# Five Long Term Care Insurance Options Worth Discussing with Clients

Published via LinkedIn on February 13, 2019

**Mickey Vogt**
Manager - Case Design Consulting at Brokerage Unlimited, Inc.

When searching the long term care insurance (LTCi) market for the most appropriate product for your client, the ever-growing list of benefit options available can be overwhelming. Unlike the term insurance market, which features dozens of nearly-identical products, each LTCi product offers its own unique combination of features designed to set it apart from the pack. Reviewing these benefits with your client could result in a plan that best addresses their unique objectives.

**Indemnity vs. Reimbursement**

The vast majority of products offered in the market today are designed with reimbursement benefits. This means that the client pays for their LTCi benefits while on claim, then submits receipts to the carrier for reimbursement. While this is common practice, there are some carriers offering indemnity benefits, which allow the client to receive their full monthly benefit to use as they wish, once on claim. While indemnity products are generally more expensive, some clients are willing to pay the higher premium to provide flexibility in how they use their policy benefits (i.e. part time family caregivers, transportation assistance, home maintenance or modifications). Some carriers offer reimbursement products with a limited indemnity feature, which allows for a small percentage of the client's monthly benefit to be paid as an indemnity benefit, rather than using the full benefit in a given month.

**Security Benefit**

If your client's partner doesn't have a long term care insurance policy, the security benefit can help ensure he or she is cared for while your client receives long-term care services. This rider will pay an additional 60 percent of the client's monthly reimbursement benefit that can help pay for care or living expenses for their uninsured partner. The health of the partner is not taken into account when applying, and the rider does not reduce your client's policy limit. This benefit offers a resource for uninsurable clients to obtain limited coverage.

**Care Coordination**

Finding long term care (LTC) services can be overwhelming.  Some carriers offer a "Care Coordinator" to help the client's loved ones find and arrange long term care services once the client goes on claim. This is a licensed health care professional who will assess your client's needs, develop a plan of care, and help your client and his or her family arrange services.

**Elimination Period**

A product's Elimination Period is similar to a deductible. The client is expected to pay for their own care for a period of time before the insurance benefits begin. This is listed as a number of days, usually 90, rather than a dollar amount. While some carriers have differentiated themselves by offering riders to reduce the elimination period, others have removed it altogether. One item to note when comparing carriers is whether their elimination period will be reduced by the number of days since the client has gone on claim or the number of days that the client has received care. As most clients don't begin receiving around-the-clock care when they first go on claim, this can mean a difference of months that the client must cover his or her expenses.

**Exit Strategies**

No one goes into a LTCi plan expecting to surrender it, but flexibility and peace of mind are important to clients. They like to know they have the ability to receive a refund of some or all of their premiums if they choose. Life/LTCi hybrid plans are most common for clients looking for liquidity. Some carriers will provide cash value in the product so the client can receive a portion of their premiums back (this can vary between guaranteed and non-guaranteed options), while others will offer up to a full return of the premium paid into the contract.
Some of the less common exit strategies include a reduced, paid-up life/LTCi plan (where the cash value in the product can purchase a fully-paid up benefit), and non-forfeiture riders (typically added at the time of issue for an additional expense) which will pay out LTCi benefits in an amount equal to the premiums paid into the policy, should the client go on claim.

Not all products are created equal; the benefit options available can vary significantly. By starting the process through identifying clients' goals and objectives, policies can be tailored to each client's specific needs.