

Glossary of Terms



This glossary covers terms related to assisted living, retirement and estate planning. It also includes related financial, insurance and legal terms. (For terms related to Medicare, click on [Medicare Glossary](#).)

A

Accelerated Death Benefit – A life insurance policy benefit that lets the insured person use some of the policy's death benefit prior to death for purposes such as long-term care.

Activities of Daily Living (ADLs) – Everyday functions and activities that people usually do without help. These include dressing, eating, bathing, toileting, transferring and continence. Many insurance policies use the inability to perform a certain number of ADLs (such as 2 of 6) to determine eligibility for benefits.

Acute Care – The care provided for a medical condition from which a patient is expected to recover and resume a "normal" lifestyle, even though it may not be the same as before onset of the condition. Recovered patients usually do not require the assistance of another person in performing their normal activities of daily living. Medicare covers most acute care for patients age 65 and older.

Adult Day Care – Community-based care designed to meet the needs of functionally and/or cognitively impaired adults who, for their own safety and well-being, can no longer be left at home alone during the day. Adult day care facilities such as senior or community centers offer protected settings which are normally open weekdays during business hours and include a mixture of health, social and support services. Specialized programs for individuals with Alzheimer's disease or related disorders also exist. Some facilities offer a wide range of therapeutic and rehabilitative activities as well as social activities, meals, and transportation.

Advance Directive for Health Care – Prepared ahead of time, a health care advance directive is a written document that says how you want medical decisions to be made if you lose the ability to make decisions for yourself. A health care advance directive may include a Living Will, a Durable Power of Attorney for Health Care or both. For more information take a look at the [Dorothy Garske Center](#)

Alzheimer's Disease – A progressive, degenerative form of dementia that affects brain functions, causing loss of short-term memory, the ability to reason, the ability to care for oneself and deterioration of language skills. While Alzheimer's is currently not curable, several new medications can slow the rate of degeneration for many people. For more information, visit the [Alzheimer's Association](#).

Ancillary Administration – A probate proceeding that occurs when a deceased person owned real estate in a state other than his or her legal domicile.

Annuitant – The person entitled to receive an annuity.

Annuity – A series of payments made periodically for a specific period of time. The payment amounts can be variable from payment-to-payment or fixed amounts. Many insurance companies sell a wide variety of annuity policies / contracts with payments that begin immediately upon purchase of the contract or are deferred until sometime in the future. Some annuity contracts waive their surrender charges (early withdrawal penalties) in the event of a lengthy hospital stay, nursing home confinement, or terminal illness.

Area Agency on Aging (AAA) – A nationwide network of State and local programs that help older people plan and care for their life-long needs. Services include information and referral for in-home services, counseling, legal services, adult day care, skilled nursing care/therapy, transportation, personal care, respite care, nutrition and meals.

Assignment of Benefits – Long-term care insurance policy benefits are usually paid directly to the insured person. This policy provision allows the insured person (or his/her legal representative) to make arrangements to have all or a portion of the benefits paid directly to the provider or providers of their care.

Assisted Living Center – An assisted living facility provides care for 11 or more residents. The larger of these provide accommodations ranging from individual apartments to assisted living, and in some cases, skilled nursing care. Generally, these types of facilities are designed for higher functioning residents who are still active and interested in a variety of activities.

Assisted Living Facility – A residential living arrangement that provides meals, housekeeping, transportation, health services and individualized personal care and for people who require assistance with activities of daily living. The types and sizes of facilities vary from a small home to a large apartment-style complex; individual units range from single rooms to multi-bedroom apartments. They also vary in the levels of care and services that can be provided. Assisted living facilities offer a way to maintain a relatively independent lifestyle and more privacy for people who don't need the level of care provided by nursing homes. In most cases, assisted living residents pay a regular monthly rent for room and board, plus additional fees for the services they receive.

Assisted Living Home - Assisted Living Facility that provides care for 10 or fewer residents. These care homes are located in residential neighborhoods and are licensed by the Arizona Department of Health Services for one of the three levels of care: Supervisory, Personal and Directed. Assisted Living Homes provide care at a level that approaches that to be found in a nursing home and at costs that are typically lower than in Assisted Living Centers and significantly lower than nursing homes.

Assistive Equipment – A range of products and technology designed to help elders or people with disabilities lead more independent lives. Examples include special telephones for people with hearing impairments, walking aids, elevated toilet seats, communication devices, etc.

B

Bathing – An activity of daily living - Washing oneself by sponge bath, taking a shower, or taking a bath in a tub. This activity includes the task of getting into or out of the tub or shower.

Beneficiary – A person who is entitled to receive the benefits or proceeds of a will, trust, insurance policy, retirement plan, annuity or other contract. Someone covered by Medicare is also called a beneficiary.

