

The Prudential
Insurance
Company
of America

Long-Term Care
Insurance

20
Questions
concerning
long-term care
insurance



Prudential



1 WHAT IS LONG-TERM CARE?

Long-term care covers a wide range of services but generally falls into two categories: skilled care and personal care. Skilled care is provided when recovering from an illness or injury and personal care helps maintain the activities and functions of daily life. Long-term care is usually not medical care and generally does not require a doctor or nurse. It is providing individuals with assistance in daily living such as bathing and dressing. Long-term care can also include speech or occupational therapy, outfitting a bathroom with grab bars, or even light housekeeping or preparing meals.

Should you be worried?

20 Questions You May Be Asking

2 WHO RECEIVES LONG-TERM CARE?

You may think that you are too young and that long-term care is a problem for the “older generation.” But people of all ages could need long-term care. You can suddenly need long-term care if you have a serious accident, develop an illness, or get a disabling disease.

3 WHAT ARE THE ODDS OF NEEDING LONG-TERM CARE?

The good news is we are living longer than ever before. Over the last 50 years, life expectancy has increased steadily by two years each decade.¹ But, the longer you live, the greater your chances are of needing long-term care. An increase in the senior citizen population could mean more health care expense.

4 HOW MUCH DOES LONG-TERM CARE COST?

The cost for services can vary greatly, depending on what type of care you need and where you receive it. But, two things are certain: (1) long-term care services can be expensive, and (2) relying on family or friends may not always be the answer.

The national average annual cost of a private room in a nursing home is over \$79,000, or over \$217 per day.² In many parts of the country, the costs are much greater. Home care, although generally less expensive than nursing home care, can still be very costly—especially if round-the-clock care is required.

When a member of the family provides informal care at home, the costs are harder to determine. The caregiver may have to give up work either temporarily or permanently. It is also impossible to put a price tag on the emotional stress the caregiver may experience.

1. <http://www.worldlifeexpectancy.com>
2. Long-Term Care Facility Costs – A Nationwide Quantitative Evaluation of U.S. Facilities, Prudential Financial Global Market Research, March 2008, www.prudential.com/insurance/longtermcare.

5 WHERE CAN LONG-TERM CARE SERVICES TAKE PLACE?

When you think of long-term care, the first thing you may think of is a nursing home. But if you're like most people, you probably want to avoid a nursing home, unless there is no alternative. Long-term care can be performed in a variety of settings including institutions, such as a nursing home or assisted living/residential health care facility, or in your home or a community-based adult day care center.



6 ISN'T LONG-TERM CARE COVERED BY HEALTH INSURANCE?

Many people mistakenly believe that some other program already covers them. The fact is, since long-term care is not considered medical care, health insurance generally will not cover the costs.

7 DOESN'T DISABILITY INCOME INSURANCE HELP COVER LONG-TERM CARE COSTS?

Disability income insurance is designed to help replace part of lost income while you are actively employed and usually, the coverage ends at age 65 or upon retirement. Disability income insurance was not designed to pay for long-term care. By the time you may realize you are not covered, it may be too late.

8 WHAT DO MEDICARE AND MEDICAID COVER?

Generally, Medicare covers only skilled care after you have been in the hospital for at least three days. It usually does not cover personal or home care services. It was never designed to pay for extended long-term care and you should not count on it to meet this need.

Medicaid is designed to pay for long-term care services for the very poor. To qualify, you must meet your state's poverty guidelines. In many cases, you must use up (or "spend down") your assets and savings to just \$2,000. If you have assets to protect, Medicaid is not an option for you.

9 CAN'T I PAY FOR IT MYSELF?

Of course, you can always rely on your own resources to pay for your long-term care needs. Unfortunately, many underestimate the costs of long-term care and could end up using their retirement savings. Is long-term care a risk that you want to take?

10 WHAT IS LONG-TERM CARE INSURANCE?

Just like your automobile, homeowners, or health insurance, long-term care insurance is another way to help guard against risk. It allows you to help protect your assets and maintain control by providing you with long-term care alternatives.

For many, it may be an economical way to pay for long-term care.

11 HOW DOES LONG-TERM CARE INSURANCE WORK?

Long-term care insurance is designed to pay for services for those who need help with activities of daily living (ADLs)*—those everyday activities of caring for yourself such as getting dressed, eating, or moving from a bed to a chair. Someone with a cognitive impairment (such as Alzheimer’s disease or senile dementia) may need constant supervision and reminders to do simple daily tasks.

* The Activities of Daily Living are Eating, Toileting, Transferring, Bathing, Dressing and Continence

12 WHAT SERVICES ARE COVERED?

Over 20 years ago, the first long-term care insurance policies only covered nursing home care for individuals. But today, there are many long-term care alternatives, and insurance policies emphasize care in the home and support of caregivers. Some policies cover:

Institutional Care

Nursing Home
Adult Foster Home
Assisted Living
Services Facility
Residential Health
Care Facility
Bed Reservation
Respite Care
Hospice Care

Home Care

Adult Day Care
Home Health Care
Homemaker
Personal Care





13 “FACILITY DAILY BENEFIT”— WHAT DOES THAT MEAN?

