

Long-Term Care and Disability Income Insurance Exam

1. All of the following are included in the IRS definition for Activities of Daily Living, except:
 - a. eating
 - b. gardening
 - c. bathing
 - d. dressing

2. Today, _____ long-term care policies cover home health care.
 - a. few
 - b. no
 - c. many
 - d. none of the above

3. State and local government disability compensation systems include:
 - a. social security and Medicare.
 - b. veterans administration disability benefits, civil service disability benefits, hospital indemnity.
 - c. food stamps, workers compensation, aid to families with dependent children.
 - d. armed services disability benefits, union plans, association disability income.

4. A physical therapist is a licensed professional who:
 - a. provides treatment through methods such as exercises, heat and cold therapies, and electric sound wave treatments to those with physical impairments.
 - b. provides therapy to persons who have trouble breathing or other respiratory impairment.
 - c. works with patients who cannot speak clearly, or who may have speech challenges such as stuttering.
 - d. assists with tasks such as cleaning, laundry, cooking, and so on.

5. The _____ is the length of time required by a long-term care policy after the insured receives covered long-term care services before benefits will be paid.
 - a. benefit period
 - b. elimination period
 - c. lapse period
 - d. none of the above

6. Group disability policies may include:
 - a. short or long-term benefits.
 - b. much higher benefit limits than individual disability insurance.
 - c. business overhead expense benefits payable under a buy-sell agreement.
 - d. tax free loans.

7. To determine the amount of individual disability insurance needed, the factors to consider include:
 - a. age, marital status, state of residence.
 - b. driving record, occupation, family history of disability.
 - c. amount of money needed for dream vacations, an RV and a condo at the beach.
 - d. post-disability income needed, disability coverage provided through government or employer plans, other sources of income.

8. All of the following statements are accurate regarding long-term care indemnity policies, except:
 - a. an indemnity policy pays a fixed dollar amount each day the insured receives covered care.
 - b. indemnity policies are generally less expensive than actual cost of care policies.
 - c. an indemnity policy pays an amount based on the actual cost of care.
 - d. none of the above are accurate.

9. A common exclusion to long-term care policy coverage is care due to:
- self-inflicted injuries
 - alcoholism
 - drug abuse
 - all of the above are common exclusions to long-term care policies
10. The risk of disability is:
- less than death at age 50.
 - less than death at age 40.
 - equal to death at age 50.
 - greater than death at age 40.
11. Disability insurance provides:
- protection from loss of earnings due to retirement.
 - generous benefits for a low premium.
 - earning power protection.
 - lifetime disability benefits.
12. All of the following are common factors in long-term care insurance underwriting, except:
- the number of children in the applicant's family
 - age of the applicant
 - sex of the applicant
 - medical history of the applicant
13. All of the following statements regarding Medicaid Spousal Impoverishment rules are accurate, except:
- Spousal impoverishment rules apply if the patient spouse is expected to remain in a nursing home or medical institution for at least thirty days.
 - Individual states cannot use a resources standard higher than the federal minimum resource standard.
 - When determining Medicaid eligibility under spousal impoverishment rules, federal rules mandate that the couples resources are their home, an automobile, burial funds and life insurance up to a face amount of \$1,500 are exempt.
 - The federal spousal impoverishment rules became effective September 30, 1989.
14. An "own occupation" disability definition will pay benefits only if the insured:
- is disabled due to an occupational accident.
 - is disabled due to a sickness incurred due to the insured's occupation.
 - is unable to perform "substantial and material" duties of his or her regular occupation.
 - is unable to work in any gainful occupation.
15. Under the Medicaid transfer of asset rules, eligibility for nursing home coverage can be:
- delayed.
 - denied.
 - more expensive for the participant.
 - none of the above
16. Medicare was created with the intent to:
- cover all long-term care needs.
 - supplement participants' health insurance plans.
 - replace private health insurance.
 - none of the above

