

Connecticut Partnership Policies Can Save You Money

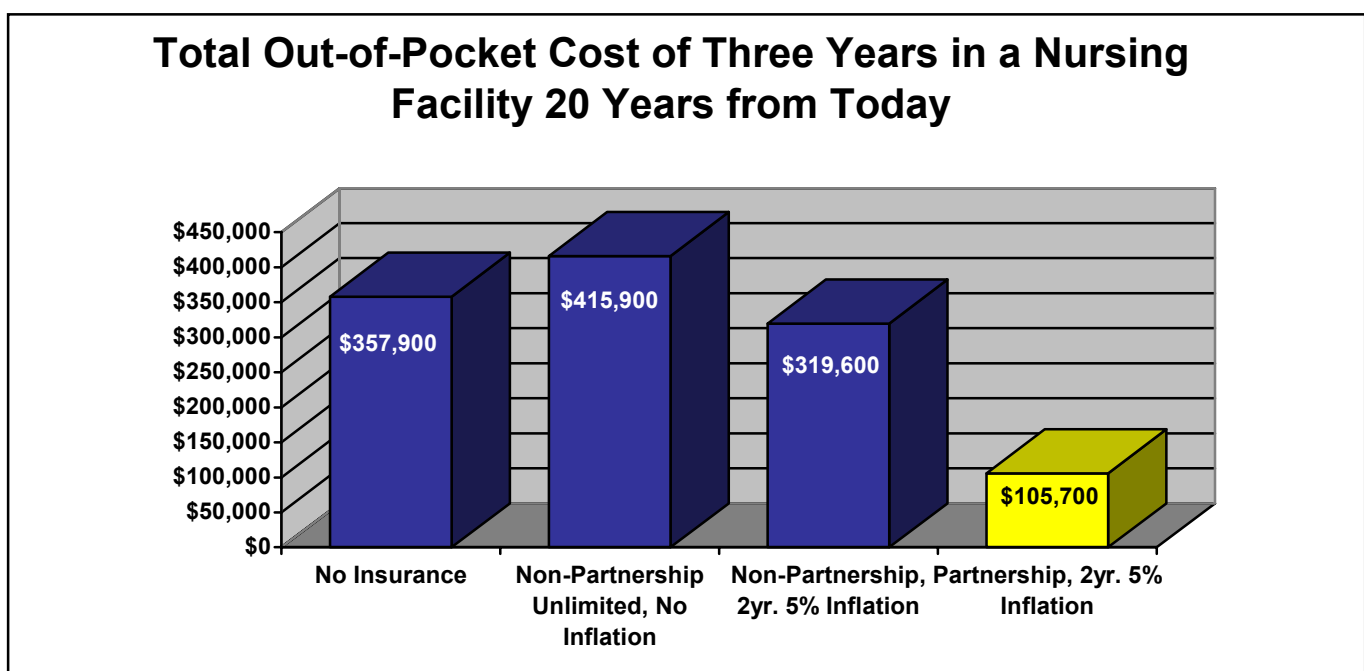
Here is one example of how **Connecticut Partnership Policies** can save you money while protecting your assets. **Consider the following scenario:** You are confined to a nursing facility for three years, twenty years into the future. The cost of a nursing facility is assumed to average \$690/day during the three-year stay (see *Average Daily Nursing Facility Costs in Connecticut* on reverse side). In addition, it is assumed you will have \$100 per day in income available for the three years in the nursing facility. It is also assumed you have \$100,000 in assets in 2005, which in twenty years could have a value of \$250,000 (using a 5% compounded growth rate).