Benefit Period – The number of years an insurance policy will provide benefits. Many long-term care insurance policies offer buyers a choice of between three and five years; some offer lifetime benefits.

Benefit Trigger – A condition that must exist in order for an insurance company to pay benefits under a long-term care insurance policy.

Benefits – Monetary sums paid or payable to a person insured under an insurance policy, or to someone else, such as a health care provider, to whom the insured person has assigned the benefits.

C

Caregiver – An adult (typically a family member or friend) who provides unpaid assistance to another adult who can no longer independently attend to his or her personal needs and/or perform his or her normal activities of daily living.

Care Manager – A health care professional, typically a nurse or social worker, who arranges, monitors, or coordinates long-term care services (also referred to as a care coordinator or case manager). A care manager may also assess a patient's needs and develop a plan of care, subject to approval by the patient's physician.

Cash Surrender Value – The amount of money you may be entitled to receive from the insurance company when you terminate a life insurance or annuity policy. The amount of cash value will be determined as stated in the policy.

Catheter – A medical device used to control urinary incontinence using a receptacle bag.

Certified – A long-term care facility, home health agency, or hospice agency that meets the requirements imposed by Medicare and Medicaid is said to be certified. Being certified is not the same as being accredited. Medicare, Medicaid and some long-term care insurance policies only cover care in a certified facility or provided by a certified agency.

Certified Nursing Assistant (CNA) – CNAs are trained and certified to help nurses by providing non-medical assistance to patients, such as help with eating, cleaning and dressing.

Chronically Ill Individual - According to federal law, a person who, within the preceding 12-month period, has been certified by a licensed health care practitioner as:

- being unable to perform, without substantial assistance from another person, at least two activities of daily living for a period of at least ninety consecutive days due to a loss of functional capacity; or
- requiring substantial supervision to protect such a person from threats to health and safety due to severe cognitive impairment.

Chronic Illness or Condition – An illness or other condition with one or more of the following characteristics: permanency, residual disability, requires rehabilitation training, or requires a long period of supervision, observation, or care. Typically, it is a disease or condition that lasts over a long period of time and cannot be cured; it is often associated with disability.

CNA – see **Certified Nursing Assistant**.

Codicil – A written amendment to a will.

Cognitive Impairment – Deterioration of intellectual ability, such as disorientation as to people, places or time; impairment of short-term or long-term memory; and/or impairment of one's ability to reason; that has progressed to the extent that a person requires substantial supervision by another person. Cognitive impairment includes Alzheimer's disease and senile dementia. The existence of cognitive impairment is determined by clinical evidence and standardized tests that reliably measure the person's impairment

Coinsurance – For Medicare, it is the percentage of the Medicare-approved amount that you have to pay after you pay the deductible for Part A and/or Part B. For other types of health insurance, it is usually a percentage of billed charges after you pay the deductible. For example, if you have paid the deductible and the insurance company then pays 70 percent of the remaining amount of your claim, your coinsurance is 30 percent.

Community-Based Services – Services designed to help older people live independently in their own homes, such as adult day care and senior centers.

Companionship Services – Companions visit isolated and homebound elders for conversation, reading, and light errands. May also be termed "friendly visitor" services.

Conservator – Someone appointed by a court to assume responsibility for a child, or for an adult who is not capable of managing his or her own affairs.

Continence – Another activity of daily living - The ability to maintain control of bowel and bladder function. Or, when unable to maintain control these functions, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

Continuing Care Retirement Community (CCRC) – A retirement community that offers a broad range of services and levels of care based on what each resident needs over time. Sometimes called "life care," it can range from independent living in an apartment to assisted living to full-time care in a nursing home. Residents move from one setting to another based on their needs. Care in CCRCs can be expensive, with a large payment often required before moving in, and monthly fees thereafter which typically increase as the level of care provided increases.

Coordination of Benefits – A provision in a health insurance plan that tells which health plan or insurance policy pays first if two health plans or insurance policies cover the same benefits. If one of the plans is Medicare, federal law may determine who pays first.

Copayment – A charge you pay for a specific medical service. For example, you may pay \$10 for an office visit or \$15 for a prescription and your health plan pays the remainder of the medical charges.

Covered Benefit or Service – A health service or item that is included in an insurance plan or policy, and that is paid for either partially or fully.

Covered Charge – Services or benefits for which a health plan makes either partial or full payment.

Cueing – Directing or supervising the actions of someone with cognitive impairment (for example, showing them how to eat, reminding them which medications to take at the appropriate times, giving visual or verbal reminders for dressing or toileting, etc.).

Custodial Care (Personal Care) – Care to help individuals meet personal needs such as bathing, dressing, eating, and other non-medical care that most people do themselves, such as using eye drops. Someone without professional training may provide this type of care. Medicare does not pay for custodial care and Medicaid pays very little.

