire class of policies. Premiums are usually the lowest available under this payment option.

In addition to the continuous payment option, you may be able to pay your premiums under a limited payment option. Under this option, you would pay premiums for a set time period using one of the following ways:

- Single pay. This allows you to make one lump-sum payment.
- 10-pay and 20-pay. This allows you to complete payment of your premiums in 10 or 20 years, depending on the option you choose. You might choose this option if your income will be lower in 10 or 20 years.
- Pay-to-65. You pay higher-than-usual premiums, but payments end when you reach age 65.

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After the last premium payment, neither you nor the company can cancel the policy. Policies with the limited payment option are more expensive than continuous payment policies, because your premium is set at a higher rate than it would have been had you paid over a longer period of time. In addition, unless the contract fixes your premium for the pay period, it could increase. However, the guaranteed fixed payment and the no-cancel features make limited payment premiums attractive to some clients. You should consult your tax advisor for information on the tax treatment of accelerated premium payments.

It is important to note that not all of these payment options are offered by all companies or are available in all states. Check with the insurance company to see what payment options it offers. **Also check with your state insurance department to find out what options your state allows.** A directory of state insurance departments begins on page 56.

If You Already Own a Policy, Should You Switch Plans or Upgrade the Coverage You Have Now?

Before you switch to a new long-term care insurance policy, make sure it is better than the one you already have. Even if your agent now works for another company, think carefully before making any changes. First check to see if you can upgrade the coverage on your current policy. If not, you may replace your current policy with a different one that gives you more benefits, or even choose a second policy. Be sure to discuss any change in your coverage with your financial advisor.

If you decide to switch to a new long-term care insurance policy, make sure the new company has accepted your application and issued the new policy before you cancel the old one. When you cancel a policy in the middle of its term, many companies will not give back any premiums you have paid. If you switch policies, new restrictions on pre-existing conditions may apply. You may not have coverage for some conditions for a certain period.

Switching may be right for you if your old policy requires you to stay in the hospital or to receive other types of care before it pays benefits. Before you decide to change, though, make sure you are in good health and can qualify for another policy. If you bought a policy when you were younger, you might ask the insurance company if you can improve it. For example, you might add inflation protection or take off the requirement that you stay in the hospital. It might cost less to improve a policy you have now than to buy a new one.

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What Shopping Tips Should You Keep in Mind?

Here are some points to keep in mind as you shop.

Ask questions.

If you have questions about the agent, the insurance company or the policy, **contact your state insurance department or insurance counseling program**. (A directory starts on page 56.) Make sure the company is reputable and is licensed to sell long-term care insurance policies in your state.

Check with several companies and agents.

Contacting several companies (and agents) before you buy is wise. Be sure to compare benefits, the types of facilities you have to be in to get coverage, the limits on your coverage, what's excluded, and, of course, the premium. (Policies that have the same coverage and benefits may not cost the same.)

Check out the companies' rate increase histories.

Ask companies about their rate increase histories and whether they have increased the rates on the long-term care insurance policies that they sell. Ask to see a company's personal worksheet that includes this information.

Some state insurance commissioners annually prepare a consumer rate guide for long-term care insurance. These guides may include an overview of long-term care insurance, a list of companies selling long-term care insurance in your state, the types of benefits and policies you can buy (both as an individual and as a member of a group), and a rate history of each company that sells long-term care insurance in your state. Some guides even include examples of different coverage types and combinations and provide rates to assist consumers in comparing policies. **Contact your state insurance department or insurance counseling program for this information.** A list of insurance departments and counseling programs starts on page 56.

Take your time and compare outlines of coverage.

Never let anyone pressure or scare you into making a quick decision. Don't buy a policy the first time you see an agent. Ask for an outline of coverage. It outlines the policy's benefits and points out important features. Compare outlines of coverage for several policies, and make sure the outlines are similar (if not the same) when comparing premiums. In most states the agent must leave an outline of coverage when he or she first contacts you.

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Understand the policies.

Make sure you know what the policy covers and what it doesn't. If you have any questions, call the insurance company before you buy.

If you receive any information that confuses you or is different from the information in the company literature, don't hesitate to call or write the company to ask your questions. Don't trust any sales presentation or literature that claims you have only one chance to buy a policy.

Some companies sell their policies through agents, and others may sell their policies through the mail, skipping agents entirely. No matter how you buy your policy, check with the company if you don't understand how the policy works.

Talk about the policy with a friend or relative. **You may also want to contact your state insurance department or insurance counseling program.** A list of insurance departments and counseling programs starts on page 56.

Don't be misled by advertising.

Most celebrity endorsers are professional actors paid to advertise. They are not insurance experts. Medicare does not endorse or sell long-term care insurance policies. Be wary of any advertising that suggests Medicare is involved.

Don't trust cards you get in the mail that look like official government documents until you check with the government agency identified on the card. Insurance companies or agents trying to find buyers may have sent them. Be careful if anyone asks you questions over the telephone about Medicare or your insurance. They may sell any information you give to long-term care insurance marketers, who might call you, come to your home or try to sell you insurance by mail.

Don't buy more coverage than you need.

You don't have to buy more than one policy to get enough coverage. One good policy is enough. Also, don't buy more insurance than you need. For example, buying a policy with a $500 daily benefit in order to prepare for inflation is not necessary. You should choose the daily benefit that matches the cost of long-term care. For more information, reread the section "If You Already Own a Policy, Should You Switch Plans or Upgrade the Coverage You Have Now?" on page 30. Be sure to discuss any change in your coverage with your financial advisor.

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Be sure you accurately complete your application.

Don't be misled by long-term care insurance marketers who say your medical history isn't important—it is! Give correct information. If an agent fills out the application for you, don't sign it until you have read it. Make sure that all of the medical information is accurate and complete. If it isn't and the company used that information to decide whether to insure you, it can refuse to pay your claims and can even cancel your policy.

Never pay in cash.

Use a check or an electronic bank draft made payable to the insurance company.

Be sure to get the name, address, and telephone number of the agent and the company.

Get a local or toll-free number for both the agent and the company.

If you don't get your policy within 60 days, contact the company or agent.

You have a right to expect prompt delivery of your policy. When you get it, keep it somewhere you can easily find it. Tell a trusted friend or relative where it is.

Be sure you look at your policy during the free-look period.

If you decide you don't want the policy soon after you bought it, you can cancel it and get your money back. You must tell the company you don't want the policy within a certain number of days after you get it. How many days you have depends on the "free-look" period. In some states the insurance company must tell you about the free-look period on the cover page of the policy. In most states you have 30 days to cancel, but in some you have less time. **Check with your state insurance department to find out how long the free-look period is in your state.**

If you want to cancel:

- Keep the envelope the policy was mailed in. Or ask the agent for a signed delivery receipt when he or she hands you the policy.
- Send the policy to the insurance company along with a short letter asking for a refund.
- Send both the policy and the letter by certified mail. Keep the mailing receipt.
- Keep a copy of all letters.

It usually takes four to six weeks to get your refund.

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Read the policy again and make sure it gives you the coverage you want.

Check the policy to see if the benefits and the premiums are what you expected. If you have any questions, call the agent or company right away. Also, reread the application you signed. It is part of the policy. If it's not filled out correctly, contact the agent or company right away. You may want to fill out Worksheet 3 on page 49.

Think about having the premium automatically taken out of your bank account.

Automatic withdrawal may mean that you won't lose your coverage if an illness makes you forget to pay your premium. If you decide not to renew your policy, be sure you tell the bank to stop the automatic withdrawals.

Check on the financial stability of the company you're thinking about buying from.

Several insurer rating services analyze the financial strength of insurance companies. The ratings can show you how some analysts see the financial health of individual insurance companies. Different rating services use different rating scales. Be sure to find out how the agency labels its highest ratings and the meaning of the ratings for the companies you are considering.

You can get ratings from some insurer rating services for free at most public libraries. Or you can call the services directly at the numbers listed below. (Note that calls to a "900" number will mean an extra charge on your telephone bill.) And now you can get information from these services on the Internet.

