



# Long Term Care University

## Long Term Care University – Question of the Month

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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 New York State 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**.

Let’s say you are a New Jersey resident who purchases \$306,600 (the average rate of a private nursing room for an average three year stay in NJ in 2008) worth of insurance through a Partnership Qualified policy. When the care is needed, the policy actually pays for \$900,000 of care (due to inflation protection). Under the state’s Partnership Program you would then have \$900,000 of assets protected from NJ Medicaid.

### **The New York State Partnership for Long Term Care**

Only two states in the entire U.S. can offer both Dollar for Dollar and Total Asset Partnership Programs – Indiana and New York. As its name implies, **Total Asset** offers **unlimited asset protection from Medicaid** – far more powerful than Dollar for Dollar.

Let’s say you are a New York resident who purchases a New York State Partnership for Long Term Care Qualified policy. After you exhaust your policy, you can apply for New York State Medicaid Extended Coverage – which allows you to protect some or all of your assets, depending on whether you select a Dollar for Dollar Asset Protection plan or a Total Asset Protection plan. However, your income is considered in determining your eligibility for Medicaid Extended Coverage. The plans are as follows:

<b>Plan Name</b>	<b>Min Policy Duration</b>	<b>Max Policy Duration</b>	<b>Min Daily Benefit (2009)</b>	<b>Max Elimination</b>
Total Asset 50 3/6/50	3 Yrs Nursing Home (NH) or 6 Yrs Home Care (HC)*	<b>Unlimited</b>	NH=\$218, HC=\$109	100 Days
Total Asset 100 4/4/100	4 Yrs NH or 4 Yrs HC or 4 Yrs Residential Facility	<b>Unlimited</b>	NH=\$218, HC=\$218	100 Days
Dollar for Dollar 50 1.5/3/50	1.5 Yrs NH or 3 Yrs HC*	2.5 Yrs NH or 5 Yrs HC	NH=\$218, HC=\$109	60 Days
Dollar for Dollar 100 2/2/100	2 Yrs NH or 2 Yrs HC or 2 Yrs Residential Facility	2.5 Yrs NH or 2.5 Yrs HC 2.5 Yrs Residential Facility	NH=\$218, HC=\$218	60 Days

\*Home care days are counted on the basis of 2 home care days equaling 1 nursing home day.

### **Action Step – Purchase a Long Term Care Partnership Policy**

When you purchase a Partnership Qualified policy, you gain the safety of long term care insurance and the peace of mind provided by asset protection – total asset protection in the case of Indiana and New York.

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