

FAQs About Coronavirus and Long-Term Care Insurance

The coronavirus has made it more difficult to qualify for long-term care insurance, but insurers are adapting coverage as care needs change.



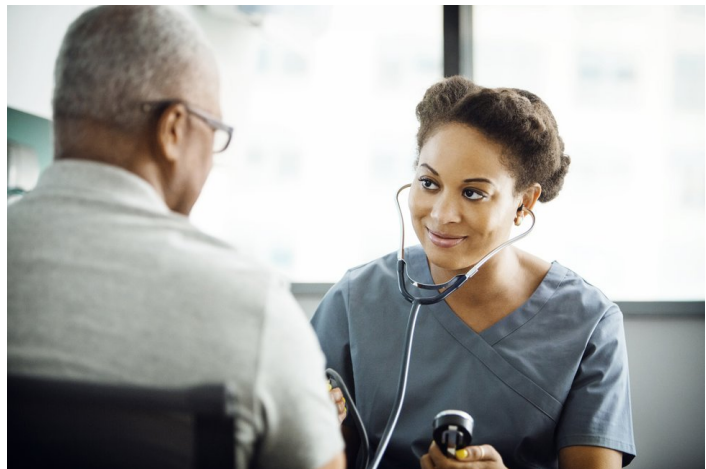
By Kimberly Lankford, Contributor May 22, 2020, at 9:00 a.m.



THE CORONAVIRUS pandemic has focused a lot of attention on nursing homes and long-term care. Some nursing homes have been hot spots for outbreaks, and all long-term care facilities have had to increase protections for their residents, who are at the greatest risk from the pandemic. Meanwhile, some home-care providers are charging extra to work during this challenging time.

The situation **highlights the importance of having a plan to pay for potential long-term care expenses,** which can give you more options if you end up needing care yourself. But it's also **made it more difficult to qualify for long-term care insurance, especially as you get older or have had a positive COVID-19 test.** And if your aging parents already have a long-term care policy and are receiving care now, you may be wondering if any changes to their care from the pandemic will affect their insurance payouts.

Here are answers to frequently asked questions about long-term care insurance and the coronavirus:



You may find it's more difficult to qualify for long-term coverage now if you're older, in a high-risk group or have had a positive COVID-19 test. (GETTY IMAGES)

Has it become more difficult to qualify for long-term care insurance because of the pandemic?

It can be more difficult to qualify for coverage now if you're older, in a high-risk group or have had a positive COVID-19 test. But the specifics vary a lot by company. Some insurers have been limiting the age for applications or adding new restrictions for older applicants. Brian Gordon, president of MAGA Long Term Care Planning in Bannockburn, Illinois, says about eight out of 10 of the long-term care insurance companies he works with have made changes to the age requirements. Some aren't accepting applications from people over age 69 to 71, and a few reduced the ages to as low as 64 and 65 until further notice. These rules are frequently changing, he says.

You may not qualify for the best rates with some insurers if you've come in contact with the virus or are in a high-risk group. "It is becoming more difficult to get a preferred rate, as those who have been ill with the virus or in contact will face heavier scrutiny, especially front-liners and caregivers, also those that have been traveling," says John Ryan of Ryan Insurance Strategy Consultants in Greenwood Village, Colorado.

Can you still get coverage if you've had a positive COVID-19 test or have recovered from COVID-19?

If you had a positive COVID-19 test, insurers generally want you to wait for three to six months after receiving a negative test before applying for a policy, says Gordon. "Some are requiring a six-month wait from virus clearing, and no residual lung damage," he says. But these standards also vary a lot by insurer. One company Gordon works with only requires applicants to be cleared of the virus for one month if they have no residual lung damage and are back to normal activity.

Some companies want to wait three months or see two negative tests, he says. Gordon says that you generally won't qualify for the best rate after having a positive COVID-19 test, but you may still qualify for the second-best rate, depending on your health condition.

"If someone has had a positive COVID-19 test, we would recommend waiting a few months before submitting an application so you can present your health in the best possible light," says Dennis Ho, a life actuary and co-founder of Saturday Insurance, an online insurance agency that specializes in long-term care insurance. He says that insurers are treating positive COVID-19 tests in a similar way to other medical conditions.

"In most cases, if you'd had a recent health condition or procedure, insurers will want you to wait for three to six months before applying so they can better assess the long-term impact on your health," he says. "For example, we had a client who went through a recent skiing accident and needed an operation on her ankle. She was perfectly fine and recovering nicely, but insurers wanted at least six months to pass from the time of her surgery before considering an application."

Have insurance companies changed the application procedure for long-term care insurance because of the coronavirus?

Yes, although long-term care insurers have already been doing more of the application process remotely. "The good news about long-term care insurance is it has generally been a 'simplified' issue product with in-person exams only requested for a limited number of situations," says Ho.

Insurers have been adapting to the current challenges and are finding alternatives to face-to-face meetings. "We transitioned from having the normal in-person assessment for cognitive screening to doing that over the phone," says David Simbro, senior vice president of risk products for Northwestern Mutual.

