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Kathleen Martin is an attorney with O'Donnell, Weiss & Mattei, P.C., and a newspaper columnist for The Mercury, which gave permission for this article to be reprinted.

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Long term care insurance and unwinding red tape

The New York Times reported recently on yet another issue with long term care insurance policies (http://www.nytimes.com/2013/06/08/your-money/fine-print-and-red-tape-in-long-term-care-policies.html?pagewanted=all&_r=0). Although one of the purposes for buying long term care insurance is to avoid becoming a burden to family members, families have discovered a new type of burden, that is, red tape which blocks being able to collect benefits. The article refers to "piles of paperwork and repeated phone calls, as they are forced to navigate a labyrinth of requirements to collect benefits that the insured spent many years paying."

The long term care insurance industry has not been the most stable of industries, and many insurers have left the business due to failing to properly judge the economics of the industry. Some of these insurers hired third party administrators to handle the claims, and the insured or his or her family are surprised by the third party's interpretations of the policy. However, people who paid into these policies expect to receive benefits when they need them. Most of the top rated insurers pay claims without issue. Jesse Slome, director of the American Association for Long Term Care Insurance, stated that $6.6 million in benefits were paid in 2012.

The process for filing a claim can be daunting, and an ill elderly person is in no position to tackle the job. Many times family members are assisting their parent or loved one from a distance, and the managing of the long term care insurance becomes another full time job. Tara Siegel Bernard, the author of *The New York Times* article suggests some strategies to help filers be more successful. Fully understanding the terms of the policy as well as interfacing with care providers to make sure that the paperwork is completed correctly, is essential to success.

Deductibles: Most policies have a waiting or elimination period that is measured in days. If the insured is applying for payment for home care, and only receives care a few days a week, the elimination period may appear to be much longer than if someone were in a facility. Therefore, be sure that you understand the terminology, and be prepared to pay out of pocket until the elimination period is satisfied. Some older policies may have restrictions that are not permitted in newer policies but nevertheless must be considered.

Eligibility: "Substantial assistance" with activities of daily living (bathing, dressing, eating, etc.) is often an initial requirement to start the process. However, the day that the assessor comes out, the patient might "show off" and/or be having a good day, and the claim is denied. Good documentation of the patient's actual deficits on a daily basis is very helpful in substantiating the claim.

Licensed caregivers: Check the policy for restrictions on who is considered an acceptable caregiver; most times a licensed caregiver must be hired to access the benefit from the long term care policy.

Assisted living type facilities: Some older policies only cover care in a skilled facility such as a nursing home. Personal care facilities are a newer entity; care may still be covered if they meet certain requirements. Be careful that the facility you choose will work with the long term care insurance rules.

Documentation: This can be key as to whether the care meets the long term care insurance requirements for payment. The caregivers and physicians must meet certain standards of charting in many cases. Some insurers seem to require a mountain of paperwork and precision in completing this is required.

Long term care insurance can be a wonderful asset, especially when elders wish to stay home or in a less restrictive environment than a nursing home. Careful choice of the original policy as well as understanding the rules can make the process less harrowing.