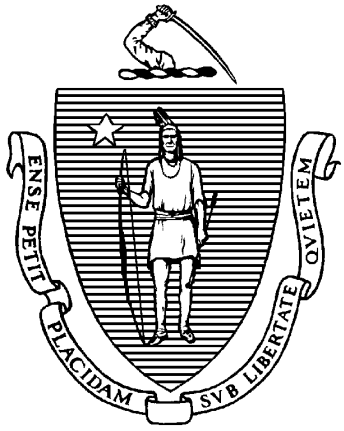

Your Options for Financing Long-Term Care:

A Massachusetts Guide

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How to Use This Guide

This guide is designed to provide you with basic information about the various types of long-term care services now available in Massachusetts. It also explains some of the responsible financial planning strategies at your disposal for protecting you and your assets against the potentially astronomical costs of long-term care.

Part One, "Long-Term Care" provides general information about long-term care: what it costs, what services are available, how it could be financed and where to go for more information about this care.

Part Two, "Long-Term Care Insurance" provides a more detailed explanation of one of the options for financing long-term care. It will familiarize you with some of the terms and practices related to long-term care insurance in Massachusetts. In particular, the section entitled "How do policies work?" introduces you to long-term care insurance coverage.

Finally, there are a number of appendices at the end of the guide, including contact numbers for organizations that can give you more information (Appendix A), a glossary of commonly used terms such as those that appear in bold throughout the guide (Appendix B), and worksheets to help you determine the cost of long-term care in your area (Appendix C), compare long-term care insurance plans (Appendix D) and accelerated benefits in life insurance products (Appendix E) and keep a record of any long-term care insurance policy that you may purchase (Appendix F).

Planning for long-term care is an important undertaking. There is no single solution that is right for everyone. We hope this guide provides a helpful starting point in your search for a solution that is right for you. But don't stop here. Long-term care insurance and other types of financing options are valuable, but can be major financial commitments. Treat them as you would any other major financial decision by seeking independent advice from professionals who are in a position to analyze your individual needs.

Please note as you read this guide, terms that appear in bold are defined in Appendix B.

If you move out of Massachusetts, different services and/or consumer protections may apply. Contact the insurance regulator in that particular state for information that applies there.

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PART ONE:
LONG-TERM CARE

What is Long-Term Care?

When you think about "long-term care", you may think about care in a nursing home. Yet, long-term care includes an ever-changing array of services aimed at helping people compensate for limitations in their ability to live independently. Long-term care should meet your medical needs, as well as your social, financial and housing needs. It can range from assistance with household chores to assistance with **activities of daily living** to highly skilled medical care. Long-term care services may be provided in a variety of settings such as the home, community sites (**adult day care** centers) or nursing homes.

The type and setting of long-term care services depend upon your particular needs. Those with physical illnesses or disabilities often need hands-on help with basic **activities of daily living** ("ADLs") including bathing, eating, dressing, toileting, continence and transferring. Those who are cognitively impaired usually require supervision or verbal reminders to perform routine activities or to stay out of harm's way.

Skilled care is provided on a doctor's order by medical personnel such as registered nurses or professional therapists. Although it can be provided in a **nursing home**, **skilled care** may be provided in the home by visiting nurses or therapists. **Personal care** (also known as "custodial care") is provided to help people perform ADLs but is less intensive than skilled care and does not require the services of a medical professional. **Personal care** may be provided in many settings, including a person's home or adult day care center.

How Much Could Long-Term Care Cost?

Nursing home care is the most expensive and intensive form of care. In 2007, a private pay patient's charge for a stay in a Massachusetts nursing home was approximately $275 per day[1]. Although the median[2] length of stay in a nursing home in 2004 was 471 days,[3] some stays last for many years. At $275 per day, the average annual cost of a nursing home stay exceeds $100,000, but it is not unusual for an individual to pay more per year in some nursing homes.

Assisted living is another form of facility-based long-term care. If you lived in a single occupancy assisted living studio apartment, the cost of assisted living, including the cost of rent, food, electricity and heat, and many services such as **personal care,** housekeeping, meals and laundry, would range from approximately $2,000 per month to more than $7,000 per month, or from $24,000

1 Source: Massachusetts Division of Health Care Finance and Policy data files for median charge, 2007.

2 A "median" is the middle number in a given sequence of numbers, and is a useful number in cases where the distribution has very large extreme values which would otherwise skew the data. The mean (average) length of stay in a nursing home in 2004 was 827 days.

3 Source: Massachusetts Division of Health Care Finance and Policy, derived from Table 13 of the June 2008 report titled "The National Nursing Home Survey: 2004 Summary" from the U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics.

to $84,000 per year.[4] There is, however, great variation in services provided in assisted living facilities and prices could vary.

The cost of long-term care services provided outside of a nursing home varies depending on the type of service, as well as the intensity and duration of the service. In 2007, if you received 2 hours of **skilled care** from a nurse in your home, three times a week throughout the year, the average annual cost would have been approximately $28,080, or an average of $180 per day of care. If you received 2 hours of **personal care** from a home health aide in your home, three times a week throughout the year, the annual cost could have been approximately $10,920, or an average of $70 per day of care[5]

All the presented figures are subject to inflation. You should note that if long-term care costs were to increase by 5% annually, the overall cost would double in approximately 15 years.

Will You Need Long-Term Care? For How Long?

It is impossible to predict your individual chances of needing long-term care. For some, the need may follow a major illness, while for others the need may evolve more gradually. Some may require many years of long-term care, while others might need services for only a matter of months. The following chart outlines the probability of an individual being admitted to a nursing home at age 65.

Probability that a 65 year old will be in a nursing home at some time during the rest of his/her life[6]

Nursing Home Stay of:	Chances for Men	Chances for Women
0 - 3 months	11%	11%
3–12 months	8%	10%
1– 5 years	10%	18%
More than 5 years	4%	13%
Of any duration	33%	52%

Please note that these figures do not include people who require home or community-based long-term care services. There are a large number of different services that are available to you in your home which can allow you to "age in place" and never have to move into a nursing home.

The above statistics also do not reflect the fact that as lifestyle and medical advancements allow people to live longer, more people will need long-term care. Therefore, your actual probability of needing at least some type of long-term care during your life is probably higher than these numbers suggest.

4 Source: Massachusetts Assisted Living Facilities Association, as noted in 2008 Resource Guide.

5 Source: Home Care Alliance of Massachusetts, based on 2007 average hourly rates for home visits ($90 per hour for nurses; $35 for home health aides) x 2 hours per day x 3 days per week x 52 weeks in a year.

6 Kemper, P. and Murtaugh, C.M., Lifetime Use of Nursing Home Care, *The New England Journal of Medicine*, 324, (9), 595-600, February 1991.

What Types Of Long-Term Care Services Are Available in Massachusetts and How Can You Access Them?

There are a variety of long-term care services in the Commonwealth that are regulated or monitored by a state agency. Listed below are brief descriptions of each of the services and what organizations to contact for more information. It is important to remember that each service has different financial, medical and functional eligibility requirements. Contact the agencies listed in Appendix A to find out more about the services.

Services in the Home

Chore Services

- *Non-medical* services provided in an individual's home to help continue independent living, including: vacuuming, washing floors and walls, defrosting freezers, cleaning ovens, cleaning attics and basements to remove fire and health hazards, changing storm windows, performing heavy yard work, shoveling snow and making minor home repairs.

Contact your local Aging Services Access Points (ASAP) through the Executive Office of Elder Affairs.[7]

Home Care

- *Non-medical* services designed to maintain an individual's ability to live independently including shopping, planning menus, preparing meals, home delivered meals, laundry, and light house cleaning and maintenance, including vacuuming, dusting, dry mopping, dishwashing, cleaning the kitchen/bathroom and changing beds.

Contact your local ASAP through the Executive Office of Elder Affairs.

Personal Care

- *Non-medical* services to help with **activities of daily living**, including assistance with bathing, bedpan routines, foot care, dressing, and care of dentures; shaving and grooming; assistance with eating; and assistance with moving around the home and getting in and out of bed and/or a wheelchair.

Contact your local ASAP through the Executive Office of Elder Affairs.

Home Health Care

- *Skilled medical and other services,* including nursing, occupational therapy, physical therapy, speech therapy and home health aide services, are supplied by certified home health agencies and other professionals to help individuals remain at home.

Contact your local ASAP through the Executive Office of Elder Affairs or contact the Home Health Care Association of Massachusetts.

7 Many of the services are offered by local **Aging Services Access Points**, or ASAPs, which used to be called Home Care Corporations. These are private non-profit providers in the community that offer services such as case management, **home health**, **home care**, home delivered meals, transportation, and **respite care**. The Executive Office of Elder Affairs designates and contracts with ASAPs.

Services in a Community Setting

Social Day Care

- *Non-medical services* designed to encourage physical and mental exercise and stimulate social interaction. Services are suited to the needs of participants with training, counseling and social services in a community setting, including assistance with walking, grooming eating and planned educational, recreational and social activities.

Contact your local ASAP through the Executive Office of Elder Affairs.

Adult Foster Care

- Mostly *non-medical services* providing room, board, and **personal care** in a family-like setting to individuals who cannot live alone safely. Services include companionship, assistance with activities of daily living, host family training and monthly nurse and social worker visits to monitor placements.

Contact your local ASAP through the Executive Office of Elder Affairs.

Adult Day Health

- *Medical and other services* allowing frail elders to remain in the community while coping with medical conditions, chronic debilitating illnesses or diseases that require careful monitoring and intervention. Services include therapeutic, nutritional, social and rehabilitative services, as well as support and education for participants, families and caregivers.

Contact your local ASAP through the Executive Office of Elder Affairs or contact the Division of Medical Assistance.

Dementia Day Care

- *Non-medical services* in a structured, secure adult day program for individuals with dementia (Alzheimer's Disease or a related disorder) to maximize their functional capacity, reduce agitation, disruptive behavior and the need for psychoactive medication, and enhance cognitive functioning. This allows a person with dementia to stay in the community, provides the caregiver with respite from caregiving responsibilities and includes support and education for participants, families and caregivers.

Contact your local ASAP through the Executive Office of Elder Affairs.

Specialized Home or Facility Services

Respite Care

- *Medical and non-medical services* to temporarily relieve caregivers of the daily stresses and demands of care for a family member. Respite could be for a few hours or a few days, depending on the needs of the caregiver and the resources available. In addition to **home care**, **personal care** and **home health care**, **respite care** services may include short-term placements in adult foster care, assisted living facilities and nursing facilities or rest homes.

Contact your local ASAP through the Executive Office of Elder Affairs.

Hospice Care

- *Medical services* with an emphasis on providing comfort and pain relief for those who are terminally ill.

Contact Medicare or the Hospice Federation of Massachusetts.

Services in a Facility

Assisted Living

- Independent housing that provides room, board and **personal care**, as well as a range of services, including social and educational programming and case management**.** Individuals can transition from completely independent housing units to extensive **personal care** within the same facility. Some assisted living facilities have designated units for persons with **Alzheimer's Disease.**

Contact the Executive Office of Elder Affairs, the Massachusetts Assisted Living Facilities Association or the Massachusetts Extended Care Federation.

Continuing Care Retirement Communities (CCRCs)

- Housing, **personal care** and health care in one location. Although arrangements vary widely, individuals usually pay privately through an initial investment and then monthly service fees for a variety of services ranging from assisted living to nursing home care.

Contact the Executive Office of Elder Affairs or the Massachusetts Extended Care Federation.

Nursing Homes

- A facility licensed by the Department of Public Health that is primarily engaged in providing nursing care and related services on an inpatient basis for short and long-term care stays at skilled, intermediate or custodial levels of care.

Contact the Department of Public Health, the Executive Office of Elder Affairs or the Massachusetts Extended Care Federation.

Who Pays the Costs of Long-Term Care?

At present, most long-term care is paid for from: (1) an individual's own resources, (2) his or her family's resources or (3) **Medicaid**, the federal-state government program designed to cover the health care costs of a mostly indigent population. Contrary to popular belief, traditional health insurance and **Medicare** usually provide little or no coverage for long-term care. Currently, most people who need long-term care services must pay for it on their own unless (a) they have long-term care insurance policies with benefits for the services they need or (b) they are or become eligible for **Medicaid** or other government assistance.

How Could You Plan to Pay for Long-Term Care?

Your personal circumstances should play a large role in determining how you will cover the costs of long-term care. You should consult professional advisors (such as an estate-planning lawyer or other qualified person) to consider your specific situation, including the impact of any option on your spouse or dependents, before making any decisions about how to finance your long-term care.

Savings, Pensions and Other Retirement Accounts

Many people save all their lives to have funds for retirement. These resources are intended not only to afford a comfortable standard of living in retirement, but also to prepare for certain predictable expenses, *e.g.*, a new roof or a new car. These resources could also be considered to pay for long-term care costs.

You should consider all of your liquid assets, such as savings accounts, CDs (certificates of deposit), money market accounts, stocks, bonds, mutual funds, annuities, pension plans, profit sharing or employee stock option retirement plans and Individual Retirement Accounts (IRAs). You could use any of these sources to pay for long-term care services when they may be needed.

Residential and Real Property

In addition to your liquid assets, you may own other property that can contribute to paying for the costs of care. These assets could include your home, motor vehicle or other property. Although the value of these assets should be considered in making decisions, neither the Division of Insurance nor any other state agency recommend that any specific asset be sold.