D

Daily Benefit – It is the insurance benefit amount (in dollars) that a person selects as the basis for their long-term care insurance. However, the daily benefit may not be the actual amount paid for each day an insured person is eligible for a benefit. There are three different methods of computing benefits; but, each insurance policy will use only one of them.

1. Expense-Incurred Method – After you qualify for benefits, the insurance will pay the lower of: (1) the expenses you incurred for eligible long-term care services, or (2) the dollar limit of your policy. Most policies bought today pay benefits using the expense-incurred method.

Some expense-incurred policies protect a covered person from the situation where expenses exceed the daily limit on some days and are less than the daily limit on other days, by setting up a weekly pool of benefits. That is, the daily benefit is multiplied by 7 to establish a weekly pool of money that can be used to pay all eligible expenses until the pool is exhausted for that week. Under the pool of money approach, any unspent money is often added to the end of the policy to extend the period of coverage. (A few policies use a monthly pool of money.)

2. Indemnity Method – This method is not based on the specific service received or on the actual expenses incurred. After you qualify for benefits and receive eligible long-term care services, the insurance company will pay a fixed amount directly to you, up to the limit of the policy. The fixed amount is pre-determined by your insurance policy.

3. Disability Method – After you qualify for benefits, you will receive your full daily benefit even if you don't receive any specific long-term care services. These benefits are yours to spend as you wish.

Deductible – The amount you must pay, usually every year, before your health insurance or Medicare begins to pay benefits.

Dementia – Deterioration of intellectual abilities (e.g., vocabulary, abstract thinking, judgment, memory loss, physical coordination), the loss of which interferes with daily activities. Dementia can be caused by degenerative diseases (e.g., Alzheimer's, Huntington's and Parkinson's diseases), vascular diseases or stroke, metabolic disorders (thyroid, liver kidney dysfunction and certain vitamin deficiencies), AIDS, drugs and alcohol, and psychiatric disorders. Some dementias may respond to treatments, others do not.

Depression – This is one of the most undiagnosed conditions among seniors. But, with proper medical care, depression is a reversible psychiatric condition. Symptoms include a persistent sad, anxious or "empty" mood, loss of interest or pleasure in activities once enjoyed, and difficulty sleeping.

Discharge Planner – A social worker or other health care professional who assists hospital patients and their families in transitioning from the hospital to another level of care such as rehabilitation in a skilled nursing facility, home health care in the patient's home, or long-term care in a nursing home.

Domicile – A person's permanent legal residence for tax purposes; typically, this is also the address where the person maintains his or her voter's registration.

Donee – A person or organization who receives a gift.

Donor – A person or organization who gives a gift.

Dressing – The third activity of daily living - Putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.

Durable Medical Equipment – Medical equipment that is ordered by a doctor for use in the home. These items, such as walkers, wheelchairs, and hospital beds, must be reusable. Durable medical equipment is paid for under Medicare, subject to a 20% coinsurance of the Medicare-approved amount.

E

Eating – The fourth activity of daily living - Feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table). It does not include preparation of meals.

Elder Care – A wide range of services provided at home, in the community and in residential care facilities, including assisted living facilities and nursing homes. It includes health-related services such as rehabilitative therapies, skilled nursing, and palliative care, as well as supervision and a wide range of supportive personal care and social services. Typically, elder care is provided over an extended period of time to people who need another person's assistance to perform normal activities of daily living because of cognitive impairment or loss of muscular strength or control. Regardless of where it is provided, most elder care is custodial care, the type of care that is not paid for by Medicare.

Eldercare Locator (1-800-677-1116) – Developed by the U.S. Administration on Aging, the [Eldercare Locator](#) is a free service. It helps older people and their caregivers find state and local support services to help them live independently and safely in their homes and communities for as long as possible. Look for the resources you need by following the directions on their website. Or, call their toll-free phone number 1-800-677-1116, between 9AM and 8PM weekdays, Eastern Time.

Elimination Period – The length of time an insured person must pay for covered services before the insurance company will begin to pay benefits. Unless otherwise noted in the insurance policy, no benefits are payable for any days of an elimination period.

Estate – All of a person's assets and debts at the time of his or her death.

Estate Tax – A tax levied on a person's estate after that person's death.

Exclusion – A health condition, situation, item, service or expense that an insurance policy does not cover. Medicare excludes coverage for most prescription drugs, long-term care, and custodial care in a nursing or private home.

Executor – The person or institution appointed in a will, or by a court, to settle the estate of a deceased person.

F

Fiduciary – Someone, such as a trustee or guardian, who holds the assets of another person, often with the legal authority and duty to make decisions regarding financial matters on behalf of the other party.

