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We will begin today's webinar shortly.

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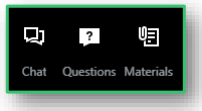
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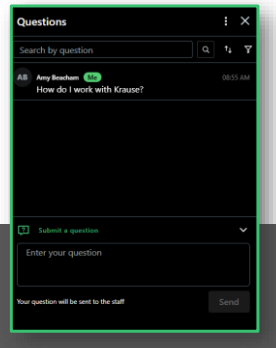
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Questions & Materials

