



Long Term Care University

Long Term Care University – Question of the Month

By Aaron Skloff, AIF, CFA, MBA

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Q: Some insurance companies offer Partnership Qualified long term care insurance policies. Can you explain what that means, what advantages it may provide and if the California Partnership for Long Term Care is unique?

The Problem – Limited Benefits and Limited Medicaid

Most long term care (LTC) insurance policies provide a limited amount of benefits. Even lifetime benefit policies generally have a daily, monthly or annual limit. The cost of long term care after a policy has been exhausted can be financially devastating for you and your family. To compound the problem, assistance in the form of Medicaid is generally limited to the impoverished.

The Solution – Partnership Qualified Long Term Care Insurance Policies

The Partnership Program is based on the Robert Wood Johnson Foundation program called the Program to Promote Long Term Care Insurance for the Elderly, initiated in 1987. Today, a Partnership Program is a “partnership” between a state, an insurance company and state residents who buy long term care Partnership policies. With a Partnership Qualified policy you can apply for Medicaid with ‘asset disregard’. This allows you to keep assets that would otherwise be disallowed. In almost all states that have Partnership Programs, the amount of assets Medicaid will disregard is **equal to the amount of the benefits you actually receive** under your LTC Partnership Qualified policy. This type of disregard is often referred to as **Dollar for Dollar**.

The California Partnership for Long Term Care

Let’s say you are a California (CA) resident who purchases \$251,850 (the average rate of a private nursing room for an average three year stay in CA in 2010) worth of insurance through a California Partnership for LTC Qualified policy. When the care is needed, the policy actually pays for \$1.2 million of care (due to inflation protection). Under the CA Partnership Program you would then have \$1.2 million of assets protected from Medi-Cal (Medicaid). Thus, the California Partnership for Long Term Care provides **Dollar for Dollar** asset protection. However, your income is considered in determining your eligibility for Medicaid.

The California Partnership for Long Term Care has minimum criteria, designed in part to protect the policyholder and in part to protect the state’s Medicaid program. Let us not forget, this is a Partnership Program. Policy benefits must increase at a 5% compound inflation protection rate for persons under the age of 70. If you are 70 years of age or older you can choose between a 5% compound inflation protection rate and a 5% simple inflation protection rate. **By increasing at only a 5% simple inflation protection rate you could deplete your benefits much faster than a policy that increases at a 5% compound inflation protection rate and reduce the amount of assets protected from Medi-Cal (Medicaid).**

California Partnership for Long Term Care policies must cover at least 70% of the average daily private pay rate in a California Nursing Home (70% of \$230 is \$160), at least 70% of that amount in a Residential Care Facility or Assisted Living Facility (70% of \$160 is \$112) and at least 50% of that amount in your home or for community care in the form of a monthly benefit (50% of \$160 is \$80, multiplied by 30 days is \$2,400). The key criteria of the California Partnership for LTC are listed below.

Nursing Home Min Daily Benefit 2010	Residential Care Facility Min Daily Benefit 2010	Home/Community Min Monthly Benefit 2010	Below Age 70 Min Inflation Protection	Age 70 & Over Min Inflation Protection
\$160	\$112	\$2,400	5% Compound	5% Simple

Often Overlooked – Powerful Benefit of the California Partnership for Long Term Care

The California Partnership for Long Term Care requires that a Care Management Provider Agency, approved by the CA Department of Health Care Services and independent from the insurer, provide care coordination for Partnership policyholders.

Action Step – Purchase a California Partnership for Long Term Care Insurance Policy

When you purchase a California Long Term Care Partnership Qualified policy, you gain the safety of long term care insurance and the peace of mind provided by asset protection.

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a NJ based Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at www.skloff.com or 908-464-3060.