

advisor training

Daily Benefit...or Monthly Benefit?



Most LTCi policies provide similar coverage for services received at home, in an assisted living facility or nursing home. But in addition to these similarities, there are some significant differences. That's why it's so important for your clients to consider a policy that pays a **monthly** benefit.

Some insurance companies' LTCi policies are based on a **daily** benefit amount. This is the maximum amount the policy will pay each day for covered services.

Mutual of Omaha's policies are different. They pay a **monthly** benefit for covered services. That makes this concept well suited for:

- ▶ People who want to get maximum benefits from their policy
- ▶ People who may need different types of LTC services throughout the month

How it Works

Two clients, John and Sarah, each have similar LTCi policies.

- ▶ John's policy pays a daily benefit of \$100
- ▶ Sarah's policy pays a monthly benefit of \$3,000

So, what's the difference?

Both policies pay \$3,000 per month in benefits. But it's *how* these benefits are paid that can make a big difference.

John's policy pays up to \$100 per day in benefits even though on some days, his actual expenses for LTC services are higher. That leaves him to pay the difference.

On the other hand, with Sarah's policy, it doesn't matter if her daily costs vary throughout the month. She is reimbursed for the actual cost of services she receives each day, up to the policy maximum of \$3,000 per month. So while the two policies appear to be similar, Sarah has less out-of-pocket costs. Her policy also pays more in total benefits.

Cost of Services	John's Policy \$100 Daily Benefit		Sarah's Policy \$3,000 Monthly Benefit	
	Policy reimbursed:	Out-of-pocket cost:	Policy reimbursed:	Out-of-pocket cost:
Monday: \$100	\$100	\$0	\$100	\$0
Wednesday: \$150	\$100	\$50	\$150	\$0
Friday: \$250	\$100	\$150	\$250	\$0
Monthly Totals (based on services received three days per week for four weeks)	Total reimbursed: \$1,200	Total out-of-pocket: \$800	Total reimbursed: \$2,000	Total out-of-pocket: \$0

Concept Advantages

A policy with a **monthly** benefit provides greater flexibility to manage LTC expenses. Even though the amount of reimbursable expenses may fluctuate from day to day, the insured will be reimbursed for the entire amount as long as total expenses for the month don't exceed the policy's maximum.