17. Return of premium riders on disability income policies:
- are inexpensive.
 - are an integral part of every disability income policy.
 - are a popular option in group disability policies.
 - provide a refund of all or a portion of the premiums paid during a specified period.
18. In order for Medicare to cover any home health care expenses:
- the patient must be confined to his or her own home.
 - the home health care must be determined by a doctor, and the doctor must set up a plan for the patient to receive care at home.
 - the home health agency providing the care must participate in Medicare.
 - all of the above
19. One of the following statements applies to an insurance policy which has been purchased by a viatical company as a viatical settlement and the others apply to accelerated death benefits. Which statement applies to policies which are the object of a viatical settlement?
- Ownership of the policy is transferred to the company.
 - Ownership of the policy remains as is.
 - The policy beneficiary receives any remaining benefits.
 - The policy owner is responsible for paying any remaining premium on the policy.
20. Income replacement policies:
- base benefits payable on amount of income lost.
 - base benefits payable on business overhead income needed.
 - are policies with the most liberal provisions and highest benefits.
 - are also known as non-cancelable policies.
21. Medicare Part A covers:
- hospital care
 - home health care
 - hospice care
 - all of the above
22. Medicaid was created to:
- cover all long-term care needs.
 - provide health insurance for all individuals 65 and over.
 - provide medical assistance for certain individuals and families with low incomes.
 - none of the above.
23. Group long-term disability policies often:
- are offered through companies employing union workers.
 - do not provide benefits in high enough amounts to adequately cover high income earners.
 - use averaging systems.
 - all of the above.
24. A buy-sell agreement including disability as a triggering event protects against:
- the death or divorce of an owner.
 - the loss of new business and an inability to generate revenue to meet expenses resulting from an owner's disability.
 - lawsuits from the disabled owner.
 - a third party takeover.

25. All of the following types of long-term care benefits may be available to veterans, except:
- inpatient care
 - outpatient care
 - over age care
 - institutional care
26. Adult Day Health Care:
- Centers are private homes licensed to provide care.
 - facilities are residential care settings which provide personal care services and services such as shopping, housekeeping and transportation to those with physical impairments.
 - facilities provide 24-hour supervisory skilled nursing for medical needs.
 - Centers provide activities, entertainment, exercise, meals, or snacks along with some health-related services during the day.
27. Business overhead expense disability policies:
- are not necessary for many businesses.
 - pay for research and development business expense.
 - are also known as business buy-out policies.
 - pay benefits typically for a period of 12 - 24 months to enable a business to pay overhead expenses.
28. Two important factors in determining the likelihood that claims will be submitted by an applicant/insured are:
- stability and motivation.
 - income and gender.
 - education and occupation.
 - stability and income.
29. Financial professionals suggest that a net worth of at least \$_____ is needed in order to have a sufficient amount to pay for long-term care from personal resources.
- 1,000,000
 - 100,000
 - 10,000
 - none of the above
30. Accelerated death benefits found in life policies can be based on:
- a loan provision in the policy
 - multiplying the face amount by a discount rate
 - the entire death benefit of the policy
 - all of the above
31. Generally, benefits from individual disability income insurance are:
- taxable as income at the time received.
 - taxable as income received by the spouse of the insured.
 - received income tax free.
 - taxable as income at the end of the benefit period.
32. The population of those 65 and over is expected to _____ the year 2050.
- remain stable through
 - decrease by
 - double by
 - quadruple by

33. Cash from a reverse mortgage can be used for:
- long-term care only
 - health related expenses only
 - nursing home care only
 - any purpose
34. A presumptive disability is one which:
- satisfies the requirements to receive social security disability payments.
 - the insurance company presumes is totally disabling, such as the loss of more than one extremity.
 - meets the requirements of disability in most disability policies.
 - is excluded from coverage.
35. Disabilities excluded from disability income insurance coverage often include disabilities due to or resulting from:
- carelessness.
 - accidents.
 - earthquakes.
 - war or acts of war.
36. All of the following statements regarding accelerated death benefit riders or provisions are true except:
- Accelerated death benefit riders or provisions pay a portion or all of the death benefit during the insured's lifetime if conditions of the rider are met.
 - Some life policies are marketed with an accelerated death benefit rider as part of the policy, not as an optional rider.
 - Accelerated death benefit riders include some features of a long-term care policy.
 - Accelerated death benefit riders never cover intermediate care costs.
37. A factor to consider when evaluating a long-term care policy is:
- the insurance company's financial ratings.
 - policy nursing facility benefits.
 - policy benefit period and amount.
 - all of the above are factors to consider
38. Medigap Plan A, the Basic Policy includes:
- Coverage for the Part A coinsurance amount for the 61st through the 90th day of hospitalization in each Medicare benefit period.
 - Coverage for the Part A coinsurance amount for each of Medicare's 60 non-renewable lifetime hospital inpatient reserve days used.
 - Coverage for 100% of Medicare Part A eligible hospital expenses after all Medicare hospital benefits are exhausted.
 - all of the above
39. All of the following are accurate statements regarding group long-term care policies, except:
- Purchasing a group policy is never a better decision than purchasing an individual long-term care policy.
 - Because group policies may cover those who are otherwise uninsurable, they may also include exclusions a potential purchaser may find unacceptable.
 - By design, group policies are more standardized than individual policies in terms of benefit amount options, generally offering two to four choices.
 - Group policies may sometimes be converted to individual policies, but conversion is often expensive.