Rating Agencies

- A.M. Best Company
  (900) 439-2200 (billed to telephone) or (800) 424-BEST (charged to credit card) or on the Internet at www.ambest.com

- Fitch IBCA, Duff & Phelps, Inc.
  (212) 908-0800 or on the Internet at www.fitchrating.com

- Moody's Investor Service, Inc.
  (212) 553-0377 or on the Internet at www.moodys.com

- Standard & Poor's Insurance Rating Services
  (212) 438-2400 or on the Internet at www.standardandpoors.com

- Weiss Ratings, Inc.
  (800) 289-9222 or on the Internet at www.WeissRatings.com

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1 http://www.longtermcare.gov/LTC/Main_Site/Paying_LTC/Costs_Of_Care/Costs_Of_Care.aspx.

2 http://www.longtermcare.gov/LTC/Main_Site/Paying_LTC/Costs_Of_Care/Costs_Of_Care.aspx.

3 http://www.longtermcare.gov/LTC/Main_Site/Paying_LTC/Costs_Of_Care/Costs_Of_Care.aspx.

4 http://ltc.georgetown.edu/pdfs/nursinghomecosts.pdf?wwparam+1204931144. Still less than 10% in 2003.

5 Centers for Medicaid and Medicare Services, *Medicare & You 2008 Guide*.

6 Centers for Medicaid and Medicare Services, *2008 Guide to Health Insurance for People with Medicare*, page 25.

7 CMS National Health Expenditures, January 2002. Medicaid pays for 48% of all nursing home care.

8 Omnibus Budget Reconciliation Act of 1993 (OBRA). OBRA requires each state to have an "Estate Recovery Program," which is designed to recover the costs of Medicaid-paid benefits from that person's estate or the estate of his or her spouse. If you are age 55 or over and receive Medicaid benefits for nursing home care and related services, OBRA requires that states recover the paid benefits in an amount equal to the total of the assistance provided from your estate. This could include your home and any other property that otherwise would be passed to your heirs.

9 *The Older Population, A Profile of Older Americans: 2001*, Administration on Aging. Information in profile based on data gathered in the 2000 U.S. Census.

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13 Rogers, S. & H. Komisar. *Who Needs Long-Term Care? Fact Sheet: Long-Term Care Financing Project*. Washington, D.C.: Georgetown University Press, 2003.

14 AARP. Beyond 50.03: A Report to the Nation on Independent Living and Disability, 2003.

15 U.S. Department of Health and Human Services and U.S. Department of Labor. The future supply of long-term care workers in relation to the aging baby boom generation. Report to Congress. Office of the Assistant Secretary for Planning and Evaluation, 2003.

16 Health Insurance Association of America Survey. "Research Findings: Long-Term Care Insurance in 1998-1999," February 2002, pages 3, 5, 13, 17, 27. The employer-sponsored market contributed 25% of the sales in 1999. By the end of 1999, more than 1 million policies had been sold through more than 3,200 employers. This represents 35% average growth rate. There were more than 770 employer-sponsored plans introduced in 1999 alone.

17 Members of the federal family can obtain information on this program from the United States Office of Personnel Management by calling the toll-free number 1-800-582-3337 or by accessing the Web site http://www.opm.gov/insure/lte/.

18 Internal Revenue Service, Revenue Procedure 97-57, adjusted to 2008 tax deductible limits.

19 U.S. Department of Labor, Bureau of Labor Statistics, 2000. Data shows that between 1995 and 2001, the average nursing home costs have risen about 5%.

20 Health Insurance Association of America (HIAA) Survey. "Research Findings: Long-Term Care Insurance in 1998 1999," February 2002.

21 Health Insurance Association of America (HIAA) Survey. 'Research Findings: Long-Term Care Insurance in 1998 1999," February 2002. Table 5. p. 26. "Average Annual Premiums for Leading Long-Term Care Insurance Sellers in 1999."

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GLOSSARY

Accelerated Death Benefit – A feature of a life insurance policy that lets you use some of the policy's death benefit prior to death.

Activities of Daily Living (ADLs) – Everyday functions and activities individuals usually do without help. ADL functions include bathing, continence, dressing, eating, toileting and transferring. Many policies use the inability to do a certain number of ADLs (such as two of six) to decide when to pay benefits.

Adult Day Care – Care provided during the day at a community-based center for adults who need assistance or supervision during the day, including help with personal care, but who do not need round-the-clock care.

Alzheimer's Disease – A progressive, degenerative form of dementia that causes severe intellectual deterioration.

A**ssisted Living Facility –** A residential living arrangement that provides individualized personal care and health services for people who require assistance with activities of daily living. The types and sizes of facilities vary; they can range from a small home to a large apartment-style complex. They also vary in the levels of care and services that can be provided. Assisted living facilities offer a way to keep a relatively independent lifestyle for people who don't need the level of care provided by nursing homes.

Bathing – Washing oneself by sponge bath, in either a tub or shower. This activity includes the task of getting into or out of the tub or shower.

Benefit Triggers (Triggers) – Term used by insurance companies to describe the criteria and methods they use to determine when you are eligible to receive benefits.

Benefits – Monetary sum paid or payable to a recipient for which the insurance company has received the premiums.

Care Management Services – A service in which a professional, typically a nurse or social worker, may arrange, monitor or coordinate long-term care services (also referred to as care coordination services).

Cash Surrender Value – The amount of money you may be entitled to receive from the insurance company when you terminate a life insurance or annuity policy. The amount of cash value will be determined as stated in the policy.

Chronic Illness – An illness with one or more of the following characteristics: permanency, residual disability, requires rehabilitation training, or requires a long period of supervision, observation or care.

Chronically Ill – A term used in a tax-qualified long-term care contract to describe a person who needs long-term care either because of an inability to do everyday activities of daily living (ADLs) without help or because of a severe cognitive impairment.

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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.

Community-Based Services – Services designed to help older people stay independent and in their own homes.

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

Continuing Care Retirement Communities (CCRC) – A retirement complex that offers a broad range of services and levels of care.

Continuous Payment Option – A premium payment option that requires you to pay premiums until you trigger your benefits. Premiums are usually paid on a monthly, quarterly, semi-annual or annual basis. The policy is not cancelable except when premiums aren't paid; however, the insurance company can increase premiums on an entire class of policies. Premiums are usually the lowest available.

Custodial Care (Personal Care) – Care to help individuals meet personal needs such as bathing, dressing and eating. Someone without professional training may provide care.

Daily Benefit – The amount of insurance benefit in dollars a person chooses to buy for long-term care expenses.

Dementia – Deterioration of intellectual faculties due to a disorder of the brain.

Disability Method – Method of paying benefits that only requires you to meet the benefit eligibility criteria. Once you do, you receive your full daily benefit.

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

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 Period – A type of deductible; the length of time the individual must pay for covered services before the insurance company will begin to make payments. The longer the elimination period in a policy, the lower the premium. Sometimes also called a "waiting period."

Expense-Incurred Method – Method of paying benefits where the insurance company must decide if you are eligible for benefits and if your claim is for eligible services. Your policy or certificate will pay benefits only when you receive eligible services. Once you have incurred an expense for an eligible service, benefits are paid either to you or your provider. The coverage will pay for the lesser of the expense you incurred or the dollar limit of your policy. Most policies bought today pay benefits using the expense-incurred method.

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Extended Term Benefits – Full benefits for a reduced time period, applicable for use during a certain period of time. If not used in a set number of years after the lapse, then you lose it. Once the period has expired, the contract terminates.

Guaranteed Renewable – When a policy cannot be cancelled by an insurance company and must be renewed when it expires unless benefits have been exhausted. The company cannot change the coverage or refuse to renew the coverage for other than nonpayment of premiums (including health conditions and/or marital or employment status). In a guaranteed renewable policy, the insurance company may increase premiums, but only on an entire class of policies, not just on your policy.

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

Health Insurance Portability and Accountability Act (HIPAA) – Federal health insurance legislation passed in 1996 that allows, under specified conditions, long term care insurance policies to be qualified for certain tax benefits.

Home Health Care – Services for nursing care or occupational, physical, respiratory or speech therapy. Also included are medical, social worker, home health aide, and homemaker services.

Homemaker Services – Household services done by someone other than yourself because you're unable to do them.

Home for the Aged – A general term for a facility that cares for elderly people. It is often not covered under a long-term care policy.

Hospice Care – Continuous care provided at home or in a facility with a home-like setting for a terminally ill person. A terminally ill person has a life expectancy of six months or less.