The Facility Daily Benefit is the greatest amount your policy will pay toward your institutional long-term care needs for one day. Some policies offer various choices usually starting at \$50 per day to a maximum such as \$500 per day. The amount of the benefit you choose will depend on many factors, including how much you think it might cost you per day to stay in a nursing home in the area in which you believe you will be needing long-term care. Premiums will vary with choice of benefits selected. For specific costs and further details of the coverage including exclusions, reductions, limitations and the terms under which the policy may be continued in force, see your insurance agent, or write to the company.

14 WHAT ABOUT HOME CARE?

Staying at home is an important part of overall long-term care planning. Policies typically offer home care as a stated percentage of the facility daily benefit. It is usually 50%, 75%, 100%, or 150%³ of this benefit amount.

3. This may not be available in some instances in Arizona.

15 HOW DO LONG-TERM CARE POLICIES KEEP UP WITH RISING HEALTH CARE COSTS?

Over time, the cost of almost everything we purchase goes up. Long-term care services will be no different. There may be a long period between the time you purchase your coverage and when you actually use it. You can help protect the value of your coverage and keep up with the rising costs of long-term care services with inflation protection. This is an important feature of any long-term care policy and critical for all buyers under the age of 70. Optional benefits, such as inflation riders, are available at an additional cost.

16 IS THERE A WAITING PERIOD BEFORE CLAIMS ARE PAID?

Yes. A waiting period, also called an elimination period, is the time you must wait before becoming eligible to make a claim against your policy. The elimination period is the long-term care insurance equivalent of a deductible or “out-of-pocket” expense—just like your automobile or health care insurance. But unlike other deductibles, it is based on the number of days, not a dollar amount.

17 WHAT DOES LONG-TERM CARE INSURANCE COST?

Many people do not know the actual cost of long-term care insurance and mistakenly believe it is unaffordable. Although actual premiums may vary, the cost of not having long-term care insurance could be much higher. Many of us underestimate the costs of long-term care services and could end up depleting our retirement savings and income.

18 IS THERE AN ADVANTAGE TO BUYING NOW?

When you purchase coverage at a younger age, you'll pay a lower premium (and likely over time pay far less in total premiums). Since you must be reasonably healthy to obtain long-term care insurance, you'll also avoid the risk of not qualifying for health reasons. Owning a long-term care policy may allow you to feel confident about the future by helping protect your financial assets from the high costs of long-term care.

19 IS LONG-TERM CARE INSURANCE RIGHT FOR YOU?

If you have assets or income you want to protect from the high costs of long-term care, then you should seriously consider long-term care insurance. After all, don't you want your home, life savings, or other assets to go to your spouse, children, or charity instead of a nursing home? You should also consider long-term care insurance if the following are important to you.

- **Access to multiple facilities:** As a private pay patient (those who pay with their own money or long-term care insurance) over welfare (Medicaid) patients, you will have the freedom to choose a facility that fits your personal needs.
- **Independence:** Maintaining control is important to us. We like to have choices and don't want to be told by the government where we will have to receive care.
- **Not relying on the people close to you:** Most people don't want to be a burden, financially or emotionally, to their spouse, children, relatives, or friends.

- **Avoiding welfare:** Most of us don't want to depend on the government for help. Welfare is for the truly needy.
- **Peace of mind:** It would be a tremendous comfort to know that if something happens, you and your family will have the financial resources to help pay for long-term care services.

20 WHAT'S THE NEXT STEP?

Long-term care can be a complex issue and for many, requires professional guidance. It is a good idea to start by speaking with family members or relatives about the potential costs and likelihood of needing long-term care. You should then find a professional you are comfortable with and trust to explain the options available to you. Before you make a final decision, make sure you have performed a thorough review of the policy and it is within your financial means.

Take control of your future—set yourself a deadline about finding out more about long-term care insurance and keep to it. Remember, the key to a happy and successful future is planning.



Long-Term Care Insurance

Long-term care insurance policies are issued by **The Prudential Insurance Company of America**, 751 Broad Street, Newark, NJ 07102 (800-732-0416). This coverage contains benefits, exclusions, limitations, eligibility requirements and specific terms and provisions under which the insurance coverage may be continued in force or discontinued. Prudential is authorized to conduct business in all U.S. states and the District of Columbia. All insurance policies/options may not be available in your state. Coverage is issued under policy number GRP 113096 and 114018 (In Idaho coverage is issued under GRP 113096 and 114345. In Louisiana coverage is issued under GRP 114231 and 114073. In North Carolina coverage is issued under GRP 113598 and 114216; NC Franchise 113640 and 114217. In Oklahoma coverage is issued under GRP 113325 and 114178. In Oregon coverage is issued under GRP 113363. In Pennsylvania coverage is issued under GRP 113172; PA Franchise 113570. In Virginia coverage is issued under GRP 113327.); however, policy numbers may vary by state.

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This is a solicitation for long-term care insurance. An insurance agent may contact you.



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