Homeowners may also be able to tap into the value of their homes without selling them. Some financial organizations offer reverse mortgages or special loans that enable you to continue living in your own home. Some of these contracts will guarantee payments in return for a new mortgage on your home. If you wish to investigate this option, you should contact organizations such as Homeowners Options for Massachusetts Elders (HOME) at (800) 583-5337.

Private Insurance Plans: Life and Long-Term Care Insurance

Life Insurance Plans

Certain life insurance policies can be used to help finance your long-term care while you are still alive. As with other means of financing, you should check with your financial planner, either an estate lawyer or a qualified advisor, to determine the best course of action for someone in your specific circumstance. For more information about life insurance options, contact the Division of Insurance at (617) 521-7777 for a copy of *Buying Life Insurance and Annuities in Massachusetts*.

Cash Values

Whole life and universal life insurance policies have "cash values" that accrue throughout the life of the policy. Rather than have your beneficiaries receive the "face amount" or "policy value" of a plan upon your death, you can access the "cash value" of your policy at any time by either canceling the policy or obtaining a policy loan on the cash value. Please be aware that if you do cancel your policy and change your mind, you may not be able to reinstate the canceled life insurance policy at a later time and that there may be tax consequences.

Accelerated Death Benefits

Some life insurance policies include "living benefits" that may allow you to receive all or part of the "policy value" before death if you meet certain eligibility standards. Some of these policies will accelerate the death benefit on a tax-qualified basis to pay for long-term care services for chronically ill individuals. If you would like to investigate this option, use the worksheet in Appendix E. Also, be aware that these benefits will add to the cost of a life insurance policy and if accessed, will reduce the benefit that may be paid to your beneficiaries when you die.

Viatical Settlements

A growing number of companies called "viatical settlement firms" offer contracts allowing terminally or chronically ill individuals to obtain cash in return for making the firm the beneficiary of a life insurance policy. Anyone considering this option should be aware that these firms are not regulated under Massachusetts law and offer varying amounts of payments for viatical settlements. If you would like to investigate this option, consider contacting a number of firms before signing any such contracts.

Long-Term Care Insurance Plans

Long-term care insurance is a type of private health insurance that provides benefits to cover some of the costs of services you might need if you develop a chronic illness or cognitive impairment. A detailed discussion of long-term care insurance policies appears in Part Two of this Guide beginning on page 10.

Government Programs

In Massachusetts, the state's **Medicaid** program, known as **MassHealth**, currently provides assistance for 65% of all nursing home residents.[8] In addition, the Executive Office of Elder Affairs spends 70% of its budget on long-term care services provided in Massachusetts, but pays almost entirely for home and community-based services.[9] To qualify for **Medicaid** or Elder Affairs assistance, a person may not have income or assets above a certain level.

8 Source: Massachusetts Division of Medical Assistance.
9 Source: Massachusetts Executive Office of Elder Affairs.

Medicare

Many individuals incorrectly assume that **Medicare** will cover most of their long-term care costs. In fact, Medicare pays very little of all long-term care costs. **IT IS NOT RECOMMENDED THAT YOU RELY ON MEDICARE TO PAY FOR YOUR LONG-TERM CARE NEEDS**. Medicare covers only the following long-term care services:

Skilled Nursing Facility Benefit: After you have been in a hospital for at least three days, Medicare may pay for your care while you recover in a certified skilled nursing facility. It will only pay for up to 100 days, and you are responsible for a daily co-payment for every day in the nursing home between the 21st and the 100th day.

Home Health Benefit: If you are confined to your home, require **skilled care** for an injury or an illness and meet other specific criteria, Medicare can pay in full for services provided by a Medicare certified **home health care** agency. Your doctor must determine that you need home health care and set up a plan of care for you.

Medicare does not cover **personal care** services, such as assistance with dressing and bathing, unless you are homebound and are also getting **skilled care** such as nursing or therapy. Any covered **personal care** must also relate to the treatment of an illness or injury and you can only get a limited amount of **personal care** in any week.

Additionally, if you purchase a private Medicare Supplement plan (also called a Medigap plan) or enroll in a Medicare HMO plan, these plans will usually not pay for long-term care services that are not covered by Medicare. In Massachusetts, Medicare supplement policies do not cover long-term care costs, but Medicare Supplement 1 and Medicare Supplement 2 policies do pay for the co-payments for days 21 through 100 for Medicare-approved stays in nursing homes.

For a more detailed description regarding your Medicare benefits, contact the federal government at 1-800-841-2900 for the *Guide to Health Insurance for People with Medicare*. Also call the Massachusetts Division of Insurance at (617) 521-7777 for a copy of the Massachusetts Addendum to the federal guide.

Veterans Benefits

If you are a veteran, you may be eligible for some long-term care services in a Veterans Administration (VA) facility. To find out whether you would be eligible for assistance, contact your city/town government's Veterans Agent or the Massachusetts Department of Veterans' Services at (617) 727-3578.

The Home Care Program

This program, associated with the Executive Office of Elder Affairs, provides services to help frail elders live independently in their own home for as long as possible. Services available for income-eligible individuals include **case management**, home health aides, homemakers, home delivered meals, transportation, **respite care** and adult day care services. These services are provided through **Aging Services Access Points** (ASAPs) and regional Area Agencies on Aging. You can contact

your ASAP through the Executive Office of Elder Affairs at 1-800-882-2003.

Medicaid

The Massachusetts **Medicaid** program, known as **MassHealth**, is administered by the state Division of Medical Assistance. MassHealth does pay for nursing home care and some home and community-based services for certain income-eligible people living in Massachusetts. To be eligible for MassHealth and receive long-term care services, you must meet state and federal eligibility rules. For more information about those who may be eligible for MassHealth and what services may be covered in this program, call the MassHealth Customer Service Center at 1-800-841-2900.

PART TWO:
LONG-TERM CARE INSURANCE

Do I Need Long-Term Care Insurance?

Purchasing a long-term care insurance policy can be an effective way to protect against the often-devastating costs of long-term care. In the right circumstances, a good long-term care insurance policy can help you avoid exhausting your life savings to cover needed long-term care services and maintain access to the widest variety of quality service options. It may also provide you with greater choices and help you avoid depending upon the financial assistance of family, friends or the MassHealth (**Medicaid)** program.

Not everyone is a candidate for long-term care insurance. Long-term care insurance is not offered on a guaranteed issue basis and companies may deny coverage or limit benefits during a **pre-existing condition** waiting period if you do not meet their "medical underwriting" standards. If you already have health problems (*e.g.*, Alzheimer's disease, Parkinson's disease or other less serious conditions), insurers may consider you to be a high risk and decline to issue a long-term care insurance policy.

Is Long-Term Care Insurance Right For You?

You should <u>NOT CONSIDER</u> buying Long-Term Care Insurance if:

- You can't afford the premiums.
- You have limited assets.
- Your only source of income is a Social Security benefit or Supplemental Security Income (SSI).
- You often have trouble paying for utilities, food, medicine or other important needs.

You should <u>CONSIDER</u> buying Long-Term Care Insurance if:

- You have significant assets and income.
- You want to protect some of your assets and income.
- You want to pay for your own care.
- You want to stay independent of the support of others.

Even if you are medically eligible, long-term care insurance might not be affordable for you. If you are living on a limited or fixed income or if you must go without basic needs to afford the premiums, you certainly should not buy a policy. You must also consider whether you are going to be able to afford the premiums throughout your lifetime, since it is not unusual for a policyholder to pay premiums for more than twenty years before needing services.

You should also be clear about what assets you hope to protect by buying long-term care insurance. If you do not have significant assets, long-term care insurance may not be an appropriate purchase for you. Under the right circumstances, long-term care insurance could be the best way to protect your assets, including your home.

Since long-term care insurance is a major financial commitment, before you buy any coverage, understand your options and look closely at your needs and resources. Use the information in this guide as a starting point, consider contacting the Executive Office of Elder Affairs for a copy of its *Self-Assessment Guide* and consulting with a qualified advisor.

What Determines Long-Term Care Insurance Costs?

Although prices vary, it is not unusual for a long-term care insurance policy to cost several thousand dollars in premiums per year. Your actual cost for long-term care insurance depends upon two key factors: (1) your age at time of purchase and (2) the type and amount of benefits you choose.

Your premiums will be substantially higher if you buy a policy at age 75 than they would be if you had purchased the same policy at age 65. Also, the greater the benefits, the higher the cost. A **nursing home** only policy with a low daily dollar amount of coverage will probably cost less than a policy that includes benefits for **home health care**, and contains **inflation protection** and **nonforfeiture benefits**, but be aware that such a policy may not cover the services you may eventually need.

Remember the rule: "you get what you pay for." If you are comparing a high-cost policy against a low-cost policy, it is probable that the higher-priced policy may offer greater benefits. Examine the plans carefully, because there may be variation in the premiums charged for policies with similar benefits from one company to another.

Although the highest-priced policy might offer the most benefits, it is not necessarily the one you should buy. You must decide whether there is a policy within your budget that will meet your needs and be affordable until you need those benefits.

Note: Most policies have "level premiums." A level premium is what the insurer has projected it must charge its policyholders over the life of their policies to cover its costs. It does **not** mean that your premiums will never go up. An insurer with higher than anticipated losses may raise your premium if approved by the Division of Insurance and as long as it does so for all other policyholders.

Who Sells Long-Term Care Insurance and What Policies Can You Buy?

Private insurance companies and fraternal benefit societies sell long-term care insurance. There are two basic types of policies: **individual policies** and **group policies**.

Individual Policies

Individual policies (also called "nongroup" policies) are sold directly to individuals, usually by insurance agents but sometimes through direct mail or phone solicitations. Individual policies must meet certain minimum standards set by the Division of Insurance. They must:

- Be **guaranteed renewable** or **non-cancelable;**
- Provide at least 730 days (or a comparable dollar amount) of coverage;
- Not include an **elimination period** (waiting period) of more than 365 days;
- Provide benefits based upon no more than two **Activities of Daily Living (ADLs);**
- Include **alternate care provision** allowing coverage for unspecified services if agreed to by the insured, insurance company and health care practitioner;
- Offer an applicant the opportunity to buy **inflation protection** and **nonforfeiture benefits** and at least one policy with **home health care** benefits and one that qualifies for certain **MassHealth (Medicaid)** exemptions;
- Not have a **pre-existing condition** limitation that lasts for more than six months after the policy's effective date; and
- Not limit benefit payments because an individual develops **Alzheimer's Disease**, mental illness, alcoholism or other chemical dependency after the policy is issued.

Group Policies

Group policies are sold through employers and associations who sponsor group plans as a benefit to their employees and members. Some insurers also sell group policies directly to individuals through out-of-state "group trust" arrangements. Employer, association and group trust policies are **NOT** subject to all the same state protections. Please be aware that although many of them may include protections required in individual policies, they are not required to meet the same standards under state law.

Insurers who sell long-term care insurance in Massachusetts (except through an employer or labor organization) are required to provide you with a **policy illustration form** (see Appendix D) for each long-term care insurance policy that they present to you, as well as an **outline of coverage** for any policy for which you apply. These forms must state whether the policy is an individual or group policy.

How Do Policies Work?

What types of services are covered and in what settings?

Long-term care policies can vary greatly from one insurer to the next. Policies may include benefits for care in a **nursing home**, care provided in an **assisted living facility**, **home health care** or **personal care** provided in your home, care in an **adult day care center** or an ever-expanding array

of other services. Some may pay for family benefits, such as caregiver training, but most will not pay for services provided by family members.

You should determine what types of facilities are covered by any long-term care policy you are considering. If you buy a policy that limits its coverage to care provided in a nursing home, your insurer will probably not pay for services you receive at home.

The most flexible policies allow you to use your benefits to cover any necessary long-term care service in whatever setting you might eventually need. Although insurers may offer such policies, they usually are more expensive than policies that limit the types and settings of services that are covered under the policy.

New services and facilities are likely to develop between the time you buy a policy and the time you need long-term care. Your policy may or may not cover these. As noted above, all **individual policies** must contain an **alternate care provision** which cover unspecified alternate services if agreed to by you, your caregiver and your insurer. The alternate care provision does not entitle you to benefits for service not specified in your policy, but allows the flexibility for an insurer to pay for newly developed services that were not available when you first bought your plan. **Group policies** are not required to include this provision.

Most of the information you may need to answer your questions about the types of services a policy covers can be found in the **policy illustration** and **outline of coverage**.

How much coverage might a policy provide?

Most long-term care policies limit both the amount they will pay each day (**daily maximum benefit)** and over the life of the policy to a maximum number of days or dollars (**lifetime maximum benefit).** These limits depend on the choices you make when you first buy a policy.

Lifetime maximum benefits usually are stated in number of days of coverage and usually range between two years and unlimited coverage. Although individual policies are required to cover the equivalent of two years of care, group policies may offer less. As you consider how much coverage to purchase, keep in mind that while some people remain in a nursing home for less than a year, others stay for extended periods. If you are also interested in using community-based options to delay the need to enter a nursing home, you might want to factor that into your coverage analysis.

Daily maximum benefit amounts also vary and usually do not cover the entire cost of a day of long-term care services. Ignoring the effects of inflation, if you choose nursing home benefits covering $130 per day and a nursing home charges $180 per day, you will pay $50 per day (approximately $18,000 per year) from your own resources. When deciding on the amount of daily coverage you need, you should know (1) how much long-term care services actually cost in your area and (2) how much you can comfortably pay out-of-pocket beyond what your policy covers. Consider using Appendix C to learn about costs in your area.

