Stretch Your Benefit Period with a Reimbursement Plan by Chelsea Andrews

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Records of long term care insurance companies reveal that their most sellable product these days is the Cash policy because it gives people more freedom to spend their benefits however they want. It may have outdone the traditional reimbursement long term care insurance (LTCI) policy but those in the know will tell you the latter has many unnoticeable advantages.

Of course, everyone needs money especially in the area of long term care (LTC) which is very expensive. When tackling LTCI, though, money is not all that matters since a policy contains other important components besides a policyholderâ€™s maximum benefit amount.

First and foremost, thereâ€™s your annual premium to consider. Choosing an Indemnity policy or the Cash policy will subject you to a higher premium rate by approximately 15% or 20% according to LTCI specialists. Thatâ€™s because a Cash policy pays out to the insured the exact amount of his maximum daily, weekly or monthly benefit. Reimbursement LTCI plans, on the other hand, cost lower in premium because it offers a different thing.

With a reimbursement plan, the insured individual will receive from his LTCI policy the amount of his actual expenses on care up to his maximum daily or monthly benefit amount. If the insuredâ€™s total expenses have exceeded his policyâ€™s maximum benefit amount, he has to pay the excess out-of-pocket. Meanwhile, if the total amount of his expenses is smaller than his maximum benefit then his insurer will put the remainder in his pool of benefits which he can use in the future.

For example, your policy stipulates a maximum daily benefit of $220 but your total expenses in a nursing home only amounted to $200. Therefore, your insurer will either reimburse you $200 or pay this directly to the nursing home where you acquired care and return $20 in your pool of benefits.

Now if it turned out that the total amount of your expenses in the nursing home reached $300, your insurer will reimburse you $220 as this is your maximum daily benefit amount, while the excess amount shall be your own responsibility. You can use your nest egg, retirement money or other resources to pay this excess amount.

Benefits of Reimbursement Long Term Care Insurance Policies

Buying a reimbursement LTCI policy will allow you to save on your annual premium. This fact itself is one form of benefit already which you can enjoy from a reimbursement plan.

Apart from small premium, your pool of benefits will increase over time since it is impossible that you would spend the total amount of your daily or monthly benefit every time you receive care. As your pool of benefits get bigger, your benefit period stretches.

For example, according to your policy your maximum daily benefit amount is $220 for a three-year benefit period. Every day your insurer gets to put away $20 as the total amount of your daily nursing home expenses is always $200. By the time you reach the third and last year of your LTC coverage, you still have $21,900 in your pool of benefits so your insurer shall extend your coverage so that you can exhaust this remaining amount.

Contact a licensed insurance agent in your area who is authorized to sell LTCI policies, and inquire about a reimbursement long term care insurance plan for you will definitely need this in the future.

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