Free-Look Period – After an insurance policy is issued to you, you have a certain period of time (usually 30 days) during which you can change your mind and cancel the policy for any reason whatsoever. This is often called a "free-look period." If you cancel your policy during the free-look period, your premiums will be refunded in full, and no claims will be paid. (This type of cancellation is treated as though your policy never took effect.)

G

Geriatrician – A physician who specializes in the care of the elderly, primarily those who are frail and have complex medical and social problems.

Gift Tax — A tax on gifts made to non-charitable beneficiaries. For gifts that exceed the annual gift tax exclusion, the donor is required to file a gift tax return and pay all applicable taxes. The person who receives the gift does not have to pay any gift tax.

Gift Tax Exclusion — The maximum amount one person is allowed to give to another person without incurring Federal gift tax. The annual exclusion for gifts made in 2009 is \$13,000 per year per recipient (\$12,000 in 2008). There is no limit on the number of these gifts you can make to different people in a year. A husband and wife can give a total of \$26,000 (\$13,000 each) in 2009 (\$24,000 and \$12,000 respectively in 2008) to the same person. To qualify for the exclusion, a gift must be of a "present interest," meaning that the recipient can make use of the gift immediately, and the donor must not have any control over the asset after it is given. There are no exclusion limits on gifts given to a spouse unless the spouse is not a U.S. citizen. Generally, if a gift qualifies for the exclusion, the donor does not have to file a gift tax return. The person who receives the gift does not have to pay any gift tax.

Grace Period – This is the period of time (usually 30 days) during which you can still pay your premium after its due date. Your policy will remain in force during the grace period. But if you have a claim, the premium remaining due will be deducted from any payment of benefits. If you don't pay the premium by the end of the grace period, your policy will lapse.

Grantor – The person who creates a trust; also called a **trustor**.

Guaranteed Renewable – Most Medicare Supplement and long-term care insurance policies are guaranteed renewable. That is, the policy cannot be cancelled by the insurance company unless: (1) you committed fraud in your application for the policy, (2) you have not paid the required premium and the policy has lapsed, or (3) benefits have been exhausted. A guaranteed renewable

policy cannot be cancelled because of a change in your health condition, or your marital or employment status. However, the insurance company may increase premiums, but only on an entire class of policies, not just on your policy, and never because of any claims paid to you.

Guardian – A person who is appointed by a court and charged with the legal duty to care for another person who is unable to care for himself or herself.

H

Hands-On Assistance – Physical assistance required for an individual to perform an activity of daily living.

Health Maintenance Organization (HMO) – For most people age 65 and older, a type of Medicare managed care plan where a group of doctors, hospitals and other health care providers agree to give health care to Medicare beneficiaries for a set amount of money from Medicare every month. In an HMO, you usually must get all of your care from the providers that are part of the plan; if you use providers that are outside your HMO plan, you will pay for their services out of your own pocket.

Heir – Someone who inherits assets from an estate of another person who has died. The heir does not have to pay income tax or estate tax on the value of the inheritance received.

Home Health Care (Home Care) – Supportive services in the home ranging from skilled nursing care and occupational, physical, respiratory and speech therapy ... to assistance with activities of daily living and housekeeping. This support allows many older people to remain in their own homes.

Home Health Aides – Individuals who provide non-medical health care to people at home. Training or certification requirements vary from state-to-state, but typical services include assistance with activities of daily living, managing medications and some household tasks. In some states, only licensed home health aides can provide hands-on assistance.

Homemaker Services – Household services done by someone other than yourself because you are unable to do them. These services can include shopping, laundry, light cleaning, meal preparation and transportation assistance. Homemakers cannot provide hands-on care in most states.

Hospice Care – Continuous care provided for a terminally-ill person, and his or her family, during the final stages of life. (A terminally-ill person has a life expectancy of six months or less.) Hospice care can be provided at home, in a facility with a homelike setting, a hospital or a nursing home. The care includes physical care, counseling and support services, but does not attempt to cure any illness.

I

In-Home Care – See **Home Health Care**.

Incontinence – The inability to control urination, bowel movements or both. Also see **Continence**.

Inflation Protection – A policy option that automatically increases benefits to help pay for expected increases in the cost of long-term care. Two types of protection, simple or compounded, are often available; both are typically based on an inflation rate of 5% per year.

The simple method increases benefit amounts by 5% of the **original** amount each year. This method is less expensive, but it is also one of the least effective, especially if you don't expect to use benefits until 20 or 30 years from now. For example, in 30 years using the simple method, a \$5,000 monthly benefit (today's average cost for a nursing home) will grow to \$12,500 per month.

