

A CONSUMER GUIDE TO THE  
**MARYLAND**  
**LONG-TERM CARE**  
**INSURANCE**  
**PARTNERSHIP PROGRAM**





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## WHO WE ARE

The Maryland Insurance Administration (MIA) is the state agency that regulates the business of insurance in Maryland. If you are having a problem related to insurance, the MIA will try to help you to solve it.

## HOW WE HELP CONSUMERS

We provide assistance to consumers, businesses, health care providers (doctors, hospitals), and producers (agents and/or brokers) in all areas of insurance; including life, health, disability, automobile, homeowners, and property.

- We can provide you with answers to your general insurance questions and suggest actions or processes that you may wish to follow in order to address and resolve your insurance questions or problems.
- We can provide you with educational materials (such as homeowners and automobile consumer guides) to help you understand the types of coverages you may be purchasing and your rights and obligations with respect to various types of insurance policies, as well as what you may wish to consider and the types of questions to ask when you are shopping for insurance.
- We can provide you with guides that may help you to compare rates among insurance companies writing automobile, homeowners, health coverage for small employers, and for Medicare supplement insurance policies.

- We may be able to investigate any circumstance that you bring to our attention, in writing, to ensure that the companies and individuals engaged in the business of insurance in our state obey Maryland laws and regulations.
  
- We may be able to investigate written allegations that your insurance carrier, insurance producer (agent), or other entity engaged in the business of insurance:
  - did not pay or authorize the payment for medically necessary services;
  - has improperly denied or delayed payment of all or some portion of your claim;
  - has improperly terminated your insurance policy;
  - has improperly raised your insurance premiums;
  - has made false statements to you in connection with the sale of insurance or the processing of insurance claims;
  - overcharged you for services, including premium finance charges.

## WHAT IS LONG-TERM CARE?

Individuals with a prolonged illness, disability or cognitive condition (for example, Alzheimer's disease) often need someone to help with daily activities (such as dressing, bathing, etc.), as well as to provide skilled medical attention. Long-term care services may include care management, rehabilitation services, adult day care or hospice. These services may be delivered in an assisted living facility, at home or in a nursing home.

## HOW MUCH DOES LONG-TERM CARE COST?

The cost of long-term care depends on a number of factors, including the type of care you receive, where you receive this care, who provides this care and the length of time you need to receive this care. According to the National Clearinghouse for Long-Term Care Information, the national average costs for long-term care services in 2009 are as follows:

- \$198/day for a semi-private room in a nursing home
- \$219/day for a private room in a nursing home
- \$3,131/month for care in an assisted living facility (for a one-bedroom unit)
- \$21/hour for a home health aide
- \$19/hour for a homemaker services
- \$67/day for care in an adult day health care center.

## WHAT CAN I DO TO PAY FOR MY LONG-TERM CARE COSTS?

Paying for long-term care costs does not need to be overwhelming. Several options are available to make paying for long-term care more manageable.

1. You could choose to invest your money or purchase an annuity. (See the Maryland Insurance Administration's *A Consumer Guide to Annuities*.)
2. You may decide to sell certain assets, such as your home or other real estate.
3. Maryland's Medical Assistance Program (Medicaid) provides coverage for some long-term care services, but only is available to individuals who satisfy certain eligibility requirements. You may be eligible for Medicaid

depending upon your income and/or health status. For more information about the eligibility rules for Maryland's Medical Assistance Program, visit the Department of Health and Mental Hygiene's website, [www.dhbmh.state.md.us/mma/mmahome.html](http://www.dhbmh.state.md.us/mma/mmahome.html). The link for Medical Care Programs Eligibility explains the eligibility requirements. The link for Long-Term Care gives an overview of which long-term care services are covered.