Indemnity Method – Method of paying benefits where the benefit is a set dollar amount and is not based on the specific service received or on the expenses incurred. The insurance company only needs to decide if you are eligible for benefits. Once the company determines you are eligible and you are receiving eligible long-term care services, the insurance company will pay that set amount directly to you up to the limit of the policy.

Inflation Protection – A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of long-term care services.

Lapse – Termination of a policy when a renewal premium is not paid.

Limited Payment Option – A premium payment option in which the person pays premiums for a set time period. After the last premium payment, neither the company nor the person can cancel the policy. These plans are more expensive than continuous payment policies; however, their guaranteed fixed payment and no-cancel features make them attractive to some people.

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Medicaid – A joint federal/state program that pays for health care services for those with low incomes or very high medical bills relative to income and assets.

Medicare – The federal program providing hospital and medical insurance to people aged 65 or older and to certain ill or disabled persons. Benefits for nursing home and home health services are limited.

Medicare Supplement Insurance – A private insurance policy that covers many of the gaps in Medicare coverage (also called Medigap insurance coverage).

National Association of Insurance Commissioners (NAIC) – Membership organization of state insurance commissioners. One of its goals is to promote uniformity of state regulation and legislation related to insurance.

Noncancelable Policies – Insurance contracts that cannot be cancelled by the insurance company and the rates cannot be changed by the insurance company.

Nonforfeiture Benefits – A policy feature that returns at least part of the premiums to you if you cancel your policy or let it lapse.

Nursing Home – A licensed facility that provides general nursing care to those who are chronically ill or unable to take care of daily living needs. May also be referred to as a Long-Term Care Facility.

Paid-up Policy – When you prematurely stop paying your premiums, your insurance policy is deemed to be paid-in-full. You do not pay any more premiums, but the benefits you receive under this policy will be determined based on the amount of premiums you have already paid, not on the level of benefits that you originally purchased.

Partnership Policy – A type of policy that allows you to protect (keep) some of your assets if you apply for Medicaid after using your policy's benefits. Not all states have these policies.

Personal Care (Custodial care) – Care to help individuals meet personal needs such as bathing, dressing and eating. Someone without professional training may provide care.

Personal Care Home – A general term for a facility that cares for elderly people. It is often not covered under a long-term care policy.

Pre-existing Condition – Illnesses or disability for which you were treated or advised within a time period before applying for a life or health insurance policy.

Reduced Paid-up Benefits – A nonforfeiture option that reduces your daily benefit but retains the full benefit period on your policy until death. For example, you buy a policy for three years of coverage with a $150 daily benefit. Then if you let the policy lapse, the daily benefit will be reduced to $100. The exact amount of the reduction depends upon how much premium you have paid on the policy. The benefit period on your policy continues to be three years. Unlike extended term benefits, which must be used in a certain amount of time after the lapse, you can use reduced paid-up benefits at any time after you lapse (until death).

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Rescind – When the insurance company voids (cancels) a policy.

Respite Care – Care provided by a third party that relieves family caregivers for a few hours to several days and gives them an occasional break from daily caregiving responsibilities.

Rest Home – A general term for a facility that cares for elderly people. It is often not covered under a long-term care policy.

Rider – Addition to an insurance policy that changes the provisions of the policy.

Shortened Benefit Period – A nonforfeiture option that reduces the benefit period but retains the full daily maximums applicable until death. The period of time for which benefits are paid will be shorter. For example, you buy a policy for three years of coverage with a $150 daily benefit, but if you let the policy lapse, the benefit period is reduced to one year, with full daily benefits paid. The exact amount of the reduction depends upon how much premium you have paid on the policy. Unlike extended term benefits, which must be used in a certain amount of time after the lapse, you can use shortened benefits at any time after you let the premium lapse (until death).

Skilled Care – Daily nursing and rehabilitative care that can be performed only by, or under the supervision of, skilled medical personnel. This care is usually needed 24 hours a day, must be ordered by a physician, and must follow a plan of care. Individuals usually get skilled care in a nursing home but may also receive it in other places.

Spend Down – A requirement that an individual use up most of his or her income and assets to meet Medicaid eligibility requirements.

Stand-by Assistance – Caregiver stays close to the individual to watch over the individual and to provide physical assistance if necessary.

State Health Insurance Program – Federally funded program to train volunteers to provide counseling on the insurance needs of senior citizens. See pages 54-62 for a list of State Health Insurance Programs.

Substantial Assistance – Hands-on or stand-by help required to do ADLs.

Substantial Supervision – The presence of a person directing and watching over another who has a cognitive impairment.

Tax-Qualified Long-Term Care Insurance Policy – A policy that conforms to certain standards in federal law and offers certain federal tax advantages.

Term Life Insurance – Covers a person for a period of one or more years. It pays a death benefit only if you die during that term. It generally does not build a cash value.

Third Party Notice – A benefit that lets you name someone whom the insurance company would notify if your coverage is about to end because the premium hasn't been paid. This can be a relative, friend or professional such as a lawyer or accountant.

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

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

Triggers (Benefit Triggers) – Term used by insurance companies to describe when to pay benefits.

Underwriting – The process of examining, accepting or rejecting insurance risks, and classifying those selected, to charge the proper premium for each.

Universal Life Insurance – A kind of flexible policy that lets you vary your premium payments and adjust the face amount of your coverage.

Waiver of Premium – A provision in an insurance policy that relieves the insured of paying the premiums while receiving benefits.

Whole Life Insurance – Policies that build cash value and cover a person for as long as he or she lives if premiums continue to be paid.

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WORKSHEET 1

Information About the Availability and Cost of Long-Term Care in Your Area

Find out what facilities and services provide long-term care in your area (or in the area where you would be most likely to receive care) and what the costs are for these services. List the information below.

Home Health Agency

Name of one Home Health Agency you might use

Address _____

_____

_____

Phone Number _____

Contact Person _____

Name of *another* Home Health Agency you might use

Address _____

_____

_____

Phone Number _____

Contact Person _____

Check which types of care are available and list the cost

☐ Skilled Nursing Care
Cost/Visit $ _____

☐ Home Health Care
Cost/Visit $ _____

☐ Personal/Custodial Care
Cost/Visit $ _____

☐ Homemaker Services
Cost/Visit $ _____

☐ Skilled Nursing Care
Cost/Visit $ _____

☐ Home Health Care
Cost/Visit $ _____

☐ Personal/Custodial Care
Cost/Visit $ _____

☐ Homemaker Services
Cost/Visit $ _____

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Nursing Facility

Name of one Nursing Facility you might use

Address _____

_____

_____

Phone Number _____

Contact Person _____

Name of *another* Nursing Facility you might use

Address _____

_____

_____

Phone Number _____

Contact Person _____

Check which types of care are available and list the cost

☐ Skilled Nursing Care

Cost/Visit $ _____

☐ Personal/Custodial Care

Cost/Visit $ _____

☐ Skilled Nursing Care

Cost/Visit $ _____

☐ Personal/Custodial Care

Cost/Visit $ _____

Other Facility

Other Facility or Service you might use (e.g., adult day care center, assisted living, etc.) _____

Address _____

_____

_____

Phone Number _____

Contact Person _____

What services are available?

_____

_____

What are the costs for those services?

_____

_____

Other Facility or Service you might use (e.g. adult day care center, assisted living, etc.) _____

Address _____

_____

_____

Phone Number _____

Contact Person _____

What services are available?

_____

_____

What are the costs for those services?

_____

_____

Worksheet 1

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WORKSHEET 2

How to Compare Long-Term Care Insurance Policies

Fill in the information below so that you can compare long-term care insurance policies. Most of the information you need is in the outline of coverage provided in the policies you are comparing. Even so, you will need to calculate some information and talk to the agent or a company representative to get the rest.