Carefully read the policy's options to understand your coverage choices. Some policies provide

different daily maximum benefits for different services. Some policies might pay twice as much for nursing home services as they do for **home health care** services.

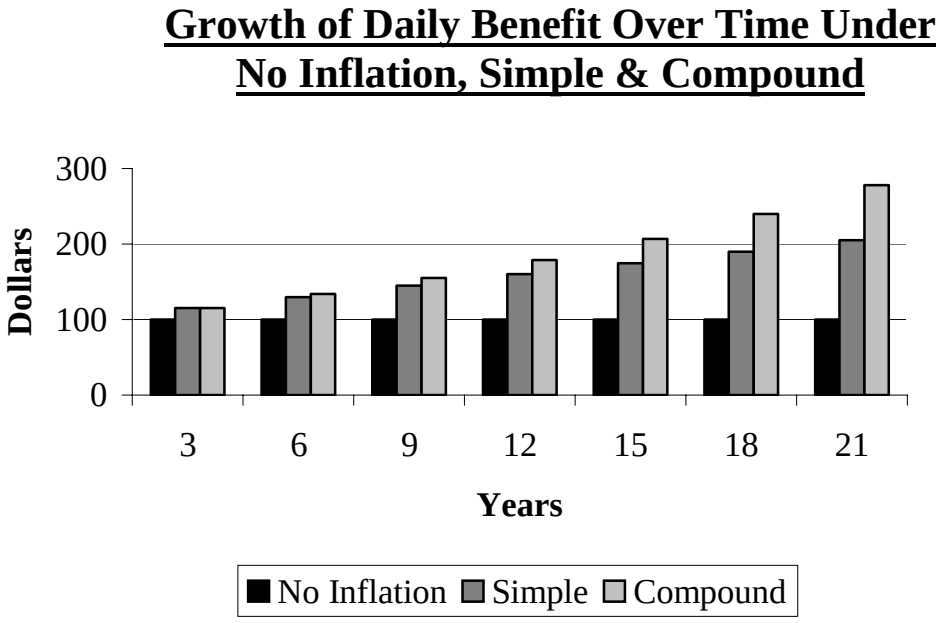
Some insurers may offer policies without daily maximum benefits. These **"coinsurance" policies** pay a fixed percentage of the total cost of covered long-term care services. A typical arrangement is for the insurer to pay 80% of the costs while you cover the remaining 20%. Although benefits automatically increase as long-term care services become more expensive, so do your costs.

What are other common policy features?

Inflation protection

Inflation protection is a costly but important policy feature. It maintains your level of coverage even as the cost of long-term care rises. To determine whether or not you should buy **inflation protection**, consider your ability to pay out-of-pocket costs ten or twenty years from now. A qualified advisor should be able to help you project your income and growth of assets over time. Unless your policy includes **inflation protection,** you could find that you have coverage for a much smaller percentage of your actual costs by the time you need benefits.

Depending on your age and future health needs, you may hold a policy for 20 or more years before you need long-term care services. If nursing home inflation increases by 5% annually, nursing homes costing $180 per day would cost over $360 per day in 15 years.



**Assumes initial daily benefit is $100*

There are two basic types of inflation protection: "automatic" and "special offer," each of which can take a variety of forms. If you are comparing policies, make sure that you understand the exact terms of any inflation protection benefit because it may be administered differently from policy to policy.

Automatic **inflation protection** increases your benefits each year by a fixed percentage. Using simple interest rates, your benefit will increase by the same dollar amount each year (*e.g.*, a $130 daily benefit with 5% simple inflation protection will increase by $6.50 per year to $260 per day in its twentieth year). Using compound interest inflation protection, your daily benefit increase will be higher each year (*e.g.*, a $130 benefit with 5% compounded inflation protection will cover $344 per day in its twentieth year).

Special offer **inflation protection** gives you the option to purchase **inflation protection** at set intervals, such as every three years. Expect your premium to increase if you exercise the option based upon your age at that time. If you turn down the option to increase your benefits in one year, you might not have another opportunity or may need to satisfy new medical screening to exercise the option later.

Nonforfeiture benefits

Nonforfeiture benefits provide something back to you if, for whatever reason, you drop your coverage ("let it **lapse**") after years of paying premiums. If you do not purchase **nonforfeiture** benefits and allow your policy to **lapse,** you will "forfeit" the premiums you have paid over the years.

There are many different types of **nonforfeiture** benefits, not all of which are offered by all insurers. In the event that your policy lapses and you have purchased a shortened benefit **period nonforfeiture benefit,** the policy will pay the same daily benefit but only up to an amount that is some percent of the premiums you paid before your policy lapsed. Return of premium benefits, generally the most expensive **nonforfeiture benefits**, pay back all or part of the premiums that you paid since you bought the plan.

Nonforfeiture benefits are costly options, but provide certain benefits should you allow your policy to **lapse**. For many people, the most cost-effective protection against dropping coverage is to only buy a policy that is both affordable and contains benefits that suit their needs so that it will be less likely that they will ever need to drop their coverage.

Other features

In addition to the above, many policies contain benefits that pay for services provided by family members under certain circumstances, waive premiums when you are receiving covered services in a nursing home or "restore" the original lifetime benefit amount if you use up part of it, but then go for a period of time without needing long-term care. You should review each plan's **policy illustration** form and **outline of coverage** carefully to be sure that you understand what is and what is not included in any policy that you are considering.

When could you become eligible for benefits?

"**Benefit triggers**" refer to the conditions under which you are eligible to claim benefits under your policy. The way benefit triggers are defined in your policy can have an impact on how easily you qualify for benefits. Not only do benefit triggers vary between policies, but the same policy might use a different trigger for home or community-based care than it does for nursing home care.

Most policies use your inability to perform certain **"activities of daily living" (ADLs)** to determine if you are eligible for policy benefits. The ADLs include (1) bathing; (2) continence; (3) dressing; (4) eating; (5) toileting and (6) transferring. Before paying benefits, insurers usually require certification by a physician or licensed health care practitioner that you cannot perform certain ADLs because of physical or cognitive impairments.

Activities of Daily Living (ADLs)

Bathing
Washing yourself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.

Continence
Ability to maintain control of bowel and bladder functions; and when unable to maintain control of bowel or bladder functions, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

Dressing
Putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.

Eating
Feeding yourself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously. Eating does not include preparing a meal.

Toileting
Getting to and from the toilet, getting on and off the toilet and performing associated personal hygiene.

Transferring
Moving into or out of a bed, chair or wheelchair. Transferring does not include the task of getting into or out of the tub or shower.

Individual policies sold in Massachusetts must provide benefits if you are unable to perform two or more of the above six ADLs (unless they are federally tax-qualified in which case the federal rules apply). The benefit triggers for federally tax-qualified policies described in the next section can be based upon either five or six ADLs and the policies must require that you be unable to perform two

or more of these. Although a federally tax-qualified policy can use a benefit trigger of two of six ADLs (the same as what is required of non-tax qualified, individual policies sold in Massachusetts), it could contain a benefit trigger that would make it much more difficult for you to become eligible for benefits (*e.g.* , three out of five ADLs.) Finally, group policies that are not federally tax-qualified can use any standard the insurer chooses.

Some policies will not count an ADL toward the benefit trigger unless you need **hands-on assistance** to do it. Other policies will count an ADL as long as you need **stand-by assistance**. It is harder to qualify for benefits if you have a policy that requires hands-on assistance. It also can be more difficult to claim benefits if you have a policy that recognizes only five ADLs. This is especially true if one of those five ADLs is not bathing, which is usually the first ADL that a person cannot do.

Most long-term care policies use **"cognitive impairment"** (mental incapacity) as another benefit trigger that allows you to qualify for benefits even if you are able to perform all of the ADLs on your own. This is an important benefit trigger if you are diagnosed with Alzheimer's disease or other dementia but are still able to perform most ADLs.

When do benefits begin?

Many policy benefits usually do not start the first day that you enter a nursing home or use other long-term care services. Instead, you must satisfy the policy's **elimination period** (waiting period) or a **deductible.** An **elimination period** or **deductible** requires you to pay for your own long-term care expenses for a specified number of days or a dollar amount before the insurer will pay benefits.

The longer the **elimination period** or higher the deductible, the lower the premium you will pay. If you choose a policy with a long **elimination period**, you should be prepared to cover the entire cost of the long-term care services you need during that period. Individual policies offered in Massachusetts cannot have an elimination period of greater than 365 days. Although a policy with a 365-day elimination period may cost less, it may mean that you should expect to pay tens of thousands of dollars before you are entitled to any benefits. Also, if you need care for only a short time, your policy may never pay benefits.

A longer elimination period might be right for you if (1) you can afford to cover your own long-term care costs during the **elimination** period and (2) you want protection against prolonged or "catastrophic" long-term care needs.

What is a Federally Tax-Qualified Policy?

You may be asked to choose between a "tax-qualified" long-term care insurance policy and one that is "non-tax-qualified." A **federally tax-qualified** long-term care insurance policy offers certain federal income tax advantages.

Under federal tax laws, the portion of your medical expenses that exceeds 7.5% of your adjusted gross income may be deductible. If you have a tax-qualified long-term care policy, you may be able to add the premiums you pay for the policy to your other deductible medical expenses when

calculating your income taxes. Furthermore, benefits paid by a qualified long-term care insurance policy generally are not taxable as income. (The federal Internal Revenue Service has not yet determined whether benefits paid by a non-qualified plan might be taxable as income.)

Policies sold as tax-qualified must meet certain federal standards. They must be **guaranteed renewable**, must include a number of consumer protection provisions and must cover only "qualified long-term care services."

Tax-Qualified Policies	***Non-Tax-Qualified Policies***
1. Premiums can be included with other annual uncompensated medical expenses for deductions from your income in excess of 7.5% of adjusted gross income up to a maximum amount adjusted for inflation.	1. You can't deduct any part of your annual premiums.
2. Benefits that you may receive will not be counted as income.	2. Benefits that you may receive may or may not count as income. The U.S. Department of the Treasury has not yet ruled on this issue.
3. Benefit triggers may be more restrictive than those that may be allowed in non-tax-qualified policies. The federal law requires you be unable to perform at least 2 of 5 out of 6 possible ADLs without **substantial assistance**.	3. Policies can offer a different combination of benefit triggers not to exceed requiring that the insured satisfy more than 2 ADLs. Benefit triggers may not be restricted to 2 of 6 ADLs.
4. "Medical necessity" can't be used as a trigger for benefits.	4. "Medical necessity" and/or other measurements of disability can be offered as benefit triggers.
5. ADL disability must be expected to last for at least 90 days.	5. Policies don't have to require that the ADL disability be expected to last for at least 90 days.
6. For cognitive impairment to be covered, a person must require "substantial supervision."	6. Policies don't have to require "substantial supervision" to trigger benefits for cognitive impairments.

Qualified long-term care services are those required by a "chronically-ill" person and are given by a long-term care provider according to a plan of care prescribed by a licensed health care

practitioner. Under federal law, a person is considered "chronically-ill" if (1) he or she is expected to be unable to perform at least two of five (or six) ADLs without substantial help from another person for at least 90 days or (2) he or she needs substantial supervision to protect his/her health and safety because of a cognitive impairment.

Please note that it is not always to your advantage to choose a federally tax-qualified policy over one that is not federally tax-qualified. You may need to be more incapacitated to qualify for benefits in a federally tax-qualified policy. However, any benefits received under a non tax-qualified policy COULD be taxable as income. Also, depending on your finances, you might not be able to take advantage of the federal tax breaks. You should consult your personal tax advisor on these issues.

Note: Most long-term care policies bought prior to January 1, 1997 are considered federally tax-qualified even if they do not meet all of the standards required of policies sold after that date. In most cases, you do not need to buy a new policy to qualify for the tax advantages.

What is a MassHealth (Medicaid) Qualified Policy?

If you receive **MassHealth (Medicaid)** and have a long-term care insurance policy that meets certain coverage requirements, you might be exempt from some MassHealth eligibility and recovery rules. These rules determine (1) whether your home will need to be sold in order for you to become eligible for MassHealth benefits and (2) whether you or your estate may need to repay MassHealth for any of the long-term care expenses it paid on your behalf.

This section provides only a brief overview of the complex laws that currently govern MassHealth and long-term care. You should seek independent, professional advice before making any decision.

Important Note: You should also be aware that laws may change and the exemptions and the minimum coverage requirements that exist today may not necessarily be the same in the future (or might not exist at all).

Qualifying long-term care insurance policies

Your policy must have a certain level of benefits available to pay for nursing home care **as of the day you enter a nursing home** in order for you to qualify for the MassHealth eligibility and recovery exemptions. When you enter a nursing home, your policy must:

- Have benefits available sufficient to cover nursing home care for at least 730 days.
- Have benefits available of at least $125 per day for nursing home care, except where the actual cost is less, regardless of whether the policy counts days or dollars toward the benefit level
- Not require an elimination period (days that services must be provided before your policy will begin to pay) of more than 365 days, or in lieu of a waiting period, a deductible of more than $54,750.

It should be noted that although a long-term care insurance policy may satisfy the MassHealth minimum coverage requirements at the time it is purchased, if an insured uses the policy to pay for non-nursing home benefits (e.g., home health care, personal care or assisted living benefits), the amount of benefits remaining available to pay for nursing home care may be less than what is

necessary to meet the MassHealth minimum coverage requirements. Depending upon the original maximum benefit and other benefits that may have been used, the policy may not meet the MassHealth minimum coverage requirements on the day you enter a nursing home.

