

EXTENDED CARE: GLOSSARY OF TERMS



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Accelerated Death Benefit: A life insurance policy option that will pay all or part of the policy's face amount before death. Thus, the benefit can pay the costs associated with catastrophic medical conditions, including the need for Long Term Care services.

Activities of Daily Living (ADL's): Functional everyday activities used to measure a person's ability to live independently. ADLs include such things as eating, dressing, bathing, toileting, transferring and continence.

Acute Care: Care for illness or injury that has developed rapidly, has pronounced symptoms and is finite in length.

Adult Day Care: Social, recreational and/or rehabilitative services provided in the daytime for persons who cannot remain alone. It includes health and custodial care, and other related support. This care – an alternative to care in the home or in an institution – is given in specified centers on a less than 24-hour basis.

Alternate Care Benefit: A policy provision, which allows for a special arrangement of services specifically designed to allow the person to reside in a setting other than a nursing facility.

Alternate Plan of Care: A plan of care, which is developed to provide services to a policyholder receiving benefits under an alternate care benefit agreement.

Alzheimer's Units: Special living units within nursing facilities or alternate care facilities specifically providing care and services for those with Alzheimer's disease.

Ambulatory Care: Medical services provided on an outpatient (non-hospitalized) basis. Services may include diagnosis, treatment, surgery, and rehabilitation.

Assessment: An evaluation of physical and/or mental status by a health professional. The assessment is a central component in long term care insurance coverage and payment of claims. Upon the initiation of benefits – due to either loss of two or more of the activities of daily living (ADLs) or a cognitive impairment, an assessment is performed by a healthcare professional, usually an RN. This assessment, together with the attending physician notes, determines the level of functional incapacity and plan of care to be followed in assisting the policyholder in performing ADLs.

Assisted living facility: A housing facility for people who don't require more in-depth care provided in a nursing home.

Bed Reservation: A benefit that reserves the insured's place in a facility if they require hospitalization.

Benefit Period: The length of time during which a benefit is paid (months or years).

Caregiver training: Training for an unpaid, informal caregiver to care for an insured at home.

Cognitive Loss: The deterioration or loss of one's intellectual capacity confirmed by clinical evidence and standardized tests, in the areas of: (1) short and long term memory; (2) orientation to person, place and time; and (3) deductive or abstract reasoning. This is a trigger for long-term care benefits.

Coinsurance: A portion of incurred medical expense, usually a fixed percentage that the policyholder must pay out of pocket. Also referred to as "co-payment."

Continuing Care Retirement Community (CCRC): Originally called "life care" communities, these organizations provide living arrangements and services ranging from independent to assisted to institutional care. Often, CCRCs require a large initial cash payment, ongoing maintenance fees, assignment of assets or a combination of all three.

Custodial Care: The most common type of long term care service rendered, it provides assistance with activities of daily living and generally is performed by a trained aide, most often in the home. These are services – mostly personal care – that can be given safely and reasonably by a person not medically skilled. They're designed mainly to assist with activities of daily living or instrumental activities of daily living.

Daily benefit: The maximum benefit amount a long-term care insurance policy will pay in a single day.

Dementia: Severe impairment of cognitive functions (e.g., thinking, memory and personality). Of the elderly population, 5 to 6 percent have dementia. Alzheimer's disease causes about one-half of these cases; vascular disorders (multiple strokes) cause one-fourth; other dementias are caused by heart disease, infections, toxic reactions to medicines, alcoholism and other rarer conditions according to the

National Association of Health Underwriters. Most dementias are not reversible.

Durable Medical Equipment: Mechanical devices, equipment and supplies, which enable a person to maintain functional ability. Examples included wheelchairs, walkers, and hospital beds.

Elimination Period: Also known as a waiting period or deductible. It's the number of days of service after becoming eligible that the policyholder is responsible for all costs before benefits become payable. In other words, the period during which no benefits are payable. In the case of home care, this is the number of home care visits that must be provided as per the plan of care before daily benefits will be paid.

Extension of Benefit (EOB): A life insurance option that gives additional benefits in addition to the death benefit for Long Term Care needs. This is a characteristic of a Linked Benefit policy. Also referred to as Continuation of Benefit (COB).

Grace Period: The length of time (usually 31 days) after a premium is due and unpaid that the policy and applicable riders remain in force.

Guaranteed Renewable: A provision that precludes cancellation of a policy or change in its provisions as long as the policy stays in force by timely payment of premium. The insurance carrier, however, may adjust the policy's premium by class of insured and/or by state, typically with the state approval.

Home Care: Professional, skilled and personal services delivered in a person's home.

Home Health Aide: A person certified to provide personal care such as bathing and dressing, and who works under the direction of a registered nurse in a home care agency.

Home Health Care: Professional or personal care services provided in the home or assisted living facilities. Professional service includes skilled nursing care and physical, speech and occupational therapy.

Home Health Care Agency: An organization providing home health care or home care. Agencies are state licensed as required, keep clinical records of all patients, and are supervised by a qualified physician or registered nurse.