40. All of the following statements are true of group disability policies, except:
- short-term and long-term disability policies are available
 - short-term group policies typically have a short waiting period of 3 - 14 days
 - group disability policies were largely initiated by unions
 - all of the above are true
41. The Medical Information Bureau:
- is not ever required to correct information disputed by the applicant.
 - is used as a sole source of information to make underwriting decisions.
 - is an association made up of large hospitals in the US.
 - is an association of virtually all life and health insurance companies in the US.
42. A consumer report may include:
- credit information
 - verification of employment
 - information found in public records
 - all of the above
43. All of the following are cited as possible reasons disability claims from the professional market have increased recently, except:
- changes in the medical profession, such as the rise of HMO's
 - society's attitude toward the receipt of monetary remuneration for disabilities
 - a decrease in private disability insurance policies issued
 - stress related disabilities are covered by many disability policies
44. Generally, the best candidates for long-term care insurance:
- have a net worth between \$100,000 and \$1,000,000.
 - can afford the premium.
 - are in their sixties.
 - all of the above
45. Under IRC Section 7702B(c), a chronically ill individual must be certified by:
- a licensed health practitioner.
 - a health practitioner designated by the insurer only.
 - a health practitioner employed by the federal Health Care Finance Administration only.
 - a health practitioner designated by the insurer or a health practitioner employed by the federal Health Care Finance Administration only.
46. All of the following are requirements of a qualified long-term care policy, except:
- the policy may only provide coverage for qualified long-term care services.
 - the policy must be guaranteed renewable.
 - the policy must provide coverage for short-term and long-term health care.
 - any refunds of premium under the policy must be applied as a reduction in future premiums to increase future benefits.
47. A qualified long-term care policy:
- is always a better overall policy than a non-qualified policy.
 - is never a better overall policy than a non-qualified policy.
 - may be better for some people than a non-qualified policy.
 - none of the above

48. A requirement for a three-day hospital stay prior to confinement in a nursing home before benefits are paid:
- is a requirement of most long-term care policies offered today.
 - was a requirement of most long-term care policies offered before the late 1980's.
 - is a requirement of most non-qualified long-term care policies offered today.
 - is a requirement of most qualified long-term care policies offered today.
49. According to IRC Chapter 7, Subchapter XVIII, Section 1395, if a Medicare supplemental policy replaces another Medicare supplemental policy, the issuer of the replacing policy:
- must waive any time periods applicable to preexisting conditions, waiting period, elimination periods and probationary periods in the new Medicare supplemental policy for similar benefits to the extent such time was spent under the original policy.
 - need not waive any time periods applicable to preexisting conditions, waiting period, elimination periods and probationary periods in the new Medicare supplemental policy for similar benefits to the extent such time was spent under the original policy.
 - must waive any time periods applicable to preexisting conditions, waiting period, elimination periods and probationary periods in the new Medicare supplemental policy for similar benefits to the extent such time was spent under the original policy only if the policyholder pays an additional premium for such benefits.
 - none of the above
50. According to the Social Security Act, Section 1917, no lien may be imposed on an individual's home on account of medical assistance paid or to be paid on an individual's behalf under a State plan under any of the following conditions, **except**:
- if the spouse of such individual is lawfully residing in such home.
 - if the non-spouse beneficiary or heir of such individual is lawfully residing in such home, regardless of age and regardless of equity interest in such home.
 - if such individual's child who is under age 21 is lawfully residing in such home.
 - if a sibling of such individual who has an equity interest in such home and who was residing in such individual's home for a period of at least one year immediately before the date of the individual's admission to the medical institution is lawfully residing in such home.