For example: you bought a policy with 730 days of nursing home and home health care coverage, and prior to entering the nursing home used 100 days of coverage to pay for home health care services. On the day you enter the nursing home, you would have 630 days of coverage left to pay for nursing home care. This is less than the minimum 730 days of nursing home coverage required for certain MassHealth exemptions.

Therefore, when buying a policy, you should keep in mind that use of non-nursing home benefits may reduce available nursing home benefits below that required to meet the MassHealth minimum coverage requirements.

MassHealth exemptions for which you might qualify

Eligibility Exemption

If a person receives care in a nursing home and MassHealth pays for long-term care expenses, MassHealth may, in some cases, require an applicant's home to be sold in order to be eligible for MassHealth benefits. But if you have a qualifying long-term care insurance policy, MassHealth will not require you to sell your home.

MassHealth does not require all persons without a qualifying long-term-care insurance policy to sell their homes. ***Regardless of whether you have a qualifying policy***, MassHealth will not require you to sell your home in any of the following situations:

- You notify MassHealth that you intend to return home.
- Certain relatives are living there.
- You own the home jointly with someone else and the other owner is living there.

Recovery Exemption

In some cases, MassHealth will take steps to recover some or all of the costs of MassHealth benefits that you use. But, if you have a qualifying long-term care insurance policy, are institutionalized, and you notify MassHealth that you **do not** intend on returning home, you may be exempt from the general recovery rules.

MassHealth generally recovers its costs in two situations. First, if MassHealth places a lien against your home, and you sell it during your lifetime, MassHealth will generally recover from your share of the proceeds the cost of all MassHealth benefits provided. Second, if you die and own property, MassHealth will generally file a claim against your estate for the following costs paid by MassHealth:

(1) all MassHealth benefits provided after age 55; and
(2) any services in a nursing facility or other institution regardless of your age, if you were permanently institutionalized.

For individuals who die on or after July 1, 2003, an "estate," for purposes of MassHealth claims, includes not only property that passes through your probate estate, but also your interest, immediately prior to death, in property that passes outside your probate estate. In general, non-probate property includes such things as property owned as joint tenants or property in which you held a life estate.

If you qualify for the recovery exemption, you will not have to repay the costs of your nursing home stay or other long-term care. You will still be required to repay the costs of other MassHealth services such as hospital care, physician visits and prescriptions.

You should be aware that there are several situations in which MassHealth does not place liens or collect from estates ***regardless of whether you have long-term care insurance:***

- MassHealth does not place liens on the homes of all persons whose nursing home care is paid by MassHealth. MassHealth does not place a lien if certain relatives are living in the house, and it does not place a lien until it determines that you are unlikely to return home.

- MassHealth does not collect from the estates of all MassHealth members who die. MassHealth will waive recovery if (1) real property must be sold to pay its claim and (2) the property was left to a person who meets certain financial standards and has continually lived there for a year before you started receiving benefits. However, if during the first two years after MassHealth or a court determines that the conditions for waiver have been met, that person either (a) sells the property, (b) no longer uses the property as his or her primary residence, or (c) no longer meets the financial standards, MassHealth may require payment.

- If certain relatives survive you, your estate may delay paying MassHealth. No payment will be required while your spouse or any blind or permanently and totally disabled child is still living, or while any of your children is under age 21.

Purchasing insurance to qualify for MassHealth exemptions

Whether you should purchase long-term care insurance to qualify for the MassHealth exemptions is a personal decision. Depending on your financial circumstances, you could decide to purchase sufficient long-term care insurance to cover the full cost of any care you might require, thus eliminating the need for public assistance. You might also have other resources you plan on using to supplement whatever coverage you purchase.

As noted above, if you are considering choosing a policy based on whether it is intended to qualify for MassHealth exemptions, you must also consider that using policy benefits to pay for non-nursing home benefits may reduce policy benefits available for nursing home care below the MassHealth required level when you may enter a nursing home. Depending on your situation, you may choose initial benefit levels to reduce the likelihood of going below the MassHealth minimum.

It is important to remember that long term care insurance products are sold with a variety of features and benefit options. The features and benefit options you choose and how you use them may impact whether or not you have a policy that may qualify you for the MassHealth exemptions at the time you enter a nursing home.

For advice on whether to purchase long-term care insurance for the purpose of qualifying for MassHealth exemptions or for other advice in protecting your assets, you should speak with an attorney or financial planner experienced in estate planning and MassHealth eligibility.

For more information regarding the MassHealth program, call MassHealth's Customer Service Center at 1-800-841-2900 or visit MassHealth's website at www.mass.gov/masshealth.

Will Your Health Affect Your Ability to Buy a Policy or to Claim Benefits Later On?

Long-term care insurers usually "medically underwrite" individual coverage. If you are at high risk of needing long-term care services, they will most likely not offer you coverage. The insurance company will look at your health and medical history before deciding whether to issue an individual policy. Although group coverage offered through employers or associations is usually issued without medical screening, insurers may also medically underwrite some of these policies.

Most insurers do thorough underwriting at the time you apply for a policy. They will ask you many health and lifestyle-related questions, examine your medical records and ask your doctor for a statement about your health. If they find that you have a history of health conditions that increase the risk that you will need long-term care, they probably will refuse to sell you a policy. There is no law that requires long-term care insurers to insure people they consider to be at high risk.

Some insurers may do "short-form" underwriting by just asking you a few basic questions on the application form or not checking your medical records until you make a claim. This practice is called **"post-claims underwriting"** which is prohibited for policies sold in Massachusetts. Insurers that do not thoroughly check your health before selling you a policy may deny your claims later on if they find that you provided incomplete or untrue health information on your application. An insurer may try to refuse to pay you benefits because of information found in your medical record after you file your claim.

If you have any of the following conditions, an application for long-term care insurance will most likely be declined.

AIDS; Alzheimer's Disease;
Amyotrophic Lateral Sclerosis (Lou Gehrig's Disease);
Cystic Fibrosis; Dementia;
Huntington's Disease; Muscular Dystrophy;
Multiple Sclerosis; Organic Brain Syndrome; or
Parkinson's Disease

Please note that each insurance company will have its own medical underwriting guidelines. You should ask your agent or the insurance company any questions regarding health conditions that may cause an application to be declined.

If you find that an insurer may be practicing "post claims underwriting" or may be improperly

denying benefits in your policy, you should contact the Division of Insurance at (617) 521-7777.

What If You Have a Pre-Existing Condition?

A long-term care insurance policy usually defines a pre-existing condition as one for which you have received medical advice or treatment or had symptoms within a certain period before you applied for the policy. Insurers may sell policies to people with some **pre-existing condition**s, but may not pay benefits for services related to that condition for a period of time after the policy goes into effect.

In Massachusetts, **individual policies** (1) must refer to any pre-existing condition limitations on the front of the policy and outline of coverage and (2) must not exclude coverage for **pre-existing conditions** for more than 6 months after the date your policy becomes effective. Please be aware that **group policies** are not subject to the same regulations, and might exclude coverage for **pre-existing conditions** for longer periods.

How Are Benefits Paid?

Long-term care insurers usually pay benefits on an "**expense-incurred**" basis. This means that the insurer must decide if you are eligible for benefits and if your claim is for eligible services. If so, the insurer pays benefits either to you or your provider up to the limits in your policy. Your policy will pay benefits only when you actually receive eligible services.

Less common is the "**indemnity**" method, where the benefit is a set dollar amount. Under this approach, the insurer decides only whether you are eligible for benefits. If you are, the insurer pays benefits directly to you up to the limit of your policy, regardless of the type of services you receive or whether you receive services at all.

What Happens if You Forget or Are Unable to Pay Premiums on Time?

To protect you from losing your coverage if you forget to pay your premium on time, Massachusetts law requires all long-term care insurers to offer you the chance to designate a person you would like your insurer to contact if your payment is overdue. You will be asked to identify a relative, friend or professional (lawyer or accountant, for example), as your third party at the time of application and at least once every two years thereafter. You should take advantage of this important protection. If you choose not to identify a third party, your insurer will ask you to sign a waiver.

If your payment is over 30 days late, your insurer can take steps to cancel your policy by sending written notice to you and to your third party designee that your coverage will end in 30 days if it has not received your payment.

If your policy is cancelled for nonpayment, you have a right to "reinstatement" if, within five months, you provide proof to your insurer that you were mentally or physically impaired before the end of the policy's grace period.

Under What Circumstances Can Your Coverage Be Canceled?

If you pay your premiums on time, there are few circumstances under which your insurer can cancel your coverage. In Massachusetts, all **individual** long-term care insurance policies are at least **guaranteed renewable.** Long-term care insurance companies must offer you a chance to renew your coverage and can raise your premium only if approved by the Commissioner of Insurance and if it does so for all policyholders with your plan.

Non-payment of premium

The most common reason for the cancellation of a long-term care policy is that the policyholder has stopped paying the premium because he or she no longer wants or can afford the coverage.

Inaccurate or incomplete information on an application

If you provided incomplete or false information in response to questions about your health status when you applied for coverage, your insurer can **rescind** (cancel) your policy. It is, therefore, very important that you carefully complete the policy application.

Do not accept an insurance agent's offer to complete the health section of the application for you. Your insurer will give you a copy of your application when the policy is delivered. Review your answers again and report any inaccuracies to the insurer right away.

If, within two years of the application, your insurer discovers that the information you provided is not accurate, it can return your premiums and cancel your policy.

Termination of a group policy

Your coverage under a **group policy** may be canceled if your employer or group sponsor cancels its relationship with a carrier or if you are no longer a member of the sponsoring group. You may be able to continue your coverage within the group or in a group conversion product depending upon the terms of your policy's renewal section.

If You Already Own a Policy, Should You Switch Plans or Upgrade Existing Coverage?

Before you switch to a new long-term care insurance policy, make sure it is better than the one you have. Please note that this will probably cost you more since you will probably be older than when you first bought the policy. Check to see if you can upgrade the coverage on your current policy if you need additional benefits. It might cost less to improve a policy you have now than to buy a new one. Even if your agent now works for another company, you should think carefully before making any changes.

If you decide to switch to a new long-term care policy, make sure the new company has accepted your application and issued the new policy before you cancel the old one. Otherwise, you could end up with no coverage if the new insurer rejects your application.

Be mindful of the timing of your switch. When you cancel a policy in the middle of its term, many insurers will not refund the premiums you have paid. Also, new restrictions on **pre-existing**

conditions may apply. You may not have coverage for some conditions for a certain period of time.

What are the Responsibilities of Agents Selling Long-Term Care Insurance?

Long-term care insurance can be sold directly by insurance companies by mail or phone solicitation, by agents and brokers who represent one or more insurer, by some estate-planning lawyers or through an employer or other group setting.

Most people who buy long-term care insurance do so through an agent. A responsible, well-trained agent can be an important source of information about the policies that you are considering. Long-term care insurance is a relatively new type of insurance. Even though insurers are required to train their agents, not all agents who are licensed to sell long-term care insurance are equally well-trained and experienced. Ask about the training and experience of any agent with whom you are thinking of working.

Insurers usually pay agents commissions for each policy they sell. The amount of these commissions varies depending on the insurer and the type of policy. An agent might represent only one insurer or might receive a higher commission for selling one policy rather than another. Ask your agent to identify the insurers he or she represents and to explain his or her commission arrangements. This will help you understand whether the agent has an incentive to sell you a particular policy.

Massachusetts **requires** persons who sell long-term care insurance to:

- Disclose the fact that they receive compensation in connection with the sale or replacement of all long-term care insurance.
- Identify the insurer that they are representing in the sale and include the insurer's name on any printed materials that they present.
- Disclose whether the policy presented is an individual or group policy and, if it is a group policy, identify the group sponsor and any conditions that the consumer must satisfy to join and remain a member of the group.
- Provide the following materials to potential policyholders on a timely basis: (1) a copy of this guide, "Options for Financing Your Long-Term Care: A Massachusetts Guide" no later than the first personal contact between the potential insured and the agent; (2) a "policy illustration form" outlining the benefits of each policy you are presented no later than the time of the policy quote; and (3) an "outline of coverage" prior to the presentation of the policy's application form.

Massachusetts law **prohibits** persons who sell long-term care insurance from:

- Misrepresenting their expertise, qualifications or training to potential clients.
- Commenting on the legal or tax implications of purchasing long-term care insurance to the extent that they lack the training, qualification or license to provide such advice.
- Using "high-pressure tactics" (marketing methods that use force, fright, threat or other inappropriate pressure to sell insurance).
- "Twisting" (making misleading or incomplete comparisons of insurers or policies to convince a policyholder to drop, keep or change in any way his or her current policy or to buy a policy from

another insurer).

- Engaging in "cold-lead advertising" (failing to disclose that the advertising is connected with the sale of insurance and that an agent will be contacting the consumer).

If you believe that an agent or insurer might be violating any of the above marketing rules, you should report the agent to the Division of Insurance or the Attorney General's Office.

How Can You Effectively Work with an Agent, Broker or Financial Planner?

When working with your long-term care insurance agent, broker or financial planner, the most important thing to remember is not to be afraid to ask questions. In particular, be sure to discuss the following:

- Ask him or her to assist you with comparisons. Compare the policy illustrations, outlines of coverage and disclosures from several companies.
- Make sure you understand the difference between **Medicare** and **MassHealth (Medicaid)**, including the limitations of each.
- Know how any change in policy features affects the premiums. In particular, understand how the different inflation options work and which one is right for you based on your age, health and financial needs.
- Understand the important differences in policy benefits and prices. Remember that price is always relative; comparing similar plans is not always an easy task.
- Customize your coverage based on your specific needs. One insurance plan does not fit all situations.

