

# New LTC Insurance law protects consumers

By *Linda T. Cammuso*

For seniors who own or are considering long-term care insurance, the recent signing of Massachusetts Senate Bill 2359, “An Act Establishing Standards for Long-Term Care Insurance,” sets new and tough standards for policies and institutes positive consumer protections that offer better quality, availability and choice with respect to these policies.



## **Legal Briefs**

Long-term care insurance is an insurance policy that covers certain care needs not otherwise covered by Medicare or other insurances. This most commonly includes assistance with personal activities of daily living (ADLs) such as bathing, dressing, grooming, walking and eating. Long-term

care insurance can provide policyholders with choices of where and how to receive care as they age. For example, it can be the difference between receiving private care in one’s home versus a nursing home.

One of the greatest advantages to long-term care insurance in Massachusetts is the ability of a policyholder to protect his or her home/primary residence. Under state regulations, if you have purchased a policy with a certain minimum amount of coverage, and subsequently exhaust the policy benefits and begin receiving MassHealth (Medicaid), your home will never be subject to a lifetime lien or estate claim at death by MassHealth.

Prior to the new law, there was a devastating trap for the unwary: If a policyholder had the requisite amount of policy benefits, but used some of the coverage for care at home and later entered a nursing home without the minimum amount of coverage remaining on the policy, the regulatory exemption of the home no longer applied

and the home could be subject to a future MassHealth lien or estate claim. The new law rectifies this by providing that policy benefits used prior to nursing home admission will not affect the protection of one’s home.

The new law also gives the state insurance commissioner increased authority over rate setting, cost controls and policy language, and stipulates additional safeguards for consumers. For instance, an individual’s policy may not be cancelled on the basis of age or if their mental or physical health is deteriorating. Should you wish to convert your policy to a different one, the new policy may not contain a provision that limits coverage for a new pre-existing condition as long as you remain with the same insurance company.

The battle to enact this legislation was fought for eight long years and has led the way to protecting Massachusetts residents from being exploited in two situations: When they actually purchase long-term care insurance, and again as they reach their

senior years and need to use the insurance to pay for care.

Long-term care insurance is an important step in preserving both your independence and your financial legacy. It can be an effective way to provide coverage during the five-year look back for lifetime gifts and funding of trusts. Proper legal planning ensures that your estate is optimally protected in the event your care needs extend beyond your policy coverage.

This law makes the purchase of long-term care insurance easier and more understandable than in the past.

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