

Long Term Care Insurance

Long term care insurance is a product which, if certain requirements are met, will pay for all or a portion of nursing home and/or home care expenses. Such policies are sold to individuals who do not wish to have their assets depleted should they need long term care.

While such policies are suitable for some individuals the following should be noted:

- They are expensive.
- All other things being equal, the older the applicant, the higher the premium.
- Insurance companies are not required to insure all applicants. A person with a medical condition such as Parkinson's Disease or a stroke is not likely to be permitted to purchase a policy.
- Generally, such insurance policies have a maximum benefit amount. As such, they may not be the right choice for a wealthy individual who wants to insure the risk of a very long stay in a nursing home.
- It is difficult to compare policies as their features vary greatly. For example, in addition to different premiums, policies have different waiting periods before benefits may be claimed, different coverage levels for nursing home and home care, different requirements to begin coverage, different maximum payouts, different levels of protection against increases in premiums, different levels of inflation protection, etc.

The NYS Department of Financial Services has [comprehensive material on its website regarding long term care insurance](#) - this page has links to currently offered policies in NYS, minimum standards for policies in NYS, etc. See in particular "[Things to consider before purchasing LTC insurance](#)." An industry group, the American Association for Long-Term Care Insurance, has a [useful website](#).

Partnership Policies

So-called Partnership Policies were a good choice for certain individuals particularly if they have fairly substantial resources that would be counted for purposes of Medicaid eligibility. However, as of January 2021, [such policies were no longer being offered in New York State](#).

Although new policies are no longer being offered, this does not affect holders of previously issued policies. Until July 2010, Partnership Policies provided no relief from the income test, making them less attractive for individuals with income above the Medicaid levels. As discussed below, Partnership Policies now provide some relief from the Medicaid income tests for some but not all Medicaid recipients. The [New York State Partnership for Long Term Care website](#) has extensive information on long term care insurance, including [this helpful brochure](#). Please note that this brochure was drafted in 2019 when it was still possible to purchase a new Partnership policy.

Briefly, a person who purchases a New York State Partnership for Long-Term Care insurance and uses it according to its terms will qualify for so called Extended Medicaid coverage. Depending on the type of policy purchased, such an individual would be exempt from the resource test normally applicable to Medicaid applicants or to a resource test that exempts a specified amount of resources. Individuals on Extended Medicaid who are not on chronic care budgeting (generally because they are not in a nursing home) and who are disabled, blind or 65 or over are also subject to a less stringent Medicaid income test than a normal Medicaid recipient, according to a July 2010 issuance by the New York State Department of Health, GIS MA/016. Married individuals who qualify for Extended Medicaid are entitled to income equal to the Spousal Impoverishment Minimum Monthly Maintenance Allowance, (\$3435/mo. 2022) Single individuals who qualify for Extended Medicaid may have one half of this amount or (\$1717/mo. 2022). Qualifying individuals who have income in excess of these amounts may spend down to these levels rather than the normal Medicaid income limits. Please note that this income liberalization test will likely affect relatively few individuals. To qualify the individual would have to use the long term insurance policy for the required period of time AND still live in the community.

An Administrative Directive from the New York State Department of Health contains a detailed discussion of the interrelationship of the Medicaid rules and Partnership policies. See NYSDOH, Medicaid Extended Coverage for New York State Partnership for Long-Term Care Policyholders, 09 OHIP/ADM-3 (July 8, 2009).

An additional advantage of a Partnership Policy is that it may grant partial or total exemption from the general rules that the state must pursue recovery from the estate of a deceased Medicaid recipient who was age 55 or older when he or she received Medicaid benefits or who, regardless of age, was permanently institutionalized. See 11 OHIP/ADM-8, http://www.health.state.ny.us/health_care/medicaid/publications/docs/adm/11adm8.pdf.

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