A well-trained and experienced long-term care insurance specialist should ask you questions about your finances, health, family health history, support network and expectations regarding your financial security. Ultimately, the time taken at the outset to understand your needs will help ensure that you get what you need and avoid buying too much coverage.

What Shopping Tips Should You Keep in Mind?

Ask Questions. If you have questions about any agent, insurance company or policy, you can contact the Division of Insurance consumer service help line at (617) 521-7777. You can obtain a list of approved **individual** long-term care insurance products by contacting this help line or accessing the Division of Insurance website at http://www.state.ma.us/doi.

Check With Several Companies and Agents. You should consider contacting several companies (and agents) before you buy. You have a right to ask agents for a "policy illustration form" (see Appendix D) which is a standard form that can be compared with similar forms of other companies. Be sure to compare benefits, the types of facilities or types of care covered, the limits on and exclusions to your coverage and the premium. Remember that policies that have the same coverage and benefits may not cost the same.

Be aware that cheaper today does not necessarily mean cheaper over the lifetime of the policy.

Companies may need to raise rates later if premiums collected do not cover expenses. Since you may not be able to switch to a similar policy with another company at a later time, you should look at a company's rate history when considering whether it may be likely to increase premiums in the future. You should also consider the length of time that you may hold a policy and pay premiums before needing any policy benefits.

Take Your Time and Compare Outlines of Coverage. Never let anyone pressure or scare you into making a quick decision. Don't buy a policy the first time you see an agent. Ask for an outline of coverage - it outlines the policy's benefits and points out important features - and compare outlines of coverage for several policies. In Massachusetts, an agent must leave a company's outline of coverage with you when he or she first contacts you about buying a policy.

Take Someone with You When You Meet with an Agent. Two sets of ears are better than one and it helps to have someone you can call besides the agent to remind you of details that are unclear.

Understand the Policy. Learn what the policy covers and what it doesn't. If you have any questions, call the insurance company or a counselor before you buy.

An agent may give you answers that are vague or different from the information in the company literature. You may have questions about the policy. If either happens, tell the agent you will get back to him or her later. Don't hesitate to contact the company to ask questions. Don't trust presentations claiming you have only one chance to buy a policy.

Some companies may sell their policies through the mail, skipping agents entirely. If you buy a policy through the mail, check with the company if you don't understand how the policy works. Talk about the policy with a friend or relative. You may also want to contact the Massachusetts Division of Insurance consumer help line at (617) 521-7777 for information about policies.

Don't be Misled by Advertising. Most celebrity endorsers are paid to advertise. They are not insurance experts. Neither Medicare nor any other federal agency endorses or sells long-term care insurance policies. Be wary of any advertising that suggests the federal government is involved.

Don't trust cards you get in the mail that look as if the federal government sent them. Insurance companies or agents trying to find buyers may have sent them. Be careful if anyone asks you questions over the telephone about Medicare or your insurance. They may sell any information you give to long-term care insurance marketers, who may then contact you by phone, or come to your home to sell you insurance.

Don't Buy More than One Long-Term Care Insurance Policy. You don't have to buy more than one policy to get enough coverage for long-term care. One good policy should be enough. For more information, consider re-reading the section entitled "If You Already Own a Policy, Should You Switch Plans or Upgrade Coverage?" Be sure to discuss any change in your coverage with a qualified advisor.

Be Sure You Accurately Complete Your Application. Don't be misled by long-term care insurance marketers who say your medical history isn't important – it is! Give correct information. If an agent fills out the application for you, don't sign it until you have read it first. Make sure that all of the

medical information is correct. If it isn't and the company used that information to decide whether to insure you, it can refuse to pay your claims and even cancel your policy.

Never Pay with Cash. Use a check or money order payable to the insurance company and keep all cancelled checks.

Consider Having the Premium Automatically Withdrawn from Your Bank Account. Automatic withdrawal will prevent you from losing coverage if you forget to pay your premium. If you decide not to renew your policy, be sure to tell the bank to stop the automatic withdrawals. Be sure to check with the insurance company about possible fees if you are considering this option.

Be Sure to Get the Name, Address and Telephone Number of the Agent and Company. Get a local or toll-free telephone number for both the agent and the company.

If You Don't Get Your Policy within 60 Days, Contact the Company or Agent. You have a right to expect prompt delivery of your policy. When you get it, keep it somewhere you can easily find it. Tell a trusted friend or relative where you keep it.

Be Sure You Look at Your Policy during the Free-Look Period. If you decide you don't want the policy soon after you buy it, you can cancel it and get your money back. You must tell the company you don't want the policy within a certain number of days after you get it. The "free-look" period must be noted on the front of the policy. If you want to cancel, keep the envelope the policy was mailed in or ask the agent for a signed delivery receipt when he or she hands you the policy. Send the policy to the insurance company along with a short letter asking for a refund. Send both the policy and the letter by certified mail and keep the mailing receipt. Keep a copy of all letters. Please note that it might take four to six weeks to get your refund.

Read the Policy Again and Make Sure It Gives You the Coverage You Want. Check the policy to see if the benefits are what you expected. If you have any questions, call the agent or company right away. Also, re-read the application you signed. It too is a part of the policy. If it's not filled out correctly, contact the agent or company right away.

Provide Your Spouse or Dependents with a Copy of Your Policy. In the event that you are incapacitated, it is important that those who would be responsible for your care understand what coverage you have through your long-term care insurance.

Check the Financial Stability of the Company You're Thinking About Buying From. Several insurer rating services analyze the financial strength of insurance companies. The ratings can show you how analysts view the financial health of individual insurance companies. Different rating services use different rating scales. Be aware of how the agency labels its highest ratings and the meaning of the ratings for the companies you are considering.

You can get free ratings from some insurer rating services at most public libraries. Or you can call the services directly or access the internet addresses listed below. (Note that calls to a "900" number will mean an extra charge on your telephone bill.)

A.M. Best Company (908) 439-2200 (charged to a credit card) or on the internet at http://www.ambest.com

Duff & Phelps, LLC (212) 450-2800 on the internet at http://www.duffandphelps.com

Fitch Ratings (212) 908-0500 or on the internet at http://www.fitchibca.com

Moody's Investors Services, Inc. (212) 553-1658 or on the internet at http://www.moodys.com

Standard & Poor's Insurance Rating Services (877) 299-2569 or on the internet at http://www. www2.standardandpoors.com

Weiss Research Inc. (800) 289-9222 or on the internet at http://www.weissratings.com

Appendix A
Directory of Long-Term Care Resources

FEDERAL AGENCIES

Centers for Medicare & Medicaid Services
formerly known as the Health Care Financing Administration
Phone: 1-800-633-4227; Internet address: www.medicare.gov

STATE AGENCIES

Attorney General's Office Insurance Hotline:
Phone: 1-888-830-6277 or 617-727-2200; Internet address: www.ago.state.ma.us

Department of Public Health
- **Office of Elder Health:**
  Phone: 617-624-5070; Internet address: www.mass.gov/dph/fch/elderhealth
- **Nursing Home Information:**
  Phone: (617) 753-8000;
  Internet address: www.mass.gov/dph/qtool/qthome.htm

Department of Veterans' Services
Phone: 617-727-3578; Internet address: www.state.ma.us/veterans

Executive Office of Elder Affairs
- **Information about Aging Services Access Points (ASAPs)**
  Phone: 1-800-882-2003; Internet address: www.800ageinfo.com
- **Serving the Health Information Needs of Elders (SHINE)**
  Phone: 1-800-AgeInfo (1-800-243-4636)

MassHealth (Medicaid), Division of Medical Assistance
Phone: 1-800-841-2900; Internet address: www.mass.gov/masshealth

PRIVATE AGENCIES

Home Care Alliance of Massachusetts
Phone: 617-482-8830 or 1 800- 332-3500; Internet address: www.hcalliancema.org

Homeowner Options for Massachusetts Elders (HOME)
Phone: 800-583-5337;
Internet address: www.catalogueforphilanthropy.org/ma/1997/homeowners_options_248.htm

The Hospice Federation of Massachusetts
Phone: 781-255-7078 or 1-800-962-2973; Internet address: www.hospicefed.org

Massachusetts Aging Services Association (MassAging)
Phone: 617-244-2999; Internet address: www.massaging.org

Massachusetts Assisted Living Facilities Association (MASS-ALFA)
Phone: 781-622-5999; Internet address: www.massalfa.org

Massachusetts Extended Care Federation (MECF)

Phone: 617-558-0202 or 1-800-CARE-FOR; Internet address: www.mecf.org

Appendix B
Glossary of Common Long-Term Care Expressions

Accelerated Death Benefit

A feature of a life insurance policy that permits the use of some of the policy's death benefit prior to death. Certain policies may allow this benefit to pay for long-term care services.

Activities of Daily Living (ADLs)

Everyday functions and activities individuals usually do without help. ADL functions include bathing, continence, dressing, eating, toileting and transferring.

Adult Day Care

Social or dementia Day Care for adults, usually at senior or community centers.

Adult Day Health

Nursing, educational and rehabilitative services provided by a program approved by the Massachusetts Division of Medical Assistance or by a program meeting the requirements of the state in which adult day health services are provided.

Alternate Care Provision

Feature required in individual long-term care insurance policies that may cover unspecified treatments or services if agreed to by the insured, the insurer and the insured's health care practitioner.

Alzheimer's Disease

A progressive, degenerative form of dementia that causes severe intellectual deterioration.

Assisted Living Facility

A residential living arrangement that provides individualized personal care and health services for people who require assistance with activities of daily living. In Massachusetts, the Executive Office of Elder Affairs certifies Assisted Living Residences.

Benefit Triggers

Term used by insurance companies to describe when the policy will begin to pay benefits.

Care Management Services

A service in which a professional, typically a nurse or social worker, may arrange, monitor or coordinate long-term care services.

Cash Surrender Value

The amount of money available from an insurance company when an insured person terminates a whole life or universal life insurance policy or cancels an annuity contract. The amount of cash value will be determined as stated in the policy or contract.

Chore Care

Non-medical services that are provided in the insured's home and are designed to maintain the insured's home so that it remains habitable, including at a minimum: vacuuming (including the moving of furniture), washing floors and walls, defrosting freezers, cleaning ovens, cleaning

attics and basements to remove fire and health hazards, changing storm windows, performing heavy yardwork, shoveling snow, and making minor home repairs (such as replacing windows, door/window locks, handrails and safety rails, making minor repairs to stairs or floors and weatherizing the home).

Chronic Illness

An illness with one or more of the following characteristics: permanency, residual disability, requiring rehabilitation training or a long period of supervision, observation, or care.

Cognitive Impairment

A deficiency in a person's short or long-term memory, orientation as to person, place and time, deductive or abstract reasoning or judgment as it relates to safety awareness.

Community-Based Services

Services designed to help older people stay independent and in their own homes.

Custodial Care (Personal Care)

Care to help individuals meet personal needs such as bathing, dressing and eating. Custodial Care is not medical care and may be provided by someone without professional training.

Daily Benefit

The amount of insurance benefit in dollars per day that a person chooses to buy for covered expenses.

Deductible

A flat dollar amount that an individual must pay for covered services before the insurance company will begin to make payments.

Dementia

Deterioration of intellectual faculties due to a disorder of the brain.

Elimination Period

A type of deductible. It is the length of time an individual must pay for covered services before the insurance company will begin to make payments.

Group Policy

A policy sold through an employment-based group, association or special group insurance trust. Individuals receive certificates of coverage from the group policy. These policies are not subject to most state insurance requirements.

Guaranteed Renewable

Policy feature guaranteeing the insured's right to continue a policy. The company cannot change the coverage or refuse to renew the coverage for other than nonpayment of premiums (including health conditions and/or marital or employment status); however, the company can revise the rate subject to the approval of the Commissioner of Insurance.

Appendix B
Glossary of Common Long-Term Care Expressions (cont.)

Home Care Services

Household services done by someone other than yourself because you're unable to do them. Services include, but are not limited to, shopping, planning menus, preparing meals, home delivered meals, laundry, and light house cleaning and maintenance, including vacuuming, dusting, dry mopping, dishwashing, cleaning the kitchen/bathroom and changing beds.

Home Health Care

Services for occupational, physical, respiratory, speech therapy or nursing care. Also included are medical, social worker and home health aide services.

Hospice Care

Services to ease the pain of terminally ill individuals provided by an agency or program licensed by the Massachusetts Department of Public Health or an agency or program meeting the requirements of the state in which hospice services are provided.

Individual Policy

A policy sold directly by a company to an individual without requiring the individual to be a member of an employment-based group, association or special group insurance trust. These policies are usually sold by insurance agents but sometimes through direct mail or phone solicitations.

Inflation Protection

A policy option that provides for increases in benefit levels to help pay for expected increases in the costs of long-term care services. Applicants usually have the choice of automatic increases or periodic special offers to increase plan benefits.

Lapse

Termination of a policy when a renewal premium is not paid.

Lifetime maximum dollar amount

Maximum dollar amount, as chosen by the insured, which the carrier shall pay for covered benefits after the satisfaction of any elimination period or deductible.