	Policy 1	Policy 2
Insurance Company Information		
1. Name of the insurance company's agent.		
2. Is the company licensed in your state?	yes/no	yes/no
3. Insurance rating service and rating. (Refer to Page 33)		
What levels of care are covered by this policy? (Refer to page 16)		
4. Does the policy provide benefits for these levels of care?		
• Skilled nursing care?	yes/no	yes/no
• Personal / Custodial Care?	yes/no	yes/no
(In many states, both levels of care are required)		
5. Does the policy pay for any nursing home stay, no matter what level of care you receive?		
• If not, what levels aren't covered?	yes/no	yes/no
Where can you receive care covered under the policy? (Refer to page 17)		
6. Does the policy pay for care in any licensed facility?	yes/no	yes/no
• If not, what doesn't it pay for?		
7. Does the policy provide home care benefits for:		
• Skilled nursing care?	yes/no	yes/no
• Personal care given by home health aides?	yes/no	yes/no
• Homemaker services?	yes/no	yes/no
• Other _____?	yes/no	yes/no
8. Does the policy pay for care received in:		
• Adult day care centers?	yes/no	yes/no
• Assisted living facilities?	yes/no	yes/no
• Other settings? (list)		

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	Policy 1	Policy 2
How long are benefits paid and what amounts are covered?* (Refer to page 18)		
9. How much will the policy pay per day for:		
• nursing home care?	$	$
• assisted living facility care?	$	$
• home care?	$	$
10. Are there limits on the number of days or visits per year for which benefits will be paid? If yes, what are the limits for:	yes/no	yes/no
• nursing home care?	days	days
• assisted living facility care?		
• home care? (days or visits?)		
11. What is the length of the benefit period that you are considering?	yrs	yrs
12. Are there limits on the amounts the policy will pay during your lifetime? If yes, what are the limits for:	yes/no	yes/no
• nursing home care?	$	$
• assisted living facility care?	$	$
• home care? (days or visits?)	$	$
• total lifetime limit	$	$
How does the policy decide when you are eligible for benefits? (Refer to page 19)		
13. Which of the "benefit triggers" does the policy use to decide your eligibility for benefits? (It may have more than one)		
• unable to do activities of daily living (ADLs)	yes/no	yes/no
• cognitive impairment (older policies may discriminate against Alzheimer's; newer ones don't)	yes/no	yes/no
• doctor certification of medical necessity	yes/no	yes/no
• prior hospital stay	yes/no	yes/no
• bathing is one of the ADLs	yes/no	yes/no
When do benefits start? (Refer to page 20)		
14. How long is the waiting period before benefits begin for:		
• nursing home care?	days	days
• assisted living care?	days	days

* You may be considering a policy that pays benefits on a different basis, so you may have to do some calculations to determine comparable amounts.

Worksheet 2

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Worksheet 2

	Policy 1	Policy 2
• home health care? • waiting period - service days or calendar days?	days service days	days calender days
15. Are the waiting periods for home care cumulative or consecutive?		
16. How long will it be before you are covered for a pre-existing condition? (Usually 6 months)	months	months
17. How long will the company look back on your medical history to determine a pre-existing condition? (Usually 6 months)	months	months

Does the policy have inflation protection? (Refer to page 22)

18. Are the benefits adjusted for inflation?	yes/no	yes/no
19. Are you allowed to buy more coverage?	yes/no	yes/no
If yes,		
• When can you buy more coverage?		
• How much can you buy?	$	$
• When can you no longer buy more coverage?		
20. Do the benefits increase automatically?	yes/no	yes/no
If yes,		
• What is the rate of increase?	%	%
• Is it a simple or compound increase?		
• When do automatic increases stop?		
21. If you buy inflation coverage, what daily benefit would you receive for Nursing home care:		
• 5 years from now?	$	$
• 10 years from now?	$	$
Assisted living facility care:		
• 5 years from now?	$	$
• 10 years from now?	$	$
Home health care:		
• 5 years from now?	$	$
• 10 years from now?	$	$
22. If you buy inflation coverage, what will your premium be:		
• 5 years from now?	$	$
• 10 years from now?	$	$
• 15 years from now?	$	$

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What other benefits are covered under the policy?	**Policy 1**	**Policy 2**
23. Is there a waiver of premium benefit? (Refer to Page 24) If yes,	yes/no	yes/no
• How long do you have to be in a nursing home before it begins?		
• Does the waiver apply when you receive home care?	yes/no	yes/no
24. Does the policy have a nonforfeiture benefit? If yes, what kind? (Refer to Page 25)	yes/no	yes/no
25. Does the policy have a return of premium benefit? (Refer to Page 25)	yes/no	yes/no
26. Does the policy have a death benefit?	yes/no	yes/no
If yes, are there any restrictions before the benefit is paid? (Refer to Page 24)	yes/no	yes/no
27. Will the policy cover one person or two?	one/two	one/two
Tax-qualified status		
28. Is the policy tax-qualified? (Refer to Page 12)	yes/no	yes/no
What does the policy cost? (Refer to page 12)		
29. What is the premium excluding all riders?		
• monthly	$	$
• yearly	$	$
30. What is the premium if home care is covered?		
• monthly	$	$
• yearly	$	$
31. What is the premium if assisted living is covered?		
• monthly	$	$
• yearly	$	$
32. What is the premium if you include an inflation rider?		
• monthly	$	$
• yearly	$	$
33. What is the premium if you include a nonforfeiture benefit?		
• monthly	$	$
• yearly	$	$

Worksheet 2

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34. Is there any discount if you and your spouse both buy policies?
    - If yes, what is the amount of the discount?
    - Do you lose the discount when one spouse dies?

yes/no	yes/no
$	$
yes/no	yes/no

35. What is the total annual premium including all riders and discounts?
    - total monthly premium
    - total annual premium

$	$
$	$

36. When looking at the results of Questions 29 through 35, how much do you think you are willing to pay in premiums?

$	$

Worksheet 2

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WORKSHEET 3

Facts About Your Long-Term Care Insurance Policy

For use after you buy a long-term care policy. Fill out this form and put it with your important papers. You may want to make a copy for a friend or a relative.

1. Insurance Policy Date

Policy Number _____

Date Purchased _____

Annual Premium $ _____

2. Insurance Company Information

Name of Company _____

Address _____

Phone Number _____

3. Agent Information

Agent's Name _____

Address _____

Phone Number _____

4. Type of Long-Term Care Policy

_____ Nursing home only

_____ Facilities only

_____ Home care only

_____ Comprehensive (nursing home, assisted living, home and community care)

_____ Other

_____ Tax-qualified

5. How long is the waiting period before benefits begin?

6. How do I file a claim? (Check all that apply)

____ I need prior approval

____ Fill out a claim form

____ Doctor notifies the company

____ Assessment by care manager

____ Contact the company

____ Submit a plan of care

____ Assessment by company

7. How often do I pay premiums: ____ Annually ____ Semi-annually ____ Other

Specify Other: _____

8. The person to be notified if I forget to pay the premium

Name _____

Address _____

Phone number _____

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9. Are my premiums deducted from my bank account? ____Yes ____ No

Name of my bank _____

Address _____

Phone Number _____

Bank account number _____

10. Where do I keep this long-term care policy? _____

Other information _____

11. Friend or relative who knows where my policy is:

Name _____

Address _____

Phone number _____

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WORKSHEET 4

Long-Term Care Riders To Life Insurance Policies

The purpose of this worksheet is to help you to evaluate one or more life long-term care insurance policies. Fill out the form so you can compare your options. In addition, you will want to fill out Worksheet 2 regarding the long-term care benefits provided by the policy.

	Policy 1	Policy 2
Life Insurance Company Information		
1. Name of the insurance company's agent		
2. Is the company licensed in your state?	yes/no	yes/no
3. Insurance rating service and rating (Refer to Page 34)		
Policy Information		
4. What kind of life insurance policy is it?		
Whole life insurance	yes/no	yes/no
Universal life insurance	yes/no	yes/no
Term life insurance	yes/no	yes/no
5. What is the policy's premium?	$	$
6. How often is the premium paid?		
One time / single premium	yes/no	yes/no
Annually for life	yes/no	yes/no
Annually for 10 years only	yes/no	yes/no
Annually for 20 years only	yes/no	yes/no
Other		
7. Is there a separate premium for the long-term care benefit provided by the life insurance policy?	yes/no	yes/no
If not, how is the premium paid?		
• Included in life insurance premium?	yes/no	yes/no
• Deducted from the cash value of the life insurance policy?	yes/no	yes/no
8. How many people will the policy cover?		