4. You could purchase a long-term care insurance policy.
5. You may buy a long-term care insurance partnership policy.

## DOES MEDICARE COVER LONG-TERM CARE?

If you are eligible for Medicare, Medicare may provide limited coverage for skilled nursing and rehabilitation services that are provided in an approved facility. But, Medicare does not cover custodial care services, intermediate care or services for a prolonged period of time. For additional information about Medicare, visit the Center for Medicare and Medicaid web site, [www.cms.gov/home/medicare.asp](http://www.cms.gov/home/medicare.asp).

## WHAT IF I HAVE A MEDICARE SUPPLEMENTAL POLICY?

If you have a Medicare supplemental policy, keep in mind that while some supplemental policies provide a limited benefit to help pay for at-home recovery on a short-term basis, not all do. Also, while some of the Medicare supplemental policies provide a limited benefit while you are confined in a skilled nursing facility, the benefit only will be payable for the 20th through the 100th day of skilled nursing care in a nursing home. Under such a policy, you would not receive any benefits if you are receiving custodial or intermediate care or if you need care after the 100th day of confinement. It is important that you carefully review and understand the terms of your policy, what it covers and how much it pays.



## WHAT ARE LONG-TERM CARE INSURANCE BENEFITS?

Long-term insurance contracts and long-term care insurance riders to life insurance contracts and annuity contracts provide coverage for certain long-term care expenses that usually are not covered by traditional health insurance, HMO contracts, Medicare or Medicare supplemental policies. Coverage is provided when you are unable to do a certain number of activities of daily living (such as bathing, eating, transferring) or are cognitively impaired. While the exact terms and conditions of coverage depend upon your individual policy, long-term care insurance generally covers services such as nursing home stays for custodial, intermediate and skilled nursing care. These policies also may cover home health care and adult day care. Long-term care insurance can be purchased as a separate stand-alone policy or as a rider to a life insurance contract or annuity contract. For more information on long-term care insurance, see *A Shopper's Guide to Long-Term Care Insurance*, produced by the National Association of Insurance Commissioners.

## SHOULD I PURCHASE LONG-TERM CARE INSURANCE OR A LONG-TERM CARE INSURANCE RIDER TO MY LIFE INSURANCE OR ANNUITY CONTRACT?

Long-term care insurance is not for everyone. Before purchasing a policy or a rider to your life insurance or annuity contract:

- Be certain that you understand what the policy or contract covers, the limits of the policy or contract, and that you can afford the premium.
- It is a good idea to consult with a tax advisor, as well as an insurance advisor, when deciding whether a long-term care policy or contract is right

for you, because you may be eligible for federal and state tax benefits. Maryland law provides for a one-time tax credit of up to \$500 after you purchase a long-term care insurance policy. In addition, federal law provides tax advantages if you purchase a qualified plan.

QUESTIONS YOU NEED TO ASK BEFORE  
YOU PURCHASE LONG-TERM CARE  
INSURANCE OR A LONG-TERM CARE  
INSURANCE RIDER TO YOUR LIFE INSURANCE  
OR ANNUITY CONTRACT:

- What type of care is covered?
- Is there a waiting period before I can start using the benefits?
- What happens if I am late paying the premium?
- Is there a maximum number of days the policy or contract covers?
- Does the policy or contract have a per day limit? If so, does it take inflation into account?
- What are the rules about pre-existing conditions?
- What must happen in order for me to receive benefits under the policy or contract, i.e. doctor's certification, unable to perform daily activity?
- Has the insurer received approval to sell long-term care insurance in Maryland?

## WHAT IS THE MARYLAND LONG-TERM CARE INSURANCE PARTNERSHIP PROGRAM?

The Maryland Long-Term Care Insurance Partnership Program is an innovative partnership between Maryland and private insurance companies who issue long-term care insurance policies. A policy sold under the Long-Term Care Insurance Partnership Program, by law, must meet the same standards as a long-term care policy not sold under the program. In addition, a partnership policy must meet certain specific federal and state requirements, and be certified as a “long-term care partnership policy” by the Commissioner of the MIA. Partnership policies provide an additional level of protection, when compared to a regular long-term care insurance policy. In particular, such policies permit individuals to protect additional assets from spend-down requirements under Maryland’s Medicaid program if assistance under this program is ever needed and you qualify.