MassHealth (Medicaid)

The joint federal/state program that pays for health care services in Massachusetts for those with low incomes or very high medical bills relative to income and assets. In Massachusetts, this program is administered by the Massachusetts Division of Medical Assistance under Title XIX of the federal Social Security Act, 42 USCS §1396 *et seq*., and M.G.L. c 118E.

Medicare

The federal program providing hospital and medical insurance to people aged 65 or older and to certain ill or disabled persons under Title XVIII of the federal Social Security Act, 42 USCS §1395 *et seq*., as amended.

Medicare Supplement Insurance

A private insurance policy that covers many of the gaps in Medicare coverage.

Appendix B
Glossary of Common Long-Term Care Expressions (cont.)

Noncancelable Policy

An insurance contract that guarantees the insured's right to continue the in-force insurance policy at the same premium level by the timely payment of premiums. A carrier cannot cancel, cannot decline to renew, cannot make any unilateral change in any provision of coverage, and cannot revise premium rates for a noncancelable policy without the agreement of the insured.

Nonforfeiture Benefits

A policy feature that provides a specified paid-up benefit or returns at least part of the premiums to you if you cancel your policy or let it lapse.

Nursing Home

Facility that is primarily engaged in providing nursing care and related services on an inpatient basis under a license issued by the Department of Public Health or the appropriate licensing agency of the state in which it is located.

Personal Care

See Custodial Care. Services provided by a personal care provider include, but are not limited to, assistance with bathing, bedpan routines, foot care, dressing and care of dentures; shaving and grooming; assistance with eating; and assistance with ambulating and transfers.

Pre-existing Conditions

Illnesses or disability for which treatment or a diagnosis was received within a 24-month period before long-term care insurance becomes effective.

Rescind

To void (cancel) a policy.

Respite Care

Services to temporarily relieve family caregivers of the stresses and demands of caring for a person with a chronic illness or cognitive impairment. In addition to home care, personal care and home health care, respite care services may include but are not limited to short-term placements in adult foster care, nursing facilities or rest homes.

Rider

Addition to the insurance policy that changes or adds to the provisions or coverage of the insurance policy.

Social Day Care

Training, counseling, and social services as defined by standards issued by the Executive Office of Elder Affairs. This includes assistance with walking, grooming, and eating and planned recreational and social activities suited to the needs of the participants and designed to encourage physical and mental exercise and stimulate social interaction.

Substantial Assistance

Hands-on or stand-by help required to do ADLs.

Appendix B
Glossary of Common Long-Term Care Expressions (cont.)

Substantial Supervision
The presence of a person directing and watching over another who has a cognitive impairment.

Tax-Qualified Long-Term Care Insurance Policy
A policy that conforms to certain standards in federal law and offers certain federal tax advantages.

Third Party Notice
A policy feature enabling an applicant for long-term care insurance to name someone whom the insurance company would notify if coverage is about to lapse due to lack of premium payment. This can be a relative, friend or professional such as a lawyer or accountant.

Underwriting
The process of examining, accepting or rejecting insurance risks, and classifying those selected, in order to charge the proper premium for each.

Universal Life Insurance
A kind of flexible policy that permits an insured to vary premium payments and adjust the face amount of coverage.

Waiver of Premium
A provision in an insurance policy that relieves the insured of paying the premiums while receiving benefits.

Whole Life Insurance
Policies that build a cash value and cover a person for as long as he or she lives if premiums continue to be paid.

Appendix C
Availability and Cost of Long-Term Care

Use this worksheet to record information when investigating which agencies and facilities provide long-term care services in your area (or in the area where you would be most likely to receive care) and what the costs are for these services.

Home Health Agency

Name of *one* Home Health Agency you might use _____

_____

Address _____

_____

_____

Phone number _____

Contact Person _____

Name of *another* Home Health Agency you might use _____

_____

Address _____

_____

_____

Phone number _____

Contact Person _____

Check which types of care are available and list the cost

- ❑ Skilled Nursing Care
  Cost/Visit $ _____
- ❑ Home Health Care
  Cost/Visit $ _____
- ❑ Personal/Custodial Care
  Cost/Visit $ _____
- ❑ Home Care Services
  Cost/Visit $ _____

- ❑ Skilled Nursing Care
  Cost/Visit $ _____
- ❑ Home Health Care
  Cost/Visit $ _____
- ❑ Personal/Custodial Care
  Cost/Visit $ _____
- ❑ Home Care Services
  Cost/Visit $ _____

Appendix C
Availability and Cost of Long-Term Care (cont.)

Nursing Facility

Name of *one* Nursing Facility

_____

Address _____

_____

_____

Phone number _____

Contact Person _____

Name of *another* Nursing Facility

_____

Address _____

_____

_____

Phone number _____

Contact Person _____

Check which types of care are available and list the cost

❑ Skilled Nursing Care
Cost/Month $ _____

❑ Personal/Custodial Care
Cost/Month $ _____

❑ Skilled Nursing Care
Cost/Month $ _____

❑ Personal/Custodial Care
Cost/Month $ _____

Other Facility

Other Facility or Service you might use
(e.g. adult day care center, assisted living, etc.)

_____

Address _____

_____

_____

Contact Person _____

What services are available? _____

_____

_____

What are the costs for these services?

_____

Other Facility or Service you might use
(e.g. adult day care center, assisted living, etc.)

_____

Address _____

_____

_____

Contact Person _____

What services are available? _____

_____

_____

What are the costs for these services?

_____

Appendix D
Long-Term Care Insurance Policy Illustration Form

I. FEDERAL TAX/STATE MASSHEALTH (MEDICAID) EXEMPTIONS

This Individual/Group Policy is Intended to:	Yes/No
1. Qualify for **Federal Income Tax** Deductions/Exemptions under Federal Law*	
2. Qualify for **MassHealth (Medicaid)** Exemptions under Massachusetts Law*	

***These laws are subject to change at any time.** These exemptions might not apply to this policy at a future date. Read *Your Options for Financing Long-Term Care: A Massachusetts Guide* for more information.

II. THIS POLICY COVERS THE FOLLOWING LONG-TERM CARE SERVICES

Type of Service	Daily Benefit[1]	Max Benefit ($/Days)[1]	Type of Service	Daily Benefit[1]	Max Benefit ($/Days)[1]
1. Nursing Home			5. Home Care		
2. Assisted Living			6. Adult Day Care		
3. Home Health Care			7. Respite Care		
4. Personal Care			8. Other		

III. BENEFIT LIMITS[2]

$_____ per day/month/year for _____ days/months/years **OR** $_____per lifetime

IV. BENEFITS BEGIN AFTER:

____ Days **OR** $ Deductible

V. EXCLUSIONS AND LIMITATIONS

Type	Yes/No[3]
PREEXISTING CONDITIONS	
OTHER:	

VI. TO BE ELIGIBILE FOR BENEFITS

You must need supervision due to a cognitive impairment OR
You must need **hands-on help/standby help** with ___ of the following Activities of Daily Living: eating, transferring, bathing, dressing, toileting, continence due to a loss of physical capacity or severe cognitive impairment.

VII. OTHER BENEFITS

Yes/No	Type	Terms	Premium
	Inflation Protection		$
	Nonforfeiture Benefit		$
	Other		$

VIII. ANNUAL PREMIUM

Terms and Conditions[4]	Total
	$

IMPORTANT: This is a brief summary of proposed coverage. It is not a policy. If you choose to purchase a policy, please read and review your policy carefully to verify that the coverage you have purchased is the coverage you intended to purchase.

[1,2,3,4] See reverse side for more information

Appendix D
Long-Term Care Insurance Policy Illustration Form (cont.)

ADDITIONAL INFORMATION

[1] These benefit amounts usually are not cumulative. For example, if your policy provides a total of 730 days of coverage and you use 100 days to pay for home health care services, you will have 630 days of coverage left to apply to other services such as nursing home care.

Further information about the benefits covered by this policy:

[To be completed by carrier.]

[2] Long-term care insurance usually does not cover the full cost of long-term care services. According to the most recent *Your Options for Financing Long-Term Care: A Massachusetts Guide*, the **average cost** of private nursing home care in Massachusetts was $191 per day and the **average stay in a nursing home** lasted 511 days. The average cost of home health care services in Massachusetts was $45 per day.

Inflation is likely to have increased these average costs by the time you need long-term care services. Inflation protection coverage will help protect the value of your benefits:

[To be completed by carrier. INFLATION PROTECTION ILLUSTRATION demonstrating graphically how inflation and inflation protection option could affect policy benefits over 20-year period. If necessary, a separate page may be attached to the Policy Illustration Form that includes an illustration of the policy's inflation protection.

[3] Further information about the **exclusions or limitations** contained in this policy:

[To be completed by carrier.]

[4] **Level premiums** are designed to stay the same for the life of the policy, although they can be changed for an entire class of policyholders. **Guaranteed premiums** never can be increased. Some premiums are subject to **discounts** (for example, spousal discounts or a first-year-only discount).

Prepared For: [Name] **Date:**
Agent: [Name, Address, Phone]

Appendix E
Accelerated Benefit Riders to Life Insurance Policies

The purpose of this worksheet is to help you evaluate one or more life insurance policies with accelerated benefit riders that may be used to pay for the cost of long-term care services. Fill out the form so you can compare your options. In addition you should complete Appendix D regarding the long-term care benefits provided by the policy.

Insurance Company Information	**Policy 1**	**Policy 2**
1. Name of the insurance company		
Agent's name		
2. Is the company licensed in your state?	Yes / no	Yes / no
3. Insurance rating service and rating (Refer to page 28)		

Policy Information

4. What kind of life insurance policy is it:		
Whole life insurance?	Yes / no	Yes / no
Universal life insurance?	Yes / no	Yes / no
Term life insurance?	Yes / no	Yes / no
5. What is the policy's premium?	$	$
6. How often is the premium paid:		
One time / single premium?	Yes / no	Yes / no
Annually for life?	Yes / no	Yes / no
Annually for 10 years only?	Yes / no	Yes / no
Annually for 20 years only?	Yes / no	Yes / no
Other?		
7. Is there a separate premium for the accelerated benefit in the life policy?	Yes / no	Yes / no
If not, how is the premium paid:		
• Included in life insurance premium?	Yes / no	Yes / no
• Deducted from the cash value of the life insurance policy?	Yes / no	Yes / no
8. How many people will the policy cover?		
9. Will the payment of long-term care benefits decrease the death benefit and cash value of the policy?	Yes / no	Yes / no
Will an outstanding loan affect the long-term care benefits?	Yes / no	Yes / no
Did you receive an illustration of guaranteed values?	Yes / no	Yes / no
If yes, do the policy values equal zero at some age on a guaranteed midpoint basis?	Yes / no	Yes / no
If so, at what age?		

Appendix F
Facts About Your Long-Term Care Insurance Policy

For use after you buy a long-term care policy. Complete this form and put it with your important papers. You may want to make a copy for a friend or a relative.

1. **Insurance Policy Date**
   Policy Number _____
   Date Purchased _____
   Annual Premium _____
2. **Insurance Company Information**
   Name of Company _____
   Address _____
   Phone Number _____
3. **Agent Information**
   Agent's Name _____
   Phone Number _____
   Address _____
4. **Type of Long-Term Care Policy**
   _____ Tax-qualified _____ MassHealth (Medicaid)
   _____ Nursing home only _____ Home health care only
   _____ Comprehensive (nursing home, assisted living, home and community care)
5. **How long is the waiting period before benefits begin?** _____
6. **How do I file a claim?** (Check all that apply)
   _____ I need prior approval _____ Contact the company
   _____ Fill out a claim form _____ Submit a plan of care
   _____ Doctor notifies the company _____ Assessment by company
   _____ Assessment by care manager
7. **How often do I pay premiums?** ____ Annually ____ Semi-annually ____ Other
8. **The person to be notified if I forget to pay the premium:** _____
   Address _____ Phone number _____
9. **Are my premiums deducted from my bank account?** ____ Yes ____ No
   Name and address of my bank: _____
   Bank account number: _____
10. **Where do I keep this long-term care policy?** _____
    Other information _____
11. **Friend or relative who knows where my policy is:** _____
    Address _____
    Phone number _____

The Commonwealth of Massachusetts
Executive Office of Elder Affairs
One Ashburton Place, Boston, MA 02108

DEVAL L. PATRICK
Governor
TIMOTHY P. MURRAY
Lieutenant Governor
ANN HARTSTEIN
Secretary
SANDRA K. ALBRIGHT
Undersecretary

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TTY/TTD 1-800-872-0166
www.ma.gov/elder

Massachusetts Bulletin for People with Medicare

Health insurance programs for people with Medicare include:

- Original Medicare (Part A and Part B)
- Original Medicare +Medicare Supplement Insurance (Medigap)
- Medicare Advantage Plans (Medicare Part C)
- Medicare Prescription Drug Coverage (Medicare Part D)
- Employer or Union Health Coverage (including retiree health plans)
- COBRA
- MassHealth (Medicaid)Programs
- Veterans Health Benefits
- Military Benefits (TRICARE)
- Indian Health Services

Programs for people with limited income and resources that may help pay for some health care and prescription drug costs

- "Extra Help" Paying for Medicare Prescription Drug Coverage (Part D)
- Medicare Savings Programs (Help with Medicare Costs)
- MassHealth (Medicaid)
- Prescription Advantage (State Pharmacy Assistance Program)

This Bulletin provides basic information about some of the programs listed above. Contact your plan benefits administrator for information about employer, union, retiree or other group health coverage. Contact your local veterans' agent for information about veterans health care services. Contact Indian Health Services for health care services for American Indians and Alaska Natives

THE SHINE PROGRAM Serving the Health Information Needs of Elders

EXECUTIVE OFFICE OF ELDER AFFAIRS Promoting Your Independence

ship state health insurance assistance programs NATIONAL NETWORK

LOCAL HELP FOR PEOPLE WITH MEDICARE

Medicare

Medicare is health insurance for people:

- age 65 or older
- under age 65 with certain disabilities
- any age with End-Stage Renal Disease (ESDR) (permanent kidney failure requiring dialysis or a kidney transplant)

Medicare has four parts:

- **Medicare Part A (Hospital)** helps cover inpatient care in hospitals, skilled nursing facilities, hospice care, home health care and other services.
- **Medicare Part B (Medical)** helps cover out-patient medically-necessary services like doctor's services, outpatient care, some preventive services, x-rays, tests, physical, occupational and speech therapy, ambulance service, medical supplies and equipment.
- **Medicare Part C (Medicare Advantage Plans)** are sold by private insurers. Medicare Advantage Plans cover Part A, Part B and other services. Some plans include Medicare prescription drug coverage (Part D). See details below.
- **Medicare Part D (Medicare Prescription Drug Coverage)** helps pay for outpatient prescription drugs.