Hospice Care: A coordinated program for control of pain and symptoms for the terminally ill. It also may provide support services to family members.

Instrumental Activities of Daily Living (IADLs): The more complex tasks associated with independent living. IADLs include light housekeeping, taking medication, using the telephone, meal preparation, moving about outside, shopping and laundry.

Intermediate Care: Care requiring intermittent, less intense skilled professional and personal care services.

Lapse: The Termination of the policy due to the non-payment of premiums.

Long Term Care: The physical, mental and social care given to individuals who have severe, chronic impairments. The types of long-term care available include nursing home care, alternate facilities, and community care options such as adult day care and home health care.

Meals on Wheels: A program designed to deliver meals to the homebound.

Medicaid: A federally funded, state-managed program of medical aid for persons of any age who are unable to afford regular medical services. Commonly called Title 19.

Medicare: A national health insurance plan for people over 65, and for some under 65 who are disabled. It included two parts: A) covers hospital costs and some short-term skilled nursing care stays, and B) the supplemental portion for which the person pays premiums covering a portion of the physician's fee as well as various types of therapy.

Modified Endowment Contract (MEC): A tax qualification of a life insurance policy with cash value where the policy has been funded with more money than allowed under federal law.

Monthly benefit: The maximum amount a long-term care insurance policy will pay in a single month.

Non-Cancelable: A provision that precludes a cancellation of a policy or a change of any of its terms or rates by the insurance company, as long as the policy remains in force. The policyholder need only make timely payment of premiums.

Non-Tax Qualified Long Term Care Plans: Policyholders do not need certification from a health care professional to receive insurance benefits under these plans. However, the US Treasury department has not yet clarified whether benefits under this plan are taxable as income or whether or not premiums are tax-deductible. (See Tax-Qualified Long Term Care Plans).

Occupational Therapy: Rehabilitation through the teaching of an area or a specific occupation for persons physically or mentally impaired, with the intent to restore functional ability.

Out-of-Pocket Expenses: Those health care costs that must be paid for by the policyholder because they are not covered under an insurance contract.

Partnerships: A state-level joint public/private sector program that allows consumers to buy an approved long-term care insurance policy to conserve some assets before qualifying for Medicaid. States with federally authorized partnerships include Connecticut, New York, Indiana and California. Other states with partnership programs must recover Medicaid costs from the estates of deceased policyholders, (i.e., assets are only protected during the insured's lifetime).

Personal Care Advocate: A representative of the nursing facility resident who reviews care, addresses concerns and provides advocacy support for a patient and his or her family.

Personal Care Services: A component of home care, these services provide assistance with activities of daily living or instrumental activities of daily living.

Physical Therapy: Rehabilitation for disease or impaired motion through the use of physical methods such as heat, hydrotherapy, massage, exercise or mechanical devices.

Plan of care: a formal plan prescribed by a licensed health care practitioner tailored to meet an individual's needs regarding qualified long-term care services.

Policy: The legal contract issued by the insurer to the insured that contains all of the conditions and terms of the insurance.

Pre-existing Condition: A diagnosed injury or sickness for which medical advice or treatment was sought prior to the effective date of a long-term care insurance policy.

Professional Care: Services that must be delivered or supervised by a health care professional such as a registered nurse, physical therapist or physician.

Reimbursement: A method of payment in long-term care insurance policies. A reimbursement method pays for incurred expenses up to the limits of the policy.

Respite Care: Temporary, intermittent relief for the family member or other person providing the primary ongoing care for a person who is functionally or cognitively impaired. These services can be provided by a home health care agency or other state-licensed facility and may be reimbursable under a long-term care insurance policy.

Sandwich Generation: Persons caring for both dependent children and parents or relatives.

Short Term Stay: Residence in a nursing facility usually for rehabilitative or convalescent purpose.

Skilled Care: The highest degree of medical care. The patient is under the supervision of a physician, care is provided 24 hours a day, and the facility has a transfer arrangement with a hospital. It's the only type of care eligible for reimbursement in a skilled nursing facility under Medicare.

Subacute Care: Assistance provided by nursing homes for health services such as a stroke rehabilitation and cardiac care for post-surgery that offers a lower cost alternative to hospital treatment of the same kind.

Tax-Qualified Long Term Care Plans: These require a 90-day certification period before insurance benefits can be paid. In other words, a health care professional must certify that a condition is expected to last for at least 90 days. This requirement was included in the 1996 Health Insurance Portability and Accountability Act to help ensure that tax-

qualified long-term care insurance provides protection only for “chronically ill persons.” (The federal government anticipates that Medicare and Medicare Supplement policies will cover many of the costs associated with shorter term medical conditions.) Benefits received are not taxable as income regardless of how the premium was paid or if the life contract was a MEC.

Underwriters: Insurance professionals who determine if and on what basis an insurer will accept an application for insurance.

Waiver of Premium: A policy provision of long-term care insurance contract that suspends premium payment after a specified period of time, during which the policyholder is receiving policy benefits for long-term care services. The suspension continues until recovery, at which time the resumption of premium payment is expected.

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