

YOUR BUSINESS

PAGE 17 | TUESDAY, NOVEMBER 12, 2013 | NJ.COM/BUSINESS



ASK THE BIZ BRAIN

Q. My husband and I have a long-term care insurance policy and have made premiums for 10 years. I understand that you have to keep paying premiums until you need the coverage, and then you are covered for as long as you need it. However, I thought I read somewhere that if you stop paying premiums, you would only be covered for a shorter period. I believe after two or three years in a nursing home, you would qualify for Medicare if you don't have money of your own. If that's true, how much long-term coverage do we really need?

— Healthy so far

A. Don't drop your insurance coverage so fast. Long-term care insurance policies differ in the benefits and coverage they provide. There is no "one-size-fits-all." For that reason, it is very important for you to understand all of your policy provisions.

Generally, insurance policies will be canceled if the policyholder stops paying premiums, said Shirley Whitenack, an estate planning attorney with Schenck, Price, Smith & King in Florham Park.

"There are options, however, that can be purchased from some carriers of long-term care insurance, including a non-forfeiture benefit that provides limited benefits upon cancellation of the policy based on the amount of time that the policy was paid and the amount of premiums that were paid, or that returns part of the premium in the form of a reduced paid-up policy," Whitenack said.

You should examine your policy to determine whether it contains a non-forfeiture provision, and speak to your insurance agent if you have specific questions about your coverage.

On the Medicare side, Medicare only pays for long-term care that requires skilled nursing after a hospital admission of at least 72 hours, and only for up to 100 days, Whitenack said. Medicare does not pay for custodial care in a nursing home.

So before you drop your coverage, consider consulting with an elder care attorney to make sure you're protected.

— Karin Price Mueller

E-mail your questions to askbiz@starledger.com