Medicare Options

There are two ways to get Medicare health coverage:

1. **Original Medicare** covers **Part A** and **Part B** services**.** You can go to any doctor, hospital or other provider that accepts Medicare. Original Medicare is managed directly by Medicare.
   People who choose Original Medicare may purchase Medicare Supplement Insurance (Medigap) **from private insurers** to cover out-of-pocket costs (gaps) in Original Medicare.
   If you want prescription drug coverage, you must choose and join a Medicare Prescription Drug Plan
2. **Medicare Advantage Plans (MAP)-Part C**
   Medicare Advantage Plans include both Part A and Part B and **may** cover extra services not covered by Medicare such as vision, hearing, dental, health and wellness programs.
   You must have Medicare Part A and Part B and pay the Part B premium.
   Medicare Advantage Plans are sold by private companies approved by Medicare.
   You do not need to buy (or can't buy) a Medigap policy to cover Medicare Advantage Plan out-of-pocket costs.

Most Medicare Advantage plans require you to pay a monthly premium, copayments, coinsurance and deductibles. Out of pocket costs, extra benefits and rules vary from plan to plan.

There are different types of Medicare Advantage Plans including:

- Medicare Health Maintenance Organization (HMO) Plan
- Preferred Provider Organization (PPO) Plan
- Private Fee-For-Service (PFFS) Plan
- Medical Savings Account (MSA) Plan
- Special Needs Plan (SNP)

Medicare Prescription Drug Coverage (Part D)

Medicare offers prescription drug coverage (Part D) to help pay for prescription drug costs for people with Medicare.

Medicare prescription drug plans are sold by private companies approved by Medicare.

Many Medicare Advantage Plans offer prescription drug coverage (Part D) usually for additional cost.

People with Medicare who do not join a Medicare prescription drug plan when first eligible, may have to pay a late enrollment penalty (higher premiums).

People with limited income and resources, may be eligible for extra help to pay for Medicare drug plan costs.

Medicare Advantage Plans (Part C) and Medicare prescription drug plans (Part D) benefits, formularies, premiums, copayments, coinsurance and rules etc. vary from company to company, from plan to plan and may change every year. Each year, Medicare enrollees should examine and compare the costs, benefits and plan rules to choose the plan that best works with their health care and other needs

For more details refer to the official U.S. government "Medicare & You" handbook or contact Medicare at:

1-800-Medicare (1-800-633-4227)

(**TTY 1-877-486-2048** for people with partial or total hearing loss)

or visit **www.medicare.gov**

For free health insurance information, counseling or help choosing a health plan contact:

SHINE(Serving Health Information Needs of Elders)

1-800-AGE-INFO(1-800-243-4636) press 3

(**TTY: 1-800-872-0166** for people with partial or total hearing loss)

THE SHINE PROGRAM Serving the Health Information Needs of Elders

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<u>Medicare Supplement Insurance</u> ("Medigap")

Medicare Supplement Insurance (Medigap) is health insurance sold by private insurance companies to individuals enrolled in the Original Medicare Plan to cover the "gaps" in the Original Medicare Plan. Some Medigap policies also cover benefits that the Original Medicare Plan does not cover. Two standard Medigap policies are offered to Massachusetts residents:

- Medicare Supplement Core
- Medicare Supplement 1

*In compliance with Federal regulations**, Medicare Supplement 2 plans which include prescription drug coverage may no longer be offered. Members who were enrolled in Medicare Supplement 2 plans on or before December 31, 2005 may remain enrolled in their Supplement 2 plans and continue their prescription coverage**.*

Medicare Supplement Insurance is regulated by federal and state laws

- The Medigap policy must clearly define it as "Medicare Supplement Insurance". Coverage and text is standard for all insurers.
- Medigap policies are guaranteed renewable and cannot be cancelled unless the beneficiary stops paying the premium or provides false information on the application.
- Medigap insurers cannot refuse to sell a policy, exclude or limit coverage, or require a waiting period before coverage starts due to existing health problems.
- Medigap insurers must offer the same premium (a "community rate") to all policyholders and cannot charge a different premium based on age or health.

The Massachusetts Division of Insurance monitors insurance companies authorized to sell insurance in Massachusetts. For general information contact,

Massachusetts Division of Insurance
617-521-7794 (Boston), 413-7785-5526 (Springfield)
(TTY: 617-521-7490 for people with partial or total hearing loss)
or visit **www.state.ma.us/doi**

For information and counseling about Medicare programs and options, contact
SHINE (Serving Health Information Needs of Elders)
1-800-AGE-INFO(1-800-243-4636) press 3
(TT**Y: 1-800-872-0166** for people with partial or total hearing loss)

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Programs for People with Limited Income and Resources

- **Extra Help Paying for Medicare Prescription Drug Coverage (Part D)**

"Extra Help" (also called low-income subsidy) is available from Medicare to help pay prescription drug costs if the person's income and resources are below certain limits and the person is enrolled in a Medicare prescription drug plan.
"Extra Help" may include help paying the drug plan premium, the deductible, copayments and the doughnut hole (coverage gap).

- **Medicare Savings Programs (MassHealth Buy-In)**

Medicare Savings Programs is a federal program for people eligible for Medicare. Medicare Savings Programs are administered by MassHealth and is called MassHealth Buy-In. MassHealth Buy-In pays Medicare Part A and B premium for Massachusetts residents who have limited income and resources and who are not getting other MassHealth benefits. To get MassHealth Buy-In, your income and assets must be under certain limits.
For more information about eligibility and enrollment contact:

- **MassHealth**

Masshealth(Medicaid) administers various programs that help pay medical costs for people with limited income and resources.
MassHealth is administered by the Massachusetts Executive Office of Health and Human Services.
Several MassHealth programs for seniors and others include:

- **MassHealth Standard** pays for a wide range of health-care benefits and is the only coverage that pays for long-term-care services.
- **MassHealth Standard for people aged 65 or over who need Personal Care Attendant (PCA)**
- **Program for All-inclusive Care for the Elderly (PACE)**
  A program that allows people that need nursing home level of care to remain in the community. PACE providers deliver needed medical and support services to seniors living in the community.
- **SCO (Senior Care Options)**
  MassHealth Senior Care Options (SCO) is a coordinated health plan that combines Medicare and Medicaid health care services with social support services.
  For information or questions about eligibility and enrollment for contact

MassHealth Customer Service 1-800-841-2900
(TTY: 1-800-497-4648 for people with partial or total hearing loss)
or visit **www.800ageinfo.com**

Prescription Advantage (State Pharmacy Assistance Program-SPAP)

Prescription Advantage is a State Pharmacy Assistance Program for seniors and people with disabilities. Prescription Advantage is administered by the Massachusetts Executive Office of Elder Affairs. Prescription Advantage is available to Massachusetts residents who are not receiving prescription drug coverage from MassHealth/Medicaid and who are:

- Age 65 or older; and enrolled in a Medicare prescription drug plan (Medicare Part D) or other creditable coverage and not eligible for MassHealth Standard.
  Prescription Advantage supplements Medicare Part D coverage.

- Under age 65, have a qualified disability, work no more than 40 hours per month, and meet Prescription Advantage income requirements.

- There is no premium for most people enrolled in the Massachusetts Prescription Advantage program.

For information or questions about eligibility and enrollment in Prescription Advantage contact

Prescription Advantage Customer Service
1-800-AGE-INFO (1-800-243-4636) press 2
(TTY: 1-800-610-0241 for people with partial or total hearing loss)
or visit **www.800ageinfo.com**

Helpful Numbers

Massachusetts Executive Office of Elder Affairs Connections
To directly connect with elder services in your area call
1-800-AGE-INFO (1-800-243-4636) **press or say:**

- to connect to your local elder service agency or caregiver program **1**
- to connect to Prescription Advantage-state prescription drug program **2**
- to connect to your regional SHINE Program **3**
- to report elder abuse, neglect or financial exploitation **4**
- for all other matters **5**

MassHealth **Customer Service 1-800-841-2900**
www.mass.gov/masshealth **TTY: 800-497-4648**
MassHealth provides a wide range of health care services that pay for all or part of the health care cost for elders with limited income and resources. Contact MassHealth for information about their health care programs including MassHealth Standard and Medicare Savings Programs.

MassHealth Senior Care Options (SCO) **1-888-885-0484**
www.mass.gov/masshealth. **TTY: 1-888-821-5225**
A health plan that combines Medicare and Medicaid services with home social support services

Massachusetts Division of Insurance **Boston 617-521-7794**
www.state.ma.us/doi **Springfield 413-785-5526**
TTY: 617-521-7490
DOI regulates insurance companies authorized to sell insurance in Massachusetts and investigates consumer complaints against insurance companies, brokers, agents and other licensees.

Protective Services **Elder Abuse Hotline 1-800-922-2275**
Protective Services provide services to eliminate or alleviate abuse of elders. Community agencies and case workers coordinate and provide a variety of health, mental health, legal and social services. To report elder abuse, call the Elder Abuse Hotline 24-hours a day, 7 days a week.

Office of the Massachusetts Attorney General **Hotline 1-888-830-6277**
www.ago.state.ma.us .

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MassPRO (Heath Quality Improvement Organization) **Helpline 1-800-252-5533**
www.masspro.org
MassPRO contracts with Medicare as a Quality Improvement Organization (QIO) that oversees and improves the care given to Medicare patients. MassPro processes appeals for Medicare patients and reviews Medicare beneficiary medical quality of care complaints.

Massachusetts Medicare Advocacy Project (MAP) **1-800-323-3205**
MAP provides Medicare beneficiaries free legal advice and legal representation for appealing medical decisions made by Medicare providers in both fee-for-service Medicare and Medicare HMOs and for other insurance programs.

Medicare Helpline (24 hours a day, 7 days a week) **1-800-MEDICARE**
www.medicare.gov **(1-800-633-4227)**

MassMedLine **1-866-633-1617**
www.massmedline.com
MassMedLine provides prescription medication information and help to Massachusetts residents applying for prescription drug assistance programs. MassMedLine is staffed by pharmacy professionals. MassMedLine is service of the Massachusetts College of Pharmacy and Sciences and the Massachusetts Executive Office of Elder Affairs.

Social Security Administration **1-800-772-1213**
www.social security.gov
Contact Social Security to enroll in Social Security, SSI, SSDI and Medicare, or to report a change in address or income, or to replace a lost Medicare card.

