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GUEST COLUMN: Exploring Alternatives to Long-Term Care Coverage: Permanent Life Insurance

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Just as disability insurance is the linchpin for income protection during your working years, long-term care (LTC) insurance is a critical component to ongoing asset preservation, yet there are factors at play in the current financial and legislative environment that may affect the impact of long-term care and the associated coverage.


Katie Ott

Is Long-Term Care Coverage the Right Choice Today?

Financial Factors
As U.S. inflation eases but remains high, the cost of long-term care continues to climb. While this massive financial burden was once readily insurable through group insurance programs, many carriers have exited the market, and those carriers that have remained have raised rates, tightened-up underwriting, and/or ceased issuing coverage to new applicants.

Legislative Factors
With the cost of long-term care and caregiving services continuing to rise, more individuals are relying on state-funded programs to avoid the financial burden that comes with LTC services. States are looking into options that can help them protect the influx of an aging population that will require care, while controlling the costs of programs that offer this type of support. One of these options is a taxpayer funded program.

If taxpayer funded programs become more ubiquitous (legislation has already been passed in Washington state, proposed in New York and Pennsylvania, and California has created a task force), long term care coverage will become an increasingly important financial gap to address.

What options are left for employers and their employees?

For many, the answer can be found in permanent life insurance coverage, like universal life or whole life plans.

Exploring Permanent Life Insurance

For purposes of this article, the distinction between universal and whole life is immaterial. Both fall under the heading "permanent" life, meaning coverage is intended to remain relevant post-retirement – a key difference versus the traditional term life plans that are common in most benefits packages.

Permanent life policies come in a variety of shapes and sizes, but one feature becoming more common is to offer living benefits on top of a traditional death benefit. Often, these optional policy riders allow the insured to draw on a percentage of the death benefit to use when they're seriously ill or in need of long-term care services.

Permanent life plans can be offered on a voluntary basis, via payroll deduction and they usually include options to cover spouses and dependents too. The living benefit options, while not a perfect replacement for full-blown long-term care insurance, offer better-than-nothing reassurance in a market that today has few viable LTC options.

Key Takeaways:
The need for long-term care and caregiving services is on the rise, along with the growing costs and legislative pressure to consider mandated coverage. As an employer, offering more options like permanent life insurance or other voluntary benefits can make your employees feel valued and give them access to financial protection they'll need during their working years and beyond. Learn more about M3's Voluntary Benefits and how it can enhance your total benefits package, or contact Katie Ott.

Other Articles in this Issue

- DHS Notifies Hospitals, Others that CDC has Updated its Infection Prevention and Control Recommendations
- Registration Open for 2023 Post-acute Care Conference
- GUEST COLUMN: Exploring Alternatives to Long-Term Care Coverage: Permanent Life Insurance
- WHA Information Center Offering Free Virtual Training Session on Kaavio
- WHA Expresses Concerns with Congressional Subcommittee's 340B, Site-Neutral Proposals