## HOW DOES ASSET PROTECTION WORK FOR THE LONG-TERM CARE PARTNERSHIP PROGRAM?

The asset eligibility and recovery provisions of the Medicaid program of Maryland are applied by disregarding an additional amount of assets equaling the amount of insurance benefits you have received from your Partnership Policy. For example, if you had received \$200,000 of insurance benefits from your Partnership Policy at the time of application for Medicaid, you generally would be able to retain \$200,000 of assets above and beyond the amount of assets normally permitted for Medicaid eligibility.

## DO THE OTHER MEDICAID ELIGIBILITY REQUIREMENTS STILL APPLY TO ME IF I PURCHASE A PARTNERSHIP POLICY?

Yes, including special rules that may apply if the equity in your home exceeds a certain threshold. (As of 2009, the equity value limit was \$500,000, but this limit may change over time based on federal standards.) In addition, you must meet the Medicaid program's income requirements and may be required to contribute some of your income to the costs of your care once you become eligible for Medicaid.

## ARE THERE ANY OTHER BENEFITS OF PURCHASING A PARTNERSHIP POLICY?

Yes. There may be tax benefits. By law, to qualify as a Partnership Policy, the policy must be a qualified long-term care insurance contract under federal tax law, and as such, the insurance benefits you receive from the policy generally will be subject to beneficial income tax treatment. (Please note that a policy can be a qualified long-term care insurance contract under federal tax law, with the same beneficial income tax treatment, even if it is not a Partnership Policy.) In addition, if you were under age 76 when you purchased your Partnership Policy, it must provide inflation protection to help protect against potential future increases in the cost of long-term care. (For older purchasers, an offer of inflation protection is required.)

## WHAT COULD DISQUALIFY YOUR POLICY AS A PARTNERSHIP POLICY?

If you make any changes to your policy or certificate, such changes could affect whether your policy or certificate continues to qualify as a Partnership Policy. Before you make any changes, you should consult with the issuer of your policy to determine the effect of a proposed change. In addition, if you move to a state that does not maintain a Qualified Partnership or does not recognize your policy as a

Partnership Policy, you would not receive Medicaid asset protection in that state. Also, changes in federal or state law could affect the Medicaid asset protection available with respect to your Partnership Policy.

## WHAT IF I HAVE AN EXISTING LONG-TERM CARE INSURANCE POLICY? CAN I TURN IT INTO A PARTNERSHIP POLICY?

No. Federal rules require that any Partnership Policy be issued after the date of the State Plan Amendment. If you purchased a policy before January 1, 2009, or before the date your particular insurer was certified to sell a partnership policy in Maryland, it would not qualify as a Partnership Policy.

## WHERE CAN I PURCHASE A PARTNERSHIP PLAN?

Companies wishing to sell Partnership long-term care policies are required to go through a stringent review process. The Maryland Insurance Administration will maintain a list of approved companies. You may obtain a copy of that list by contacting us at 800-492-6116 or by visiting the Maryland Insurance Administration's website at [www.insurance.maryland.gov](http://www.insurance.maryland.gov).

## HOW WILL I KNOW I HAVE PURCHASED A PARTNERSHIP POLICY?

The schedule page of the policy is required to contain a notice if the policy is a Partnership Policy. The notice on the schedule page will indicate whether the policy is intended to meet the standards to be a Partnership Policy in Maryland.

Under state law, the carrier also is required to provide a separate notice, on its letterhead, that explains the benefits and the special rights of a Partnership Policy.

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Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, MD 21202



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200 St. Paul Place, Suite 2700  
Baltimore, MD 21202  
410-468-2000  
800-492-6116  
800-735-2258 TTY

*[www.insurance.maryland.gov](http://www.insurance.maryland.gov)*

**Lawrence J. Hogan, Jr.**  
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**Boyd K. Rutherford**  
Lt. Governor