Worksheet 4

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	Policy 1	Policy 2
9. Will the payment of long-term care benefits decrease the death benefit and cash value of the policy?	yes/no	yes/no
10. Will an outstanding loan affect the long-term care benefits?	yes/no	yes/no
11. Did you receive an illustration of guaranteed values?	yes/no	yes/no
If yes, do the policy values equal zero at some age on a guaranteed or midpoint basis? If so, at what age?		

Worksheet 4

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Long-Term Care Insurance
Personal Worksheet

People buy long-term care insurance for many reasons. Some don't want to use their own assets to pay for long-term care. Some buy insurance to make sure they can choose the type of care they get. Others don't want their family to have to pay for care or don't want to go on Medicaid. But long-term care insurance may be expensive, and may not be right for everyone.

By state law, the insurance company must fill out part of the information on this worksheet and **ask** you to fill out the rest to help you and the company decide if you should buy this policy.

Premium Information

Policy Form Numbers _____

The premium for the coverage you are considering will be [$_____ per month, or $_____ per year,] [a one-time single premium of $_____.]

Type of Policy (noncancellable/guaranteed renewable): _____

The Company's Right to Increase Premiums: _____

[The company cannot raise your rates on this policy.] [The company has a right to increase premiums on this policy form in the future, provided it raises rates for all policies in the same class in this state.] [Insurers shall use appropriate bracketed statement. Rate guarantees shall not be shown on this form.]

Rate Increase History

The company has sold long-term care insurance since [year] and has sold this policy since [year]. [The company has never raised its rates for any long-term care policy it has sold in this state or any other state.] [The company has not raised its rates for this policy form or similar policy forms in this state or any other state in the last 10 years.] [The company has raised its premium rates on this policy form or similar policy forms in the last 10 years. Following is a summary of the rate increases.]

Drafting Note: A company may use the first bracketed sentence above only if it has never increased rates under any prior policy forms in this state or any other state. The issuer shall list each premium increase it has instituted on this or similar policy forms in this state or any other state during the last 10 years. The list shall provide the policy form, the calendar years the form was available for sale, and the calendar year and the amount (percentage) of each increase. The insurer shall provide minimum and maximum percentages if the rate increase is variable by rating characteristics. The insurer may provide, in a fair manner, additional explanatory information as appropriate.

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Personal Worksheet

Questions Related to Your Income

How will you pay each year's premium?

☐ From my Income ☐ From my Savings/Investments ☐ My Family will Pay

Have you considered whether you could afford to keep this policy if the premiums went up, for example, by 20%?

Drafting Note: The issuer is not required to use the bracketed sentence if the policy is fully paid up or is a noncancellable policy.

What is your annual income? (check one)

☐ Under $10,000 ☐ $[10-20,000] ☐ $[20-30,000] ☐ $[30-50,000] ☐ Over $50,000

Drafting Note: The issuer may choose the numbers to put in the brackets to fit its suitability standards.

How do you expect your income to change over the next 10 years? (check one)

☐ No change ☐ Increase ☐ Decrease

If you will be paying premiums with money received only from your own income, a rule of thumb is that you may not be able to afford this policy if the premiums will be more than 7% of your income.

Will you buy inflation protection? (check one) ☐ Yes ☐ No

If not, have you considered how you will pay for the difference between future costs and your daily benefit amount?

☐ From my Income ☐ From my Savings/Investments ☐ My Family will Pay

The national average annual cost of care in [insert year] was [insert $ amount], but this figure varies across the country. In ten years the national average annual cost would be about [insert $ amount] if costs increase 5% annually.

Drafting Note: The projected cost can be based on federal estimates in a current year. In the above statement, the second figure equals 163% of the first figure.

What elimination period are you considering?

Number of days: _____ Approximate cost: $_____ for that period of care.

How are you planning to pay for your care during the elimination period? (check one)

☐ From my Income ☐ From my Savings/Investments ☐ My Family will Pay

Questions Related to Your Savings and Investments

Not counting your home, about how much are all of your assets (your savings and investments) worth? (check one)

☐ Under $20,000 ☐ $20,000-$30,000 ☐ $30,000-$50,000 ☐ Over $50,000

How do you expect your assets to change over the next ten years? (check one)

☐ Stay about the same ☐ Increase ☐ Decrease

If you are buying this policy to protect your assets and your assets are less than $30,000, you may wish to consider other options for financing your long-term care.

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Disclosure Statement

☐ The answers to the questions above describe my financial situation.
OR
☐ I choose not to complete this information.
(Check one)

I acknowledge that the carrier and/or its agent (below) has reviewed this form with me including the premium, premium rate increase history and potential for premium increases in the future. [For direct mail situations, use the following: I acknowledge that I have reviewed this form including the premium, premium rate increase history and potential for premium increases in the future.] I understand the above disclosures.

☐ **I understand that the rates for this policy may increase in the future.**
(This box must be checked)

Signed: _____ _____
(Applicant) (Date)

[I explained to the applicant the importance of completing this information.

Signed: _____ _____
(Agent) (Date)

Agent's Printed Name: _____]

[In order for us to process your application, please return this signed statement to [name of company], along with your application.]

[My agent has advised me that this policy does not seem to be suitable for me. However, I still want the company to consider my application.

Signed: _____ _____]
(Applicant) (Date)

Drafting Note: Choose the appropriate sentences depending on whether this is a direct mail or agent sale.

The company may contact you to verify your answers.

Drafting Note: When the Long-Term Care Insurance Personal Worksheet is furnished to employees and their spouses under employer group policies, the text from the heading "Disclosure Statement" to the end of the page may be removed.

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List of State Insurance Departments, Agencies on Aging and State Health Insurance Assistance Programs

Each state has its own laws and regulations governing all types of insurance. The insurance departments, which are listed in the left column, are responsible for enforcing these laws, as well as providing the public with information about insurance. The agencies on aging, listed in the right column, are responsible for coordinating services for older Americans. Centered below each state listing is the telephone number for the insurance counseling programs. Please note that calls to 800 numbers listed here can only be made from within the respective state.

INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
Alabama Department of Insurance 201 Monroe Street, Suite 1700 Montgomery, AL 36104 (334) 269-3550 Fax: (334) 241-4192 www.aldoi.org	ALABAMA 1-800-243-5463 (334) 242-5743 Fax: (334) 242-5594 TDD (334) 242-0995	Department of Senior Services P.O. Box 301851 770 Washington Avenue, Suite 470 Montgomery, AL 36130 -1851 1-800-243-5463 (334) 242-5743 Fax: (334) 242-5788
Alaska Division of Insurance PO Box 110805 3601 C Street, Suite 1324 Anchorage, AK 99811-0805 (907) 269-7900 Fax: (907) 269-7910 www.commerce.state.ak.us/insurance	ALASKA 1-800-478-6065 In State Only (907) 269-3680 Fax: (907) 269-3690 TDD (907) 269-3691	Alaska Commission on Aging Dept. of Health and Social Services P.O. Box 110693 Juneau, AK 99811-0693 (907) 465-4879 Fax: (907) 465-4716
Office of the Governor American Samoa Government Pago Pago, American Samoa 96799 011-684-633-4116 Fax: 011-684-633-2269	AMERICAN SAMOA	Territorial Administration on Aging American Samoa Government Pago Pago, American Samoa 96799 011 (684) 633-1251-1252 Fax: 011 (684) 633-2533
Arizona Department of Insurance 2910 North 44th Street, Suite 210 Phoenix, AZ 85018-7269 (602) 364-3100 Fax: (602) 364-3470 www.id.state.az.us	ARIZONA 1-800-432-4040 TDD (602) 542-6366 Fax: (602) 542-6575	Division of Aging and Adult Services 1789 W Jefferson - No. 950A Phoenix, AZ 85007 (602) 542-4446 Fax: (602) 542-6575
Arkansas Department of Insurance 1200 West 3rd Street Little Rock, AR 72201-1904 (501) 371-2600 Fax: (501) 371-2618 www.insurance.arkansas.gov	ARKANSAS 1-800-282-9134 (501) 371-2600 Fax (501) 371-2618 TDD 501-371-2718 1-501-682-3000	Division of Aging & Adult Services Arkansas Dept of Human Services P.O. Box 1437, S530 700 Main Street Little Rock, AR 72203-1437 (501) 682-2441 Fax: (501) 682-8155
California Dept. of Insurance 300 Capitol Mall, Suite 1700 Sacramento, CA 95814 (916) 492-3500 Fax: (916) 445-5280 www.insurance.ca.gov	CALIFORNIA 1-800-434-0222 (916) 323-6525 Fax: (916) 327-2081	California Department of Aging 1300 National Drive, Suite 200 Sacramento, CA 95834 (916) 419-7500 Fax: (916) 928-2500