However, long-term care costs actually increase about 5% **compounded annually** — that is, each year's costs have been 5% higher than the **prior year's** cost, not 5% higher than some original cost. At 5% compounded annually, today's \$5,000 monthly cost for a nursing home will grow to **\$21,610** in 30 years, leaving a **shortage** of \$9,110 to pay out-of-pocket every month if you pick a policy with only simple inflation protection.

Caution — to reduce premium costs, some of the newest policies increase benefits based on the Consumer Price Index (CPI), compounded annually. As it turns out, this method can be even worse than the simple method. The insurance companies use the Consumer Price **All Items** Index — the one we hear about on radio and TV. Unfortunately, some components of the All Items Index have a higher inflation rate than others — one of those is the cost of long-term care.

Over the past 10 years, the CPI averaged only 2.5% compounded annually. But, the cost of long-term care actually increased 5% compounded annually. Using the 2.5% rate, in 30 years, today's \$5,000 monthly benefit will grow to only \$10,488, leaving a **shortage** of \$11,122 per month to pay out-of-pocket because the policy had insufficient protection against inflation.

Inheritance Tax – A tax that is levied by a state or local government upon those who inherit property; paid by the recipient.

Instrumental Activities of Daily Living (IADLs) – These are tasks that, in addition to activities of daily living, you must be able to perform in order to live independently (without the assistance or substantial supervision of another person). Examples include grocery shopping, meal preparation, using the telephone, laundry, light housekeeping, bill paying, and managing your medications. Most long-term care insurance policies will not pay benefits for the loss of ability to perform IADLs.

Inter Vivos Trust – See **Living Trust**

Intestate – Dying without a legal will.

Irrevocable Trust – A trust that, once executed, cannot be revoked or changed without consent of the beneficiary.

J

Joint and Survivor Annuity – An annuity issued on two individuals under which payments continue in whole or in part until both individuals die; also called a joint life annuity.

Joint Tenancy in Common – A type of joint tenancy of property without right of survivorship. Upon the death of any joint tenant, his or her ownership interest is transferred according to the terms of his or her will that may, or may not, provide for transfer to a surviving joint tenant(s).

Joint Tenancy with Right of Survivorship – A type of ownership of property by two or more persons in which each owns an interest in the whole. Upon the death of any joint tenant, his or her ownership interest automatically passes to the surviving joint tenant(s).

L

Lapse – Termination of a policy when a required premium has not been paid by the end of the policy's grace period.

Licensed Health Care Practitioner – A physician (as defined by the Social Security Act) or a registered professional nurse, licensed social worker, or any other health care worker who meets the requirements of the U.S. Treasury Department.

Life Tenancy - After the owner sells a home, he or she leases it back and receives a written guarantee (life tenancy) that he or she can continue to live in the home for the rest of his or her life. A life tenancy is often arranged with an annuity set up to pay the rent.

Lifetime Maximum – The maximum amount of policy benefits available to an insured person during his or her lifetime.

Limited Payment Option – Premiums are paid for only a set period of time. After the last premium payment, the policy becomes paid-up for the remaining duration of the policy. After it becomes paid-up, the insurance company cannot cancel the policy and they cannot ask for more premiums.

Living Trust – A trust created during someone's lifetime to hold assets during that person's lifetime, thereby removing those assets from probate at death. A living trust can be either

revocable or irrevocable. It avoids probate and therefore gets assets distributed significantly faster than a will. Assets that a person wants to move to a living trust, such as real estate and bank or brokerage accounts, must be retitled so that the trust becomes the owner.

Living Will – A legal document in which a person specifies which life-prolonging medical measures he or she does, and does not, want to be taken if he or she becomes terminally ill or incapacitated.

Long Term Care – A variety of services provided over an extended period of time to people who need help to perform normal activities of daily living because of cognitive impairment or loss of muscular strength or control. Care may include rehabilitative therapies, skilled nursing, and palliative care, as well as supervision and a wide range of supportive personal care and social services. It may also include training to help older people adjust to or overcome many of the limitations that often come with aging. Long-term care can be provided at home, in the community, or in various types of facilities, including nursing homes and assisted living facilities. Regardless of where it is provided, most long-term care is custodial care, the type of care that is not paid for by Medicare.

Long Term Care Insurance – An insurance policy that helps pay for some long-term medical and non-medical care, such as help with activities of daily living. Because Medicare generally does not pay for long-term care, this type of insurance policy may help pay for long-term care that you may need in the future. Some long-term care insurance policies offer potential tax benefits; these are called "Tax-Qualified Policies."

Long Term Care Ombudsman Programs – Independent, nationwide, federally-funded services that work to resolve problems between residents and assisted living facilities, nursing homes and other residential care facilities.

