

Happy New Year for Long Term Care

Days are getting shorter, we're getting into skiing, the Bills are getting to the playoffs – all good news. Bad news, supply chain issues are causing a shortage of wine bottles, who knew?

Carrier News

- **John Hancock** will be communicating with policyholders regarding the most recent rate increase approved by NY State's Department of Financial Services on NY Partnership and non-Partnership policies. 10-15 percent depending on the policy, no landing spots, not much in the way of flexibility, just be thankful the increase is minimal and pay the premium.
- **Mutual of Omaha** is offering flyers for clients, covering Federal tax-deductible premiums for 2022 for individuals and business owners. NO INCREASE in eligible premiums on the age-based chart used by Federal filers who can itemize health deductions, the chart is the same as 2021 with one exception:
 - **The “per diem” has been reduced**, from \$400 to \$390 per day. Please note, this limitation applies only if your client has an indemnity or cash model policy, and is of concern only if the policy's daily benefit exceeds \$390. It does not impact policies with a reimbursement model – meaning that approved expenses are submitted to the carrier every month, and benefits are then paid to the policyholder, up to the maximum daily or monthly benefit available.
 - For policyholders with indemnity or cash payment models, whose daily/monthly benefit exceeds \$390, the excess will be a taxable event to that policyholder, so noted on the 1099 form sent to all who receive benefits through a tax-qualified long term care policy, and can most likely be offset with eligible long term care services, on advice of your accountant.

Other Items of Interest

- Medicare Part A & B premiums and deductibles have risen for 2022, with a whopping monthly Part B premium increase for many of your clients, the excuse being Covid (isn't it always) combined with a new Alzheimer's drug treatment that Medicare (CMS) hasn't even officially approved yet. Biogen stockholders are wary, FDA committee members quit, the drug probably doesn't even work but WTF, treatments average thousands of dollars each so somebody has to pay for it. Some in Congress are calling for a premium reduction in the event CMS does not approve the treatment, ha – that would be a good one!
- Medicaid asset and income guidelines are also updated for 2022.

- Not that anyone can offer the product, but the minimum New York State Partnership policy daily benefit increases in 2022 to \$361 per day (\$10,830 per month, \$131,765 per year). This is a number to keep in mind for those policyholders facing a premium increase, because policy daily benefits that exceed \$361 can be adjusted down to the minimum to offset some of the impact of a premium increase. Not my recommendation, just an option.

The number of Americans using long term care services is expected to double from 7 to 14 million by 2065, according to MedicareGuide. Between 2022 and 2024, male seniors are expected to spend an average of \$142,000 on long term care needs, female seniors estimated to spend \$176,000. People aged 65+ are projected to spend 3-6 years in states of mild or severe disability, the highest cost coming at the end of their lives.

Good news from the LTCI industry in general, \$12.3 billion in claims were be paid out during 2021, almost 20% more than just 3 years ago. These numbers do not include claims paid out by life insurance or annuity policies, only stand-alone long term care policies.

- 73% of new LTCI claims begin at home – this is where everyone wants to be
- 18% begin in assisted/independent living
- 9% begin in skilled nursing – stop calling this coverage “nursing home insurance,” please!
- Average age at claim – 80 to 89 years old

Covid has had, and continues to have, a huge impact on those who provide long term care services and supports, with the virus hitting our elderly population especially hard. In mid-December, local Rochester media featured segments regarding the fact that Strong Memorial Hospital announced that beds were at a premium due to the fact that the hospital was averaging 40-50 patients per day who did not need to be hospitalized, but who were waiting for nursing home beds which were not available due to staffing shortages (and they won't say it, but beds that might have been available for a person able to foot the bill).

Once the National Guard moved into Monroe Community Hospital, entire wings were re-opened, and the Strong patients were moved to MCH. And by the way, the report included the fact that these patients were also being discharged to skilled nursing facilities hundreds of miles from Rochester. The point here, and maybe it took a pandemic to drive it home, is that for those who cannot afford to pay for care, or who failed to fund their plans for receiving care, being at the mercy of the health care system is not your happy place.

If you're interested in receiving Medicare, Medicaid or premium tax deductible charts, drop an email.

Continuing Education, Local Associations

A New York State Monitor is no longer required for producers who opt to take CE through on-line vendors, where those vendors require an on-line exam.

January 12 – FPA of Greater Rochester presents “The Future of Retirement, and How to Guide Clients Through It,” presented by Thomas Barrett with the Hartford Funds. The program, which runs from 8:00-9:30 am at Locust Hill Country Club, includes breakfast, but no CE credits. Contact admin@nyfpa.org to register.

Additional Articles of Interest

Several articles providing tips for caregiving, on how the pandemic is stoking elder abuse, and how nursing homes may be changing for the better, thanks to the pandemic – ask and ye shall receive.

How many people have a New Year’s Resolution to remove the word “Covid” from your vocabulary? Wishful thinking as we head into year three, huh. We all know way too many people who have suffered through this virus, even being fully vaccinated and boosted, and this groundbreaking vaccine technology (rNA) has the potential to deliver much more for humans going forward – other than making sure if we catch “the Rona,” we survive. Survival is a good thing 😊 so enjoy winter, the end of football and the Super Bowl, Valentine’s Day and March Madness will be here before we know it, time flies whether you’re having fun – or not – but fun is better.



AndreaGraham