



LTC News

Ohio Long Term Care Brokers

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We are committed to offering both agents and clients the best products, service, and expertise in the Long Term Care arena. In fact, Long Term Care is all we do!

Who Pays for Long Term Care?

Part 2 of 2



There are basically three ways to pay for long-term care; write a big check every month to cover bills, rely on Medicaid – the federal and state funded program that picks up nursing home bills for those poor enough to qualify – or buy long-term care insurance. A growing number of Americans – 6 million so far, are turning to long-term care insurance as a way of protecting their assets, and ensuring that they receive the care that they need, where they want it.

Improvements in private long-term care policies are helping to make them more attractive. Today's policies offer better coverage at lower prices than ever before, making it less likely that individuals who buy them will be forced to use up a lifetime of savings to pay for care in their old age. Medicare and regular health insurance don't cover most long-term care for individuals who because of physical or mental disabilities can no longer handle routine tasks of everyday living such as bathing or dressing without help.

Medicare can approve about 100 days in a nursing home but patients usually collect less. Why? Because Medicare pays only for skilled care and the majority of nursing home care is not skilled. Medicaid, pays almost 40%

of the annual bill in the US, which leaves almost one third to come out of private pockets – maybe yours or your clients. About one quarter of the patients paid for by Medicaid did not enter a nursing home on Medicaid; they exhausted their resources, and then became Medicaid patients.

As taxpayers, we indirectly pay for Medicaid long-term care patients. As agents we have a responsibility to teach and inform our clients how to plan for potential catastrophe should a long-term care need arise. The decision as to where this care is provided can be made only with the protection of a private long-term care insurance plan.

Source: "Long-Term Care Planning Guide", Phyllis Shelton, pp.6-7.

Ohio Long Term Care Brokers Launches Website

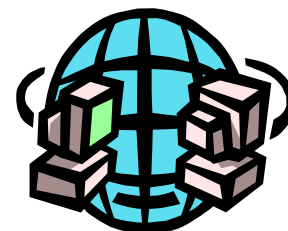
By Denise Gott

Beginning on April 1, 2000, Ohio Long Term Care Brokers introduced its new website located at www.ohioltcbrokers.com. Our website is designed to keep you, the agent, updated on the ever changing long-term care market. You can learn about new tax advantages, products, sales ideas and trends in long-term care.

Agents and brokers can request quotes in our "Need a Quote" section. Simply fill out the quote request form completely and submit the form directly from the website. We'll supply you with

competitive quotes based on the information that you provide. A copy of our consumer newsletter is available in the Newsletter section. If you have Adobe Acrobat Reader, you can download this newsletter and use it for your clients. If you don't have Acrobat, you can obtain a free copy by clicking on the icon.

If at any time you have questions or need assistance with the website, please feel free to email us or contact us by phone. We would appreciate your feedback and welcome any suggestions that you may



Agents and brokers can request quotes in our "Need a Quote" section.

have to make our website better. We look forward to assisting you with your long-term care insurance needs. Visit us soon at www.ohioltcbrokers.com.

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Producers Corner: The True Cost of Waiting

By David Miller



The premiums for long-term care insurance are based on the age you are today.

Some people think it is better to wait and purchase long-term care insurance in the future because it will cost

them less. The fact of the matter is that it may actually cost you *more* for three very compelling reasons:

- 1) The premiums for long-term care insurance are based on the age you are today. They do not increase as your age increases, however, the older you are, the higher the premium will be. Even though you are paying longer you will be paying less. (See chart)
- 2) The longer you wait, the higher the daily benefit you will need to purchase in order to make up for lost time due to inflation. (See chart)
- 3) If you wait, your health

could change and you may be rated or have become uninsurable all together. No amount of money can purchase a long-term care policy if you develop a serious health condition. With the costs of long-term care averaging \$50,000 per year and projected to triple in the next twenty years, this could be the most costly mistake you will have ever made!

The following figures are quoted using a 90 day elimination period, 6 year benefit period, 100% Home Health Care, and 5% compound inflation. The changes in Daily Benefit are due to the increasing cost of care.

Consider the following...

Age 50 \$100 Daily Benefit	
Annual premium	\$ 893.10
Paid to age 85	\$ 31,258.50
Age 55 \$120 Daily Benefit	
Annual premium	\$ 1,184.04
Paid to age 85	\$ 35,521.20
Cost of waiting 5 years	\$ 4,262.70
Age 60 \$155 Daily Benefit	
Annual premium	\$ 1,931.54
Paid to age 85	\$ 48,288.50
Cost of waiting 10 years	\$ 17,030.00
Age 65 \$197 Daily Benefit	
Annual premium	\$ 3,505.40
Paid to age 85	\$ 70,068.00
Cost of waiting 15 years	\$ 38,809.50
Age 70 \$250 Daily Benefit	
Annual premium	\$ 7,676.25
Paid to age 85	\$115,143.75
Cost of waiting 20 years	\$ 83,885.25

Must Attorneys Advise About LTC Options?

Attorneys who represent elderly clients, or who wish to expand into this rapidly growing area of the law, have a professional responsibility to advise their clients of available funding options and of the consequences of not planning for the contingency of prolonged and expensive LTC... Attorneys who advise clients about future financial

security and concerns fulfill their professional obligation when they provide informed counsel in the area of LTC...

If attorneys are not informed about nuances of LTC insurance, they may be held liable if a client sues them for negligence. In our litigation-prone society, there are few professions or occupations outside

of medical and public accounting where the practitioner is so exposed to risk. Hence, it is in their own self-interest that lawyers consider all options when planning for medical, financial, and quality of life decisions for elderly clients.

Source: "What Attorneys Should Know About Long-Term Care Insurance", Robert Hayes, Nancy Boyd, & Kenneth Hollman Elder Law Journal Vol. 7, No. 1, 1999, pp. 1-32

Ohio Makes LTC Premiums Tax Deductible

As of August 1999, Ohio and twelve other states now provide an income tax deduction for the purchase of long-term care insurance. The states' interest in providing tax incentives for the purchase of long-term care insurance follows the passage of the Health Insurance Portability and Accountability Act of 1996, which clarified LTC insurance should be treated the same as a medical expense insurance for tax purposes. The tax bill passed by Congress on August 5 goes further to provide an above-the-line deduction for long term care insurance premiums, as well as an additional personal exemption for taxpayers caring for elderly

family members at home.

The rising elderly population and Medicaid budgets have elevated states' interest in providing these tax incentives. They are beginning to realize that they will no longer be able to bear the financial costs of their citizens' long-term care needs. For this reason, states are addressing ways to encourage and educate their citizens to take personal responsibility for their long term care needs; tax incentives can help them do that.

States offering tax deductions for LTC premiums include: Alabama, California, Hawaii,



Indiana, Iowa, Kentucky, Maine, Missouri, Montana, New York, Ohio, Virginia, & Wisconsin. Eight states provide tax credits for the purchase of LTC insurance including, Colorado, Maine, Maryland, Minnesota, North Carolina, North Dakota, Oregon, & Utah.

Tidbits

- NY Times poll finds that 81% of respondents had made no plans for dealing with their parent's potential infirmity.
- In 2020, one of six Americans will be 65 or older—20 million more seniors than today. By 2040, individuals 85 and older (the group most likely to require long-term care) will more than triple to over 12 million.
- The average national cost of a year's stay in a nursing home is more than \$46,000—and growing.