M

Meals on Wheels – Local agencies provide low cost, hot, nourishing meals to the elderly and disabled, allowing frail, homebound people to remain in their own homes. To find a local program near you or your loved one, click on [Meals on Wheels](#); once at their Web site, click on **Search for a Program**. You'll find the names, addresses and phone numbers of over 3,200 local programs listed by state. Or, you can call the toll-free ElderCare Locator number at 1-800-677-1116, weekdays from 9AM to 8PM, Eastern time, for the nearest Meals On Wheels program.

Medicaid – A joint federal/state program that pays for health care for individuals and families with low incomes or very high medical bills relative to their income and assets. Coverage and eligibility requirements vary from state-to-state. Medicaid is the primary payer of nursing home care. Some states also offer some home and community-based long-term care services for eligible individuals through their Medicaid programs. These additional services are at the option of the state and are not mandated by federal law. In Arizona, it is [Arizona Health Care Cost Containment System](#) (AHCCCS).

Medicare – The federal program that provides hospital and medical care to people age 65 or older, and to some younger people who are very ill or disabled. Benefits for nursing home and short-term home health services are limited and are generally available only to people while they are recovering from an acute illness. Coverage is restricted to medical care, and does not include custodial care at home or in nursing homes.

Medicare Supplement Insurance – A private insurance policy that covers many of the gaps in Medicare coverage (also known as Medigap Insurance or Medicare Supplemental Insurance). Except in Minnesota, Massachusetts and Wisconsin, there are 12 standardized plans labeled Plan A through Plan J. (Not all insurance companies offer all 12 plans.) Medicare Supplement Insurance policies work only if you are enrolled in the Original Medicare Plan. But, they won't pay any benefits if you are enrolled in a Medicare HMO or another type of Medicare Plus plan. Medicare Supplement policies can minimize Medicare copayments and deductibles for covered services, but generally do not offer expanded coverage such as long-term care services or prescription drugs.

Medigap – See **Medicare Supplement Insurance**.

Minimum Distribution – The minimum annual required distribution amount for an IRA holder reaching age 70 1/2; also called Required Minimum Distribution (RMD).

N

Network – A group of doctors, hospitals, pharmacies, and other health care professionals hired by a managed healthcare plan to take care of its members.

Noncancellable Policies – Insurance policies that cannot be cancelled by the insurance company, except for non-payment of the required insurance premiums. And, the rates can never be changed by the insurance company.

Nonforfeiture Benefits – After a long-term care insurance policy has been in force for a sufficient period of time, you will be entitled to a nonforfeiture benefit if you let the policy lapse. Instead of cancelling the policy, the nonforfeiture benefit allows you to keep it in force as a paid-up policy. Nonforfeiture benefits vary from policy-to-policy; they usually include (1) keeping the same benefit amounts, but making the benefit period shorter, or (2) keeping the same benefit period, but with reduced benefit amounts.

Nursing Home – A state-licensed residential facility that provides a room, meals, help with activities of daily living, recreation, and general nursing care to people who are chronically ill or unable to take care of their daily living needs. It may also be called a Long Term Care Facility. If it has been certified as such by Medicare, it is also referred to as a Skilled Nursing Facility.

O

Occupational Therapist – A rehabilitation professional who teaches people to compensate for functional limitations as a result of an injury, illness or disability by learning skills and techniques needed to perform activities of daily living and optimize independence.

Ombudsman Programs – See **Long-Term Care Ombudsman Programs**.

Out-of-Pocket Maximum – The maximum amount of money you will be required to pay per year for your health insurance plan's deductibles and coinsurance. This maximum may apply to each family member, or to an entire family. The maximum amount is in addition to your premiums.

P

Paid-Up Policy – After your insurance policy has been in force for a period of time defined in the policy, you may be entitled to nonforfeiture benefits. If you have one of those policies and you prematurely stop paying the required premiums, your policy becomes paid-up. You don't pay any more premiums, but the benefits you receive under the policy will be determined based on the amount of premiums you have already paid, not on the level of benefits you originally purchased.

Paratransit Services – Specialized transportation, such as a wheelchair accessible van, for seniors and other people with disabilities. These services may offer transportation to senior centers, medical care, shopping malls, or specific appointments.

Partnership Policy – A type of long-term care insurance policy that allows you to protect (keep) some of your assets if you apply for Medicaid after using your policy's benefits. Only a few states have these policies.

Personal Care – see **Custodial Care**.

Personal Emergency Response System – In case of a fall or other medical emergency, this electronic device enables the user to contact help 24-hours-a-day simply by pressing a button. A number of private companies offer these systems.

Physical Therapist – A rehabilitation professional who utilizes various therapies to help people maximize mobility, and restore strength and body movement after an illness or injury such as a stroke, fall, back injury, etc.