Insurers are also finding ways to speed up the records-gathering process while some medical offices are partially shut down. "In the case of doctor records, insurers recognize the challenges with closed or understaffed offices, so they have been doing their best to access records electronically as much as possible," says Ho.

What happens if you (or your aging parent) already has long-term care insurance but you want to make changes to their care because of the coronavirus – will their long-term care policy still pay out?

Most long-term care insurance policies cover care received in a variety of locations – a nursing home, assisted-living facility or home care – as long as you meet the benefit triggers (usually defined as needing help with two out of six activities of daily living or severe cognitive impairment). "Our coverage is much broader than any particular facility – there's a wide range of options as to who provides the care," says Simbro.

Most insurers require the caregiver or facility to be licensed. Some insurers have care coordinators who can help you find another facility or caregiver who meets the policy's standards. Check with your insurer before making any changes – some of the oldest policies have restrictions on the type of care that can be covered, such as providing coverage for nursing homes but not for home care or assisted living.

The insurer may also provide additional benefits to help in this situation. For example, if your parent is in a nursing home where there is a COVID-19 outbreak and you'd like them to move out of the facility temporarily, the policy may be able to pay a bed-reservation fee to keep their spot in the nursing home. Northwestern Mutual, for example, provides a bed-reservation benefit, which people tend to use in regular circumstances if they have to leave the nursing home temporarily to spend time in a hospital. "We've extended that beyond 30 days during the current environment," says Simbro.

Families are also dealing with home-care changes. Some home-care workers are charging more because of the coronavirus pandemic, which can be covered by the policy if you haven't already hit your daily or monthly coverage limits. "We're seeing some home health care workers charging an extra \$7 per hour" or more to work during the pandemic, says Gordon.

Byron Cordes, a geriatric care manager with Sage Care Management in San Antonio, says one of his clients who needed 24-hour home care changed from having a series of shift workers to having fewer live-in caregivers working longer hours during the pandemic to reduce potential exposure. The cost of caregivers already exceeded her daily benefit, so she has to pay a portion of the cost herself. But her insurer provided a service to help find eligible caregivers. "Her policy does pay for care management, which has been helpful in coordinating her care," he says.

Meanwhile, some families are cutting back on the hours for home-care workers and providing more care for their aging parents themselves, especially if they've been working remotely during the pandemic. Long-term care insurance policies usually don't pay for family members to provide care (although some "indemnity policies" pay out as long as you meet the benefit triggers, no matter who is providing care). But if you're not paying for as much care every month, your coverage may end up lasting for longer. "We wouldn't pay the family member, but we provide the reimbursement for licensed caregivers," says Simbro.

If care costs go down while a family member provides some care, "it can extend the length of time the policy can last," he says. "It's basically a pool of money as long as they need care." Your policy won't pay out more than the daily or monthly benefit amount you purchased if your care costs more than that, but if you spend less than that amount, you may be able to carry over the extra money for future care costs and extend the coverage period. Check with your agent or insurer for details about how your policy works in this situation.

Will the cost of long-term care insurance go up because of the coronavirus?

Long-term care insurance prices may not go up because of the coronavirus, but they may be affected by low interest rates, which makes it more difficult for insurers to earn money on their investments.

"Deaths from the virus will not have a significant impact on future pricing, especially if the sickness is short term (less than six months)," says Ryan. "The biggest impact on pricing will be the lower interest rates that insurer's reserves will receive as interest earnings, or lack thereof, (which) has a major effect on long-term profitability and pricing."

Insurers have already been affected by the low-rate environment. "Low interest rates have had a material impact on insurer pricing," says Ho, whose background is as an actuary. "The recent economic turmoil and resulting lower interest rates has caused some insurers to raise pricing already."

Will the cost of care in a nursing home or assisted-living facility become more expensive because of the coronavirus?

That's a great question, especially as facilities have to implement new protections because of the coronavirus. "Facilities have had to staff up during this crisis – putting more aides on shift to keep residents apart, especially in memory care facilities. There is also the increasing cost of personal protective equipment they will need to have on hand for the foreseeable future," says Cordes.

But the majority of nursing home costs are paid by Medicaid, rather than by individuals or insurance, so you may not see a direct impact on the cost for private payers as much as you might think. "I think that either federal or state financing needs to step up," says Katherine Hempstead, senior policy advisor with the Robert Wood Johnson Foundation. "More of the cost of assisted living and home care is covered by individuals, so you might see more of an impact there." Keep an eye on changes to care costs through time as you're making your future financial plans.

The lasting impact of the pandemic may also affect the way that care is provided in the future. For example, there has been more interest in nursing homes that are being built on a smaller scale, says Hempstead. There may end up being some new ways of providing care that are very different than the current options. "If you do buy a long-term care insurance policy, make sure the coverage can adapt to new types of care." Northwestern Mutual's policy provides reimbursement for care from a certified care provider in a wide range of locations, as long as the insured meets the benefit triggers for needing care. "Care continues to evolve in this country in terms of how it's provided and who provides it," says Simbro. "The definitions of certified providers will likely change over time."