

APPENDIX G

GLOSSARY OF COMMON LONG-TERM CARE TERMINOLOGY

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.

Age

As with other types of insurance coverage, the younger you are when you buy a plan, the lower the premium. Many companies will not sell plans to individuals over a particular age category.

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.

Amount and duration of benefits

The higher the dollar per day/visit benefit that the plan will pay or the longer the benefit period, the more expensive the plan. For example, a plan that pays \$100 a day for nursing home care will cost more than a plan that pays \$50 a day for the same care.

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.

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.

Dementia Day Care

Services provided by a dementia day care program operating in accordance with standards issued by the Executive Office of Elder Affairs, including a structured, secure environment for individuals with cognitive disabilities to maximize the individual's functional capacity, to reduce agitation, disruptive behavior, and the need for psychoactive medication, and to enhance cognitive functioning or a program meeting the requirements of the state in which the dementia care is provided.

Elimination Period

A type of deductible. The number of days you are in a facility or the number of days you receive other stated coverage benefits, prior to the plan paying for covered services. The longer the elimination or deductible period, the lower the premium may be.

Federally Tax-Qualified Plans

Long-term care insurance plans that 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. A person with a federally tax-qualified long-term care plan may be able to add the premiums paid for the coverage to other deductible medical expenses when calculating income taxes. Furthermore, benefits paid by federally tax-qualified long-term care insurance plans generally are not taxable as income.

Federally tax-qualified plans 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.” 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) Activities of Daily Living (ADLs) (bathing, continence, dressing, eating, toileting and transferring) 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.

Flex Band

A reference to age-banding in life insurance rating processes; guarantees that the premium remains the same for the duration within a particular age grouping (e.g. age – 55-60). The resultant premium for a policyholder between the ages of 55-60 would remain the same until age 61 where upon the insured enters a higher age band and premium.

Group Policy

A policy sold through an employment-based group, union, or association that sponsors group plans as a benefit to their employees or members. Some insurers also sell group plans directly to individuals through out-of-state “group trust” arrangements. Individuals receive certificates of coverage from the group policy. These policies are not subject to most state insurance requirements. Employer, union, association, and group trust plans may include protections required in individual plans but they are not required to do so under Massachusetts law. Although group plans are subject to the general laws and regulations governing group accident and sickness insurance, there are no specific laws or regulations that apply to long-term care plans marketed through groups.

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.

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. Beginning with the regulatory amendments promulgated January 1, 2000, individual plans offered on and after that date must meet certain minimum standards set by the Division of Insurance including the following:

- Plans must provide benefits based upon no more than two Activities of Daily Living (ADLs);
- Plans must be guaranteed renewable or non-cancelable (i.e., the company does not have the right to cancel or nonrenew the coverage);
- Plans must provide at least 730 days of coverage;
- Plans must include an alternate care provision allowing coverage for unspecified services if agreed to by the insured, the insurance company and the insured's health care practitioner;
- Plans must not include an elimination period (waiting period) of more than 365 days;
- Plans must not have a pre-existing condition limitation that lasts for more than six months after the coverage's effective date;
- Plans must not limit benefit payments because an individual develops Alzheimer's Disease, mental illness, alcoholism or other chemical dependency after the coverage is issued; and
- Companies must offer an applicant the opportunity to buy (1) at least one plan with home health care benefits, (2) at least one plan that qualifies for certain MassHealth (Medicaid) exemptions, (3) inflation protection and (4) nonforfeiture benefits.

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. Please note that individual plans are required to offer inflation riders as an option to applicants and the inclusion of these riders will increase the overall cost.

Insured

A term used to describe the person who is covered by a policy. This may include an individual who has purchased an individual policy, or is a subscriber to a group policy, or their spouse, or their dependent.

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.

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 Benefit

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. When the insured dies or stops paying premiums, if a plan includes a "return-of-premium" benefit, the company will return a pre-defined portion of the total premiums paid for the coverage. Please note that individual plans are required to offer nonforfeiture riders as an option to applicants and the inclusion of these riders will increase the overall cost.

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.

Permanent Level Premium

Commonly used term appearing in life insurance rating processes for ordinary life insurance; guarantees that the premium will remain the same throughout the life of the policy.

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.

Plans intended to satisfy Massachusetts State MassHealth (Medicaid) Requirements

As noted in the Division's publication *"Your Options for Financing Long-Term Care: A Massachusetts Guide,"* if a Massachusetts resident receives MassHealth (Medicaid Program) from the Massachusetts Division of Medical Assistance and has long-term care insurance that meets certain coverage requirements, the insured might be exempt from some MassHealth eligibility and recovery rules. These rules determine (1) whether the insured's home will need to be sold in order for an insured to become eligible for MassHealth benefits and (2) whether an insured or his or her estate may need to repay MassHealth for any of the long-term care expenses MassHealth paid on an insured's behalf. It is important to note that laws do change and the exemptions and the minimum coverage requirements existing today will not necessarily be the same in the future (or might not exist at all).

A plan must provide certain benefits in order for an insured to qualify for the MassHealth eligibility and recovery exemptions. When an insured enters a nursing home, the coverage must:

- Cover nursing home care for at least 730 days;
- Pay at least \$125 per day for nursing home care; and
- Not require an elimination period (days that services must be provided before your plan will

begin to pay) of more than 365 days, or in lieu of an elimination period, a deductible of more than \$54,750.

Policyholder

A term used to describe either an individual who has purchased an individual policy or a group that has purchased a group policy.

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.

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.

Single Premium

A one-time lump sum payment to be covered for the specified terms in an insurance contract, without paying any additional premiums.

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.

Subscriber

A term used to describe either an individual who has purchased an individual policy or an individual who is covered by a group policy.

Substantial Assistance

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

Substantial Supervision

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

Survivor Benefits

Some insurers offer a survivorship rider for an additional premium. When both husband and wife purchase a long-term care plan (usually identical) and one spouse dies, the surviving spouse may no longer have to pay premiums on his or her coverage if both plans have remained in-force for a specific period of time.

Tax-Qualified Long-Term Care Insurance Policy

A policy that conforms to certain standards in federal law and offers certain federal tax advantages.

Temporary Level Premium

Commonly used term appearing in life insurance rating processes for term insurance; guarantees that the premium will remain the same for only a certain period of time.

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.

Waiver of Premium

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