Plan of Care – The written plan that describes the services and care you need for your health problem. Your plan of care must be prepared or approved by your doctor. (See also **Service Plan**)

Point-of-Service Plan (POS) – A type of managed care plan that combines aspects of health maintenance organizations and preferred provider organizations. POS offers the option of going to a network healthcare provider and paying a flat fee, or to an out-of-network provider and paying a deductible and/or a coinsurance charge. POS Plans are not currently available to Medicare beneficiaries.

Pour-over – A provision in a person's will stating that certain assets are to be transferred (poured over) to a trust upon the death of that person.

Power of Attorney – A written legal document in which one person (the principal) appoints another person to manage the principal's financial affairs. Even though the intent is that the power of attorney will not take effect until the principal becomes unable to handle his or her own affairs, it actually takes effect on the date it is signed, unless otherwise specified. And, unless otherwise specified, the durable financial power of attorney applies only to assets owned directly by the principal, and not to any assets transferred into a trust by the principal. Unlike an ordinary power of attorney, a durable power of attorney remains in effect even after the principal can no longer manage his or her own affairs.

Power of Attorney for Health Care – A written legal document in which one person (the principal) appoints another person to make health care decisions on behalf of the principal in the event the principal becomes incapacitated (the document defines incapacitation). This instrument can contain instructions about specific medical treatment that should be applied or withheld. While its purpose remains essentially the same from state-to-state, the name of this document can vary; for example, in Florida it is called an Appointment of Health Care Surrogate.

Pre-existing Condition – An illness or disability for which you were treated or advised within a certain time period (typically 6-12 months) before applying for an insurance policy. Any pre-existing condition would not be covered during a designated time period (again typically 6-12 months) after the effective date of the policy.

Preferred Provider Organization (PPO) – Another type of managed care plan. Members have a choice of utilizing healthcare providers in the PPO network, or hospitals, doctors and other healthcare professionals outside the plan for an additional cost. Beginning in 2003, PPO plans are available to Medicare beneficiaries in 23 states.

Primary Care Physician – A doctor trained to give you basic care. Your primary care doctor is the one you see first for most health problems. He or she makes sure you get the care you need to stay healthy. He or she also may talk with other more specialized doctors and healthcare providers and refer you to them. In many Medicare managed care plans, you must see your primary care doctor before you see other healthcare providers.

Primary Caregiver – The person, usually the spouse or adult child, who takes on the primary day-to-day responsibility of caring for the physical, psychological and social needs of another person.

Probate – The process by which an executor (if there is a will), or a court-appointed administrator (if there is no will), manages and distributes a decedent's property to heirs or beneficiaries.

Provider – A properly-licensed doctor, health care professional, hospital, or other health care facility, including a home health agency, that provides health care or related social services.

Q

Qualified Long-Term Care Insurance Policy – A policy that conforms to federal law and, as a result, offers potential federal tax advantages for some people. Sometimes referred to as a Tax-Qualified Long-Term Care Insurance Policy.

Qualified Long-Term Care Services – Defined by federal law, these are necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services, that are required by a chronically ill individual, and are provided pursuant to a plan of care prescribed by a licensed health care practitioner. Maintenance or personal care services means any care the primary purpose of which is to provide needed assistance with any of the disabilities as a result of which the individual is a chronically ill individual (including the protection from threats to health and safety due to severe cognitive impairment).

R

Reinstatement – If a long-term care insurance policy lapses as a result of the insured person's cognitive impairment, it can usually be reinstated in most states retroactive to the date of lapse as though no lapse occurred, with no application required for reinstatement. The request for reinstatement must be made to the insurance company within six months following the date of lapse; the insurance company's requirements for cognitive impairment must be met; and all past due premiums must be paid.

Rescind – When the insurance company voids (cancels) a policy retroactive to its effective date. Legally, it is though the policy was never issued.

Residential Care Facility – See **Assisted Living Home**

Respite Care – Temporary or periodic care provided by a third party for people with disabilities, illnesses, dementia or other health problems while their usual caregivers take an occasional break from their caregiving responsibilities. Respite care can be provided at home, in the community (e.g., adult day care centers or special respite programs) or overnight in a facility such as a nursing home or assisted living residence.

Revocable Trust – A trust in which a Grantor reserves the right to revoke or change. To protect the final wishes of the Grantor, a trust can become irrevocable upon the death of the Grantor.

Rider – An addition to an insurance policy that changes the provisions of the policy.

S

Senior Center – Community-based programs that provide a variety of services that can include social activities, nutrition, and educational and recreational opportunities for older adults.

Service Plan - A written plan of care required by the State of Arizona that spells out the specific needs of the individual and the services that are to be provided by the assisted living facility. It is prepared with the assistance of a nurse, and must be signed by a nurse. The service plan must be reviewed and updated periodically according to the level of care provided, or if there is significant changes in a residents condition or in outside services, such as home health or hospice.