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INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
Colorado Division of Insurance 1560 Broadway, Suite 850 Denver, CO 80202 (303) 894-7499 Fax: (303) 894-7455 www.dora.state.co.us/insurance	COLORADO 1-800-544-9181 or 1-888-696-7213 (303) 894-7553 TDD (303) 894-7880 (303) 894-7455	Colorado Division of Aging and Adult Services Department of Human Services 1575 Sherman Street, Tenth Floor Denver, CO 80203-1714 (303) 866-2800 Fax: (303) 866-2696
	COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS	Mariana Islands CNMI Office on Aging Commonwealth of the Northern Mariana Islands P.O. Box 502178 Saipan, MP 96950-2178 011 (671) 734-4361 Fax: 011 (670) 233-1327
Connecticut Dept. of Insurance P.O. Box 816 Hartford, CT 06142-0816 (860) 297-3800 Fax: (860) 566-7410 www.ct.gov/cid	CONNECTICUT (860) 424-5862 In State Only 1-800-994-9422 TDD (860) 842-5424 Fax: (860) 424-5301	Connecticut Aging Services Div. Department of Social Services 25 Sigourney St. Hartford, CT 06106 (860) 424-5277 Fax: (860) 424-4886
Delaware Dept. of Insurance Rodney Building 841 Silver Lake Boulevard Dover, DE 19904 (302) 674-7300 Fax: (302) 739-6278 www.delawareinsurance.gov	DELAWARE 1-800-336-9500 (302) 674-7364 Fax: (302) 739-5280	Div. of Services for Aging & Adults w/ Physical Disabilities Dept. of Health & Social Services 1901 North DuPont Highway New Castle, DE 19720 (302) 255-9390 Fax: (302) 255-4445
Dept. of Insurance, Securities & Banking Gov't of the District of Columbia 810 First Street, N.E., Suite 701 Washington, DC 20001 (202) 727-8000 x3018 Fax: (202) 535-1196 http://disb.dc.gov	DISTRICT OF COLUMBIA (202) 739-0668 Fax: (202) 293-4043	District of Columbia Office on Aging One Judiciary Square 441 4th St., N.W., 9th Floor Washington, DC 20001 (202) 724-5622 Fax: (202) 724-4979
	FEDERATED STATES OF MICRONESIA	State Agency on Aging Office of Health Services Federated States of Micronesia Ponape, E.C.I. 96941
Florida Department of Insurance 200 East Gaines Street Tallahassee, FL 32399-0300 (850) 413-2804 Fax: (850) 413-2950 www.floir.com	FLORIDA 1-800-963-5337 (850) 414-2000 TDD (850) 414-2001 Fax: (850) 414-2004	Florida Department of Elder Affairs Building B - Suite 152 4040 Esplanade Way Tallahassee, FL 32399 (850) 414-2000 Fax: (850) 414-2004

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Georgia Department of Insurance 2 Martin Luther King, Jr. Drive Floyd Memorial Bldg., 704 West Tower Atlanta, GA 30334 (404) 656-2056 Fax: (404) 657-8542 www.gainsurance.org	GEORGIA 1-800-669-8387 (404) 657-5347 Fax: (404) 657-5285	Georgia Division for Aging Services 2 Peachtree St. N.W. 9th Floor Atlanta, GA 30303 (404) 657-5258 Fax: (404) 657-5285
Dept. of Revenue and Taxation Banking Insurance Commissioner PO Box 23607 GMF, Barrigada, Guam 96921 (1240 Route 16, Barrigada, Guam, 96913) (671) 475-1843 through -1846 Fax: (671) 633-2643 www.guamtax.com	GUAM N/A	Regulatory Programs Administrator Dept. of Revenue and Taxation P O Box 23607 GMF, Barrigada, Guam 96921 1240 Route 16, Barrigada, Guam 96913 (use street address only if using US Express Mail, DHL, FedEx or UPS) Email: jqcarlos@revtax.gov.gu (671) 635-1846
Hawaii Insurance Division PO Box 3614 335 Merchant Street, Room 2113 Honolulu, HI 96811 (808) 586-2790 Fax: (808) 587-6714 www.hawaii.gov/dcca/ins	HAWAII 1-888-875-9229 (808) 586-7300 Fax: (808) 586-0185	Hawaii Executive Office on Aging No. 1 Capitol District 250 South Hotel St., Ste 406 Honolulu, HI 96813-2831 (808) 586-0100 Fax: (808) 586-0185
Idaho Department of Insurance 700 West State Street, 3rd Floor Boise, ID 83720-0043 (208) 334-4250 Fax: (208) 334-4398 www.doi.idaho.gov	IDAHO 1-800-247-4422 (208) 334-4350 TDD 1-800-377-3529 Fax: (208) 334-4389	Idaho Commission on Aging 3380 Americana Terrace, Suite 120 P.O. Box 83720 Boise, ID 83720-0007 (208) 334-3833 Fax: (208) 334-3033
Illinois Division of Insurance 320 West Washington St., 4th Floor Springfield, IL 62767-0001 (217) 782-4515 Fax: (217) 782-5020 www.idfpr.com/DOI/default2.asp	ILLINOIS 1-800-548-9034 (217) 782-0004 TDD (217) 524-4872 In State Only Fax: (217) 782-4105	Illinois Department on Aging 421 East Capitol Ave., Suite 100 Springfield, IL 62701-1789 (217) 785-3356 Fax: (217) 785-4477
Indiana Department of Insurance 311 W. Washington St., Suite 300 Indianapolis, IN 46204-2787 (317) 232-2385 Fax: (317) 232-5251 www.in.gov/idoi	INDIANA 1-800-452-4800 In State Only (765) 608-2318 Fax: (765) 608-2322	Family and Services Administration Division of Aging 402 W. Washington St. P.O. Box 7083 Indianapolis, IN 46207-7083 (317) 232-7123 Fax: (317) 232-7867

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INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
Division of Insurance State of Iowa 330 E. Maple Street Des Moines, IA 50319 (515) 281-5705 Fax: (515) 281-3059 www.iid.state.ia.us	IOWA 1-800-351-4664 In State Only TTY 1-800-735-2942 (515) 281-6867 Fax: (515) 281-3059	Iowa Department of Elder Affairs Jessie M. Parker Bldg. 510 East 12th St., Suite 2 Des Moines, IA 50319-9025 (515) 242-3333 Fax: (515) 725-3300
Kansas Department of Insurance 420 S.W. 9th Street Topeka, KS 66612-1678 (785) 296-3071 Fax: (785) 296-7805 www.ksinsurance.org	KANSAS 1-800-860-5260 (316) 337-7386 TDD 1-877-235-3151 Fax: (316) 337-6018	Kansas Department on Aging New England Building 503 South Kansas Avenue Topeka, KS 66603-3404 (785) 296-4986 1-800 432-3535 Fax: (785) 296-0256
Kentucky Dept. of Insurance P.O. Box 517 215 West Main Street Frankfort, KY 40602-0517 (502) 564-6027 Fax: (502) 564-1453 www.doi.state.ky.us/kentucky	KENTUCKY 1-877-293-7447 (502) 564-7372 TTY 1-888-642-1137 Fax: (502) 564-4595	Kentucky Office of Aging Services Cabinet for Health Services 275 East Main Street, 3W-F Frankfort, KY 40621 (502) 564-6930 Fax: (502) 564-4595
Louisiana Dept.of Insurance 1702 N. 3rd Street Baton Rouge, LA 70802 (225) 342-5423 Fax: (225) 342-8622 www.ldi.la.gov	LOUISIANA Both In State Only 1-800-259-5301 (225) 342-5301 Fax: (225) 342-7401	Governor's Office of Elderly Affairs PO Box 61 412 N 4th St. Baton Rouge, LA 70821 (225) 342-7100 Fax: (225) 342-7133
Maine Bureau of Insurance Dept. of Professional & Financial Reg. State Office Building, Station 34 Augusta, ME 04333-0034 (207) 624-8475 Fax: (207) 624-8599 www.maine.gov/insurance	MAINE In State Only 1-877-353-3771 Fax: (207) 624-5361	Maine Bureau of Elder & Adult Services 442 Civic Center Drive 11 State House Station Augusta, ME 04333-0011 (207) 287-9200 Fax: (207) 287-9229
Maryland Insurance Administration 525 St. Paul Place Baltimore, MD 21202-2272 (410) 468-2090 Fax: (410) 468-2020 www.mdinsurance.state.md.us	MARYLAND Both In State Only 1-800-243-3425 (410) 767-1109 Fax: (410) 333-7943	Maryland Department of Aging State Office Building, Room 1007 301 West Preston Street Baltimore, MD 21201 (410) 767-1100 Fax: (410) 333-7943
Division of Insurance Commonwealth of Massachusetts One South Station, 5th Floor Boston, MA 02110 (617) 521-7794 Fax: (617) 521-7575 www.mass.gov/doi	MASSACHUSETTS 1-800-AGE-INFO (617) 727-7750 Fax: (617) 727-9368	Massachusetts Executive Office of Elder Affairs One Ashburton Place, 5th Floor Boston, MA 02108 (617) 727-7750 Fax: (617) 727-9368

