

Parents' Medical History May Make Long-Term Care Insurance More Expensive

Your parents' health could be one of the many factors that long-term care insurance providers take into account when deciding how much to charge you. One large insurer has started rating applicants based, in part, on the applicant's parents' medical histories.

Genworth, a major provider of long-term care insurance, announced that it would rate applicants based on whether their parents suffered from early onset coronary artery disease prior to age 60 or dementia prior to age 70. Genworth has four rating categories, from best to worst: "preferred best," "preferred," "select," and "standard." Applicants in the "preferred best" category pay less than applicants in the "preferred" category, and so on.

Under the new rating system, an applicant with parents who both had a history of dementia before age 70 could not rate above the "select" category. The difference in the cost of premiums can be as much as \$60 a month, which can add up over time. If only one parent had a history of dementia before age 70, the applicant would be shut out of the "preferred best" class.

Long-term care insurance companies can also reject applicants whose families have a history of other conditions. For example, if an applicant's parent has Huntington's disease (a hereditary degenerative neurologic disorder), the long-term care insurance company may reject the applicant altogether if she hasn't been tested for it, or has tested positive.

The Affordable Care Act prohibits medical insurers from denying coverage to applicants due to pre-existing conditions, but the same rules do not apply to long-term care insurance.

In Indiana, purchasers of long-term care insurance have the option of obtaining an Indiana Partnership Plan, a program in which the State has paired with private insurers to include a Medicaid Asset Protection benefit. Under this benefit, purchasers qualify for different, more favorable Medicaid eligibility rules when the long-term care policy's benefits have been exhausted, by guaranteeing that the buyer will receive asset protection from Medicaid eligibility spend down and from Medicaid estate recovery at least equal to the amount of benefits used. Policies approved under this Program provide coverage for home and community-based care, as well as for assisted living facility and nursing home care and offer a variety of daily benefit and maximum benefit amounts in order to provide for individual needs.

Long-term care insurance can be a viable option for many individuals. If you are considering such a policy, contact our office for a consultation as to whether a long-term care policy is a good fit for your estate planning.