Skilled Care – Daily nursing and rehabilitative care that can be performed only by, or under the supervision of, skilled medical personnel. This care is usually needed 24 hours a day, must be ordered by a physician, and must follow a plan of care. Individuals usually get skilled care in a nursing home but may also receive it in other places.

Skilled Nursing Care – Skilled care that must be given or supervised by Registered Nurses. Examples of skilled nursing care are intravenous injections, tube feeding, and changing sterile dressings on a wound. Any service that could be safely done by an average non-medical person without the supervision of a Registered Nurse is not consider skilled care.

Skilled Nursing Facility (SNF) – A nursing facility (in most cases, a nursing home; sometimes a special unit inside a hospital) that has been certified by Medicare, with the staff and equipment to give skilled nursing care and/or skilled rehabilitation services and other related health services.

Speech Therapist – A rehabilitation professional who provides therapy to overcome speech and communication problems, such as speech difficulties following a stroke. A speech therapist may also provide assistance for managing swallowing problems.

Spend Down – A requirement that an individual use up most of his or her income and assets to meet Medicaid eligibility requirements.

State Health Insurance Assistance Program (SHIP) – Federally funded program to provide counseling to seniors regarding their insurance needs.

Sub-Acute Care – Typically following a stay in a hospital, this is maintenance care for serious medical conditions that are not urgent or life-threatening. Hospitals typically do not provide sub-acute care on an ongoing basis. Sub-acute care may include long-term ventilator care or other

procedures provided on a routine basis either at home or by trained staff at a skilled nursing facility.

Substantial Assistance – Means either hands-on assistance or standby assistance.

"Hands-On Assistance" means the physical assistance of another person without whom the person needing assistance would be unable to perform an activity of daily living.

"Standby Assistance" means the presence of another person, within arm's reach, to prevent, by physical intervention, injury to someone needing assistance while they are performing an activity of daily living (such as being ready to catch them if they fall while getting into or out of the bathtub or shower, or being ready to remove food from their throat if they choke).

Substantial Supervision – means the continual supervision (which may include cuing by verbal prompting, gestures, or other demonstrations) by another person to protect someone who needs assistance from threats to their health or safety (such as may result from wandering).

Support Group – A group of people with a common experience, such a disease, disorder, caregiving, etc., where one can share one's thoughts, feelings and concerns and receive information and support from other members of the group. Groups may or may not be facilitated by an expert.

Survivor – In the case of a husband and wife, following the death of one, the surviving spouse.

T

Tax Basis – The value of an asset for income tax purposes. This varies by the asset and the means by which it was acquired.

Telephone Reassurance – Calls made by agencies or volunteers to an elderly person to check up on them and offer reassurance, contact and socialization. The calls are typically made at a predetermined time each day.

Term Life Insurance – Covers a person for a period of one or more years. It pays a death benefit only if you die during that term. It generally does not build a cash value.

Testate – Dying with a legally valid will.

Testator – The person who makes a will.

Third Party Notice – A provision that lets you name someone who the insurance company would notify if your coverage is about to end because the premium hasn't been paid. This can be a relative, friend, or professional such as a lawyer or accountant, for example.

Toileting – The fifth activity of daily living - Getting to and from the toilet, getting on and off the toilet and performing associated personal hygiene.

Transferring – The sixth activity of daily living - Moving into and out of a bed, chair or wheelchair.

Trigger – see **Benefit Trigger**.

Trust – A legal arrangement in which an individual (the trustor) gives fiduciary control of property to a person or institution (the trustee) for the benefit of one or more beneficiaries.

Trustee – An individual or organization designated in a trust document to manage the assets held in the trust for the benefit of the trust's beneficiary or beneficiaries.

Trustor – The person who creates a trust; also called a **grantor**.

TTY – A text telephone system that allows a hearing-impaired user to type messages to another person and read responses on a small screen. Similar to today's text messaging, a "read only" conversation can exist between two people who each use TTY equipment. Otherwise, a non-hearing-impaired caller can use a relay service where a special operator acts as a go-between to translate the speaker's words into text and text print into voice communication.

U

Underwriting – The process of examining, accepting, or rejecting insurance applications, and classifying those people who are accepted, in order to charge the proper premium for each person.

Universal Life Insurance – A flexible type of policy that lets you periodically adjust your premium payments and the amount of your coverage.

W

Waiting Period - see **Elimination Period**.

Waiver of Premium – If a policy contains this provision, premiums don't have to be paid while an insured person is receiving benefits if the specified conditions are met.

Will – A written document through which a person disposes of property after death.

Whole Life Insurance – Policies that build cash value and cover a person for as long as he or she lives if premiums continue to be paid.