This example illustrates four options of paying for these Long-Term Care (LTC) needs:

1. **Do not purchase LTC insurance (self insure),**
2. **Purchase non-Partnership LTC insurance with *Unlimited coverage without inflation protection,***
3. **Purchase non-Partnership LTC insurance with *2 years of coverage and 5% compounded inflation protection, and***
4. **Purchase Partnership LTC insurance with *2 years of coverage, 5% compounded inflation protection and Medicaid Asset Protection.***

The **first option** is self-insurance. This means you must use your income and assets to pay for your care. The next three options are buying different types of long-term care insurance in 2005 at age 55. Each of the policy options include a 20-day elimination period and a \$260/day nursing facility daily benefit. It is assumed that the inflation protection feature in the policy, when selected, will increase both the daily and lifetime benefit annually. The **second option** is to purchase an Unlimited non-Partnership policy that continues to pay the same daily benefit as long as you need care. *However, since there is no inflation protection with this option, the daily co-payments will end up eroding ALL of the assets you hoped to protect.* The **third option** is to purchase a two-year non-Partnership policy with inflation protection, and the **fourth option** is a two-year Partnership policy which also includes inflation protection. *After paying the insurance premiums for twenty years, you need to be cared for in a nursing facility for three years.*

The chart below shows that the **Partnership Policy has the lowest overall cost** (including co-payments, deductibles and premiums) at \$105,700. The detailed analysis on the reverse side also indicates that the **Partnership Policy would protect your assets, up to \$494,000.**



Average Daily Nursing Facility Costs in Connecticut

Year	2005		2014		2024	2025	2026
Daily Cost	\$263		\$400		\$660	\$690	\$720

Actual ----- *Projected* -----

Projected figures are rounded to the nearest \$10 and based on \$260/day in 2005 after 5% compounded inflation.

Detailed Analysis

	No LTC Insurance	Unlimited Non-Partnership LTC Insurance without Inflation	Non-Partnership LTC Insurance with 5% Compounded Inflation	Partnership LTC Insurance with 5% Compounded Inflation & Asset Prot.
Assets in 2005 <i>Value of Assets in 20 Years - 5% Compounded</i>	\$100,000 \$250,000	\$100,000 \$250,000	\$100,000 \$250,000	\$100,000 \$250,000
Annual Insurance Premium <i>Income is used to pay premiums</i>	\$0	\$2,900	\$2,900	\$2,900
Long-Term Care Costs <i>3 years in a Nursing Facility in 20 years - averaging approximately \$690/day</i>	\$755,550	\$755,550	\$755,550	\$755,550
Insurance Coverage <i>Amount of future coverage starting in 2024 based on amount purchased in 2005, which was \$260/day</i>	\$0 none	\$284,700 \$94,900 per year of care	\$494,000 730 days of coverage	\$494,000 730 days of coverage
Out-of-Pocket Costs:				
Deductible - Income (\$100/day) used for first 20 days	\$0	\$2,000	\$2,000	\$2,000
- Assets (\$560/day) used for first 20 days	\$0	\$11,200	\$11,200	\$11,200
Co-payment - Income (\$100/day) used to supplement Insurance	\$109,500	\$107,500	\$34,500	⊛\$34,500
- Assets used to supplement Insurance & Income	❖\$248,400	❖\$237,200	\$213,900	❖\$0
Premiums - Over 20 years	\$0	\$58,000	\$58,000	\$58,000
Total Out-of-Pocket Cost ⌘	\$357,900	\$415,900	\$319,600	\$105,700
Assets remaining after 3 yr. Nursing Facility stay	\$1,600	\$1,600	\$24,900	\$238,800
Assets remaining if 2 more months of care are needed	\$1,600	\$1,600	\$1,600	\$238,800
Potential amount of Assets protected from CT Medicaid spend down	\$0	\$0	\$0	\$494,000

- ⊛ This income is used while the individual is receiving Medicaid coverage for 345 days.
- ❖ At this point Medicaid coverage will begin. Income must be applied to the cost of care.
- ⌘ Out-of-pocket costs could be higher if a longer deductible were chosen, (\$46,200 more for 90 day deductible).

[Note: the above figures have been rounded to the nearest \$100.]

Connecticut Partnership for Long-Term Care

State of Connecticut, Office of Policy and Management

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