For SHINE services, contact your local Senior Center or Council on Aging or call
SHINE(Serving Health Information Needs of Elders)
1-800-AGE-INFO(1-800-243-4636) press 3
(**TTY: 1-800-872-0166** for people with partial or total hearing loss)
SHINE counselors provide free health information, counseling and assistance to Medicare beneficiaries and their families.
SHINE is a federal/state program in partnership elder service agencies and Councils on Aging throughout the Commonwealth. SHINE is partially funded by Medicare

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Standard Medigap Plans
Available in Massachusetts
in 2011

Comparison of Plans	Core	Supplement 1
Basic Benefits Included In All Plans:		
Hospitalization Part A Co-payments		
Days 61 - 90: $283 per day	X	X
Days 91-150: $566 per day	X	X
365 Additional Lifetime Hospital days - Paid in full	X	X
Part B Coinsurance - Coverage of coinsurance, in most cases, 20% of approved amount	X	X
Parts A and B Blood First 3 pints	X	X
Additional Benefits	**Core**	**Supplement 1**
Part A Deductible for Hospital Days 1 - 60 $1132 per benefit period		X
Skilled Nursing Facility Coinsurance Days 21-100 - $141.50 per day		X
Part B Annual Deductible - $162		X
Foreign Travel - For Medicare-covered services needed while traveling abroad.		X
Inpatient Days in Mental Health Hospitals In addition to Medicare's coverage of 190 lifetime days and less any days previously covered by plan in same benefit period	60 days per calendar year	120 days per benefit period

Medicare Supplement Plans
Offered in Massachusetts
in 2011

Medigap Carriers Please note that rates may change in 2011	**Medicare Supplement Core**	**Medicare Supplement 1**
Blue Cross & Blue Shield of MA (Medex™) 1-800-678-2265 sales/apps 1-800-258-2226 member services 1-800-522-1254 (TDD) **www.bluecrossma.com** (continuous open enrollment)	**$91.22**	**$172.81**
Fallon Health & Life Assurance Company 1-866-330-6380 sales/apps 1-800-868-5200 member services 1-877-608-7677 (TDD) **www.fchp.org/medicare-choices** (continuous open enrollment)	**$125.00**	**$199.00**
HPHC Insurance Company, Inc. 1-800-782-0334 sales/apps 1-877-907-4742 member services 1-888-259-8276 (TDD) **www.harvardpilgrim.org** (continuous open enrollment)	**$97.50**	**$183.50**
Humana Insurance Company 1-800-872-7294 sales/apps 1-800-866-0581 member services 1-800-833-3301 (TDD) www.humana-medicare.com (continuous open enrollment)	**$125.00**	**$195.28**

Tufts Insurance Company 1-800-714-3000 sales/apps 1-800-701-9000 member services TDD 1-800-208-9562 (member services) 1-888-899-8977 (sales/apps) www.tuftsmedicarepreferred.org (continuous open enrollment)	**$89.87**	**$174.72**
United HealthCare™ Insurance Company Only for members of AARP (American Association of Retired Persons) 1-800-523-5800 (continuous open enrollment)	**$136.00**	**$207.50**

Medicare Advantage Plans
Offered in Massachusetts
in 2011

Company	Plan Name	Plan Type	Monthly Premium	Drugs	Doctor Choice	Counties
AARP Medicare Complete Provided by Secure Horizons Phone: 1-800-547-5514	Medicare Complete Plus	HMO	$0.00	Yes	Plan Doctors Only (some exceptions)	Middlesex Suffolk
	Medicare Complete Choice	PPO	$0.00	Yes	Any Doctor	Barnstable Berkshire Bristol Dukes Essex Franklin Hampden Hampshire Middlesex Nantucket Norfolk Plymouth Suffolk Worcester
Blue Cross Blue Shield of Massachusetts Phone: 1-800-678-2265 TTY: 1-800-522-1254	Medicare HMO Blue PlusRx	HMO	$181.00	Yes	Plan Doctors Only	Barnstable Bristol Essex Franklin Hampden Hampshire Middlesex Norfolk Plymouth Suffolk Worcester
	Medicare PPO Blue PlusRx	PPO	$134.00	Yes	Any Doctor	Barnstable Bristol Essex Franklin Hampden Hampshire Middlesex Norfolk Plymouth Suffolk Worcester

Erickson Advantage Phone: 1-800-704-7839	Erickson Advantage Champion	HMO -SNP	$159.00	Yes	Plan Doctors Only	Essex Plymouth
	Erickson Advantage Guardian	HMO -SNP	$29.00	Yes	Plan Doctors Only	Essex
	Erickson Advantage Signature with Drugs	HMO -SNP	$159.00	Yes	Plan Doctors Only	Essex Plymouth
	Erickson Advantage Signature without Drugs	HMO	$121.00	No	Plan Doctors Only	Essex Plymouth
Evercare Health Plan Phone: 1-888-834-3721	Evercare Plan IP (institutional)	PPO-SNP	$27.40	Yes	Any Doctor	Bristol Essex Hampden Middlesex Norfolk Plymouth Suffolk Worcester
Fallon Community Health Plan Phone: 1-888-377-1980 TTY: 1-877-608-7677	Fallon Senior Plan Plus Enhanced Rx	HMO	$198.00	Yes	Plan Doctors Only	Franklin Middlesex Worcester
	Fallon Senior Plan Plus Enhanced Rx	HMO	$107.00	Yes	Plan Doctors Only	Hampden
	Fallon Senior Plan Saver	HMO	$28.00	No	Plan Doctors Only	Franklin Middlesex Worcester
	Fallon Senior Plan Saver	HMO	$0.00	No	Plan Doctors Only	Hampden
	Fallon Senior Plan Saver Basic Rx	HMO	$54.00	Yes	Plan Doctors Only	Franklin Middlesex Worcester
	Fallon Senior Plan Saver Basic Rx	HMO	$21.00	Yes	Plan Doctors Only	Hampden
	Fallon Senior Plan Saver Enhanced Rx	HMO	$65.00	Yes	Plan Doctors Only	Franklin Middlesex Worcester
	Fallon Senior Plan Saver Enhanced Rx	HMO	$32.00	Yes	Plan Doctors Only	Hampden
	Fallon Senior Plan Standard	HMO	$96.00	No	Plan Doctors Only	Franklin Middlesex Worcester
	Fallon Senior Plan Standard	HMO	$42.00	No	Plan Doctors Only	Hampden

	Fallon Senior Plan Standard Rx	HMO	$138.00	Yes	Plan Doctors Only	Franklin Middlesex Worcester
	Fallon Senior Plan Standard Rx	HMO	$84.00	Yes	Plan Doctors Only	Hampden
Health New England Phone: 1-413-787-0010 TTY: 1-800-439-2370	HNE Medicare Basic No RX	HMO	$6.00	No	Plan Doctors Only	Franklin Hampden Hampshire
	HNE Medicare Basic RX	HMO	$52.00	Yes	Plan Doctors Only	Franklin Hampden Hampshire
	HNE Medicare Plus RX	HMO	$80.00	Yes	Plan Doctors Only	Franklin Hampden Hampshire
	HNE Medicare Premium No RX	HMO	$70.00	No	Plan Doctors Only	Franklin Hampden Hampshire
	HNE Medicare Premium RX	HMO	$142.00	Yes	Plan Doctors Only	Franklin Hampden Hampshire
	HNE Medicare Freedom (HMO-POS)	HMO	$158.00	Yes	Plan Doctors Only	Franklin Hampden Hampshire
Tufts Health Plan Phone: 1-877-218-4835 TTY: 1-888-899-8977	Medicare Preferred HMO Basic	HMO	$0.00	No	Plan Doctors Only	Barnstable Bristol Hampden Hampshire Middlesex Norfolk Plymouth
	Medicare Preferred HMO Basic	HMO	$20.00	No	Plan Doctors Only	Essex Suffolk Worcester
	Medicare Preferred HMO Basic Rx	HMO	$35.90	Yes	Plan Doctors Only	Barnstable Bristol Hampden Hampshire Middlesex Norfolk Plymouth
	Medicare Preferred HMO Basic Rx	HMO	$55.90	Yes	Plan Doctors Only	Essex Suffolk Worcester

	Medicare Preferred HMO Prime	HMO	$102.00	No	Plan Doctors Only	Barnstable
	Medicare Preferred HMO Prime	HMO	$92.00	No	Plan Doctors Only	Bristol Middlesex Norfolk Plymouth
	Medicare Preferred HMO Prime	HMO	$72.00	No	Plan Doctors Only	Hampden Hampshire
	Medicare Preferred HMO Prime	HMO	$116.00	No	Plan Doctors Only	Essex Suffolk Worcester
	Medicare Preferred HMO Prime Rx	HMO	$137.90	Yes	Plan Doctors Only	Barnstable
	Medicare Preferred HMO Prime Rx	HMO	$127.90	Yes	Plan Doctors Only	Bristol Middlesex Norfolk Plymouth
	Medicare Preferred HMO Prime Rx	HMO	$107.90	Yes	Plan Doctors Only	Hampden Hampshire
	Medicare Preferred HMO Prime Rx	HMO	$151.90	Yes	Plan Doctors Only	Essex Suffolk Worcester
	Medicare Preferred HMO Prime Rx Plus	HMO	$169.90	Yes	Plan Doctors Only	Barnstable
	Medicare Preferred HMO Prime Rx Plus	HMO	$159.90	Yes	Plan Doctors Only	Bristol Middlesex Norfolk Plymouth
	Medicare Preferred HMO Prime Rx Plus	HMO	$139.90	Yes	Plan Doctors Only	Hampden Hampshire
	Medicare Preferred HMO Prime Rx Plus	HMO	$183.90	Yes	Plan Doctors Only	Essex Suffolk Worcester
	Medicare Preferred HMO Value	HMO	$62.00	No	Plan Doctors Only	Barnstable Bristol Middlesex Norfolk Plymouth

	Medicare Preferred HMO Value	HMO	$42.00	No	Plan Doctors Only	Hampden Hampshire
	Medicare Preferred HMO Value	HMO	$83.00	No	Plan Doctors Only	Essex Suffolk Worcester
	Medicare Preferred HMO Value Rx	HMO	$97.90	Yes	Plan Doctors Only	Barnstable Bristol Middlesex Norfolk Plymouth
	Medicare Preferred HMO Value Rx	HMO	$77.90	Yes	Plan Doctors Only	Hampden Hampshire
	Medicare Preferred HMO Value Rx	HMO	$118.90	Yes	Plan Doctors Only	Essex Suffolk Worcester

HMO = Health Maintenance Organization A type of plan in which you can only go to doctors, hospitals and other providers that belong to the plan network, except in an emergency.

MSA = Medical Savings Account A plan that has two parts. The first part is a high-deductible Medicare Advantage MSA Health Plan. This health plan won't begin to pay covered costs until you have met the annual deductible, which varies by plan. The second part is a Medical Savings Account into which Medicare deposits money that you may use to pay health care costs.

PPO = Preferred Provider Organization A type of plan in which you pay less if you use doctors, hospitals, and other providers that belong to the plan network. You can use doctors, hospitals, and other providers outside of the network for an additional cost.

PFFS = Private Fee for Service A type of Medicare Health Plan in which you may go to any Medicare-approved doctor or hospital that accepts the plan's payment. The insurance plan, rather than the Medicare Program, decides how much it will pay and how much you will pay for the services you have. Under this type of plan you may pay more or less for Medicare-covered benefits and you may have extra benefits that Original Medicare Plan doesn't cover.

SCO = Senior Care Option A voluntary program that combines health care services with social support services to help low-income seniors maintain their health and stay in their own homes. With SCO, a team of medical professionals works together to provide you with care that is individually tailored to meet your needs. You must be 65 years of age or older and eligible for MassHealth (Medicaid) to join; you may also have Medicare.

SNP = Special Needs Plan A special type of Medicare Advantage Plan that provides all Medicare Part A and Part B health care and services to people who can benefit the most from things like special care for chronic illnesses, care management of multiple diseases, and focused care management. These plans may limit membership to people in certain institutions (like a nursing home), eligible for both Medicare and Medicaid, or with certain chronic or disabling conditions.

Medicare Prescription Drug Plans
Offered in Massachusetts in 2011

Company	Prescription Drug Plan	Monthly Premium	Annual Deductible	Customer Service Phone Number
Blue Cross Blue Shield of Massachusetts	• Blue MedicareRx Value Plus • Blue MedicareRx Premier	$55.50 $106.60	$0 $0	Phone: 1-877-479-2227 TTY: 1-866-236-1069
Bravo Health	• Bravo Rx	$34.00	$310	Phone: 1-800-723-9209
CIGNA Medicare Rx	• CIGNA Medicare RX Plan One • CIGNA Medicare Rx Plan Two	$36.10 $66.00	$310 $0	Phone: 1-800-735-1459 TTY: 1-800-322-1451
Envision RxPlus	• Envision Rx Plus Silver • Envision RX Plus Gold	$46.10 $75.30	$310 $150	Phone: 1-866-250-2005 TTY: 1-866-763-9630
First Health Part D	• First Health Part D Premier • First Health Part D Premier Plus	$30.50 $84.40	$150 $0	Phone: 1-800-882-3822

Health Spring Prescription Drug Plan	• Health Spring Prescription Drug Plan – Reg 2	$35.20	$310	Phone: 1-615-291-7024 TTY: 1-866-845-7230
Humana Insurance Company	• Humana Walmart – Preferred RX Plan • Humana Enhanced • Humana Complete	$14.80 $45.80 $110.10	$310 $0 $0	Phone: 1-800-706-0872
Medco Medicare Prescription Plan	• Medco Prescription Plan - Value • Medco Prescription Plan - Choice	$36.30 $120.10	$310 $250	Phone: 1-800-758-3605 TTY: 1-800-716-3231
Rx America	• Advantage Star Plan	$32.40	$310	Phone: 1-800-429-6686 TTY: 1-877-279-0371
SilverScript Insurance Company	• CVS Caremark Value • CVS Caremark Plus	$33.10 $75.20	$310 $0	Phone: 1-866-552-6106 TTY: 1-866-552-6288

Sterling Life Insurance Company	• Sterling Rx	$55.70	$100	Phone: 1-888-909-1713 TTY: 1-888-858-8567
Tufts Health Plan	• Medicare Preferred PDP Standard • Medicare Preferred PDP Enhanced	$44.60 $69.60	$310 $0	Phone: 1-877-218-4835 TTY: 1-888-899-8977
Unicare	• Medicare RX Rewards Standard	$35.10	$310	Phone: 1-877-541-7382 TTY: 1-800-241-6894
United American Insurance Company	• UA Medicare Part D Prescription Drug Coverage	$43.40	$110	Phone: 1-866-524-4169 TTY: 1-866-524-4170
United HealthCare Insurance Company	• AARP Medicare Rx Preferred • AARP Medicare Rx Enhanced	$32.90 $88.50	$0 $0	Phone: 1-888-867-5564
Universal American	• Community CCRx Basic • Community CCRx Choice	$31.70 $83.80	$310 $0	Phone: 1-866-423-5040 TTY: 1-866-684-5351
WellCare	• WellCare Classic • WellCare Signature	$35.20 $53.50	$310 $0	Phone: 1-888-293-5151 TTY: 1-888-816-5252