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INSURANCE DEPARTMENTS	STATE HEALTH INSURANCE ASSISTANCE PROGRAMS	AGENCIES ON AGING
Office of Financial and Insurance Services State of Michigan 611 W. Ottawa St., 3rd Floor North Lansing, MI 48933-1020 (517) 335-3167 Fax: (517) 335-4978 www.michigan.gov/ofis	MICHIGAN 1-800-803-7174 (517) 886-0899 Fax: (517) 886-1305	Michigan Office of Services to the Aging P.O. Box 30676 7109 W. Saginaw, First Floor Lansing, MI 48909 (517) 373-8230 Fax: (517) 373-4092 (FedEx Zip: 48917)
Minnesota Dept. of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6025 Fax: (651) 282-2568 www.commerce.state.mn.us	MINNESOTA 1-800-333-2433 Fax: (651) 641-8614	Minnesota Board on Aging Aging and Adult Services Division 540 Cedar Street St. Paul, MN 55101 (651) 431-2600 Fax: (651) 297-7855
Mississippi Insurance Dept. 501 N. West Street Woolfolk State Office Bldg., 10th Fl. Jackson, MS 39201 (601) 359-3569 Fax: (601) 359-1077 www.doi.state.ms.us	MISSISSIPPI In State Only 1-800-948-3090 (601) 359-4929 Fax: (601) 359-9664	Mississippi Council on Aging Division of Aging & Adult Services 750 N. State Street Jackson, MS 39202 (601) 359-4925 Fax: (601) 359-4370
Missouri Department of Insurance 301 West High Street, Suite 530 Jefferson City, MO 65101 (573) 751-4126 Fax: (573) 751-1165 www.insurance.mo.gov	MISSOURI (573) 817-8300 In State Only 1-800-390-3330 Fax: (573) 817-8341	Missouri Department of Health and Senior Services Division of Senior Services and Regulations 3425 Constitution Court Suite E Jefferson City, MO 65109-0570 (573) 817-8300 Fax: (573) 522-1473
Montana Department of Insurance 840 Helena Avenue Helena, MT 59601 (406) 444-2040 Fax: (406) 444-3497 www.sao.mt.gov	MONTANA 1-800-551-3191 In State Only 1-800-332-2272 Fax: (406) 444-7743	Montana Office on Aging Senior Long Term Care Division Department of Public Health and Human Services 111 Sanders Street P.O. Box 4210 Helena, MT 59604 (406) 444-7788 Fax: (406) 444-7743
Nebraska Department of Insurance Terminal Building, Suite 400 941 'O' Street Lincoln, NE 68508 (402) 471-2201 Fax: (402) 471-4610 www.doi.ne.gov	NEBRASKA (402) 471-4506 In State Only 1-800-234-7119 or 1-800-833-7352 Fax: (402) 471-6559	Nebraska Division of Aging and Disability Services P.O. Box 95026 301 Centennial Mall-South Lincoln, NE 68509 (402) 471-2307 Fax: (402) 471-4619

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Nevada Division of Insurance 788 Fairview Drive, Suite 300 Carson City, NV 89701-5753 (775) 687-4270 Fax: (775) 687-3937 www.doi.state.nv.us	NEVADA 1-800-307-4444 (702) 486-3478 Fax: (702) 486-0865	Nevada Division For Aging Services Department of Human Resources 3416 Goni Road, Building D-132 Carson City, NV 89706 (775) 687-4210 Fax: (775) 687-4264
New Hampshire Department of Insurance 21 South Fruit Street, Suite 14 Concord, NH 03301 (603) 271-2261 Fax: (603) 271-1406 www.nh.gov/insurance	NEW HAMPSHIRE 1-800-852-3388 In State Only (603) 271-3944 Fax: (603) 271-4643	New Hampshire Division of Elderly & Adult Services State Office Park South Brown Building - 129 Pleasant St. Concord, NH 03301-3857 (603) 271-4394 Fax: (603) 271-4643
New Jersey Dept. of Insurance 20 West State Street CN325 Trenton, NJ 08625 (609) 292-5360 Fax: (609) 984-5273 www.njdobi.org	NEW JERSEY 1-800-792-8820 Fax: (609) 943-4033	New Jersey Aging & Community Services Dept. of Health and Senior Services P.O. Box 807 Trenton, NJ 08625-0807 (609) 943-3345 Fax: (609) 943-3343
New Mexico Dept. of Insurance P.O. Drawer 1269 Santa Fe, NM 87504-1269 (505) 827-4601 Fax: (505) 476-0326 www.nmprc.state.nm.us/id.htm	NEW MEXICO (505) 827-7640 In State Only 1-800-432-2080 Fax: (505) 476-4836	New Mexico Aging & LTC Services Department 2550 Cerrillos Road Santa Fe, NM 87505 (505) 476-4799 Fax: (505) 476-4836
New York Dept. of Insurance 25 Beaver Street New York, NY 10004-2319 (212) 480-2292 Fax: (212) 480-2310 www.ins.state.ny.us	NEW YORK 1-800-333-4114 Fax: (518) 486-2225	New York Office for the Aging Two Empire State Plaza Albany, NY 12223-1251 (518) 474-7012 Fax: (518) 474-1398
North Carolina Dept. of Insurance 1201 Mail Service Center Raleigh, NC 27699-1201 (919) 733-3058 Fax: (919) 733-6495 www.ncdoi.com	NORTH CAROLINA 1-800-443-9354 Fax: (919) 733-3682	North Carolina Division of Aging 2101 Mail Service Center Raleigh, NC 27699 (919) 733-3983 Fax: (919) 733-0433 Office Address (FedEx): 693 Palmer Drive Raleigh, NC 27699-2101
North Dakota Dept. of Insurance 600 E. Boulevard Bismarck, ND 58505-0320 (701) 328-2440 Fax: (701) 328-4880 www.nd.gov/ndins	NORTH DAKOTA 1-800-247-0560 TDD 1-800-366-6888 Fax: (701) 328-4880	North Dakota Aging Services Division Department of Human Services 1237 West Divide Ave, Suite 6 Bismarck, ND 58501-0208 (701) 328-4601 Fax: (701) 328-8744

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Ohio Department of Insurance 2100 Stella Court Columbus, OH 43215-1067 (614) 644-2658 Fax: (614) 644-3743 www.ohioinsurance.gov	OHIO 1-800-686-1578 (614) 644-3399 TDD (614) 644-3745 Fax: (614) 752-0740	Ohio Department of Aging 50 West Broad Street, 9th Fl. Columbus, OH 43215-5928 (614) 466-5500 Fax: (614) 995-1049
Oklahoma Dept. of Insurance 2401 NW 23rd St., Suite 28 Oklahoma City, OK 73107 (405) 521-2828 Fax: (405) 521-6635 www.oid.state.ok.us	OKLAHOMA (405) 521-6628 In State Only 1-800-763-2828 Fax: (405) 522-4492	Oklahoma Dept. of Human Services Aging Services Division P.O. Box 25352 2401 N.W., 23rd St., Suite 40 Oklahoma City, OK 73107-2422 (405) 521-2327 Fax: (405) 521-2086
Oregon Insurance Division 350 Winter Street NE, Room 440 Salem, OR 97301-3838 (503) 947-7980 Fax: (503) 378-4351 www.insurance.oregon.gov	OREGON (503) 947-7263 In State Only 1-800-722-4134 Fax: (503) 378-4351	Oregon Senior & Disabled Services Division 500 Summer St., N.E., E02 Salem, OR 97301-1073 (503) 945-5811 Fax: (503) 373-7823
	PALAU	State Agency on Aging Department of Social Services Republic of Palau P.O. Box 100 Koror, Palau 96940
Pennsylvania Insurance Dept. 1326 Strawberry Square, 13th Floor Harrisburg, PA 17120 (717) 783-0442 Fax: (717) 772-1969 www.ins.state.pa.us	PENNSYLVANIA 1-800-783-7067 Must call SHIP number to obtain proper fax number depending on location in state	Pennsylvania Department of Aging 555 Walnut Street, 5th Fl. Harrisburg, PA 17101-1919 (717) 783-1550 Fax: (717) 772-3382
Puerto Rico Dept. of Insurance B5 Calle Tabonuco Suite 216 PMB 356 Guaynabo, PR 00968-3029 (787) 722-8686 Fax: (787) 273-6082 www.ocs.gobierno.pr	PUERTO RICO 1-877-725-4300 (787) 721-8590 Fax: (787) 721-6510	Governors Office For Elderly Affairs P.O. Box 191179 San Juan, PR 00919-1179 (787) 721-6121 Fax: (787) 721-6510
	REPUBLIC OF THE MARSHALL ISLANDS	State Agency on Aging Department of Social Services Republic of the Marshall Islands Marjuro, Marshall Islands 96960
Rhode Island Insurance Division 233 Richmond Street, Suite 233 Providence, RI 02903-4233 (401) 222-2223 Fax: (401) 222-5475 www.dbr.state.ri.us	RHODE ISLAND (401) 222-2130	Department of Elderly Affairs 35 Howard Avenue Benjamin Rush Bldg 55 Cranston, RI 02920 (401) 462-3000 Fax: (401) 462-0503

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South Carolina Dept. of Insurance Capitol Center 1201 Maine Street, Suite 1000 Columbia, SC 29201 (803) 737-6160 Fax: (803) 737-6229 http://www.doi.sc.gov	SOUTH CAROLINA 1-800-868-9095 (803) 898-2850 Fax: (803) 734-9886	Dept. of Health & Human Services Bureau of Senior Services P.O. Box 8206 1801 Main St. Columbia, SC 29202-8206 (803) 734-9900 Fax: (803) 898-4515
South Dakota Division of Insurance Dept. of Commerce & Regulation 445 East Capitol Avenue, 1st Floor Pierre, SD 57501-3185 (605) 773-3563 Fax: (605) 773-5369 www.state.sd.us/insurance	SOUTH DAKOTA 1-800-536-8197 (605) 773-3656 TDD 1-800-642-6410 Fax: (605) 336-7471	South Dakota Office of Adult Services & Aging Department of Social Services 700 Governors Drive Pierre, SD 57501 (605) 773-3656 Fax: (605) 773-6834
Tennessee Dept. of Commerce & Ins. Davy Crockett Tower, Fifth Floor 500 James Robertson Parkway Nashville, TN 37243-0565 (615) 741-2241 Fax: (615) 532-6934 www.state.tn.us/commerce	TENNESSEE 1-877-801-0044 (615) 242-0438 TDD (615) 532-3893 Fax: (731) 587-6744	Tennessee Commission on Aging and Disability Andrew Jackson Building 500 Deaderick Street, No. 825 Nashville, TN 37243-0860 (615) 741-2056 Fax: (615) 741-3309
Texas Department of Insurance 333 Guadalupe Street Austin, TX 78701 1-800-252-3439 Consumer Help Line (512) 463-6464 Fax: (512) 475-2005 www.tdi.state.tx.us	TEXAS 1-800-252-9240 TDD 1-800-735-2989 Fax: (512) 305-7463	Texas Department of Aging & Disability Services P.O. Box 149030 (W-619) Austin, TX 78714-9030 1-800-252-9240 (512) 438-3030 Fax: (512) 438-4220
Utah Department of Insurance 3110 State Office Building Salt Lake City, UT 84114-1201 (801) 538-3800 Fax: (801) 538-3829 www.insurance.utah.gov	UTAH 1-800-541-7735 (801) 538-3910 Fax: (801) 538-4395	Utah Division of Aging & Adult Services Department of Human Services 120 North 200 West, Room 325 Salt Lake City, UT 84103 (801) 538-3910 Fax: (801) 538-4395
Vermont Division of Insurance Dept. of Banking, Ins. & Securities 89 Main Street, Drawer 20 Montpelier, VT 05620-3101 (802) 828-3301 Fax: (802) 828-3306 www.bishca.state.vt.us	VERMONT 1-800-639-1873 (802)-748-5182 Fax: (802) 748-6622	Vermont Department of Aging and Disabilities 103 South Main Street Waterbury, VT 05671-1601 (802) 241-2196 Fax: (802) 241-4224
Attn.: Marileen Thomas #18 Kongens Gade St. Thomas, Virgin Islands 00802 (340) 774-7166 Fax: (340) 774-9458 or (340) 774-6953	VIRGIN ISLANDS (340) 778-6311 x2338 Fax: (340) 778-5500	Senior Citizen Affairs Department of Human Services #19 Estate Diamond Fredericksted St. Croix, VI 00840 (340) 692-5950 Fax: (340) 692-2062

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State Corporation Commission Bureau of Insurance Commonwealth of Virginia P.O. Box 1157 Richmond, VA 23218 (804) 371-9694 Fax: (804) 371-9873 www.scc.virginia.gov/division/boi	VIRGINIA 1-800-552-3402 (804) 662-7048 Fax: (804) 662-9354	Virginia Department For The Aging 1610 Forest Avenue Preston Building, Suite 100 Richmond, VA 23229 (804) 662-9333 Fax: (804) 662-9354
Washington Office of the Insurance Commissioner 302 Sid Snyder Avenue SW Insurance Room 200 Olympia, WA 98504-0255 (360) 725-7100 Fax: (360) 586-3535 www.insurance.wa.gov	WASHINGTON 1-800-397-4422 TDD (360) 664-3154 (206) 654-1833 Fax: (206) 389-2745	Washington Aging & Disability Services Dept. of Social & Health Services PO Box 45050 14th and Jefferson Olympia, WA 98504-5050 (360) 902-7797 Fax: (360) 902-7848
West Virginia Dept. of Insurance P.O. Box 50540 Charleston, WV 25305-0540 (304) 558-3354 Fax: (304) 558-0412 www.wvinsurance.gov	WEST VIRGINIA 1-877-987-4463 (304) 558-3317 Fax: (304) 558-5609	West Virginia Bureau of Senior Services 1900 Kanawha Blvd, East State Capitol Charleston, WV 25305-0160 (304) 558-3317 Fax: (304) 558-5609
Office of the Commissioner of Ins. State of Wisconsin PO Box 7873 125 South Webster Street GEF III – 2nd floor Madison, WI 53707-7873 (608) 267-1233 Fax: (608) 261-8579 www.oci.wi.gov	WISCONSIN 1-800-242-1060	Wisconsin Bureau of Aging & LTC Resources Dept. of Health and Family Services PO Box 7851 One West Wilson St., Room 450 Madison, WI 53707-7851 (608) 266-2536 Fax: (608) 267-3203
Wyoming Department of Insurance 106 East 6th Avenue Cheyenne, WY 82002-0440 (307) 777-7401 Fax: (307) 777-5895 http://insurance.state.wy.us	WYOMING 1-800-856-4398 (307) 856-6880 Fax :(307) 856-4466	Wyoming Aging Division Department of Health 6101 Yellow Stone Road, Room 259B Cheyenne, WY 82002 (307) 777-7986 or 1-800-442-2766 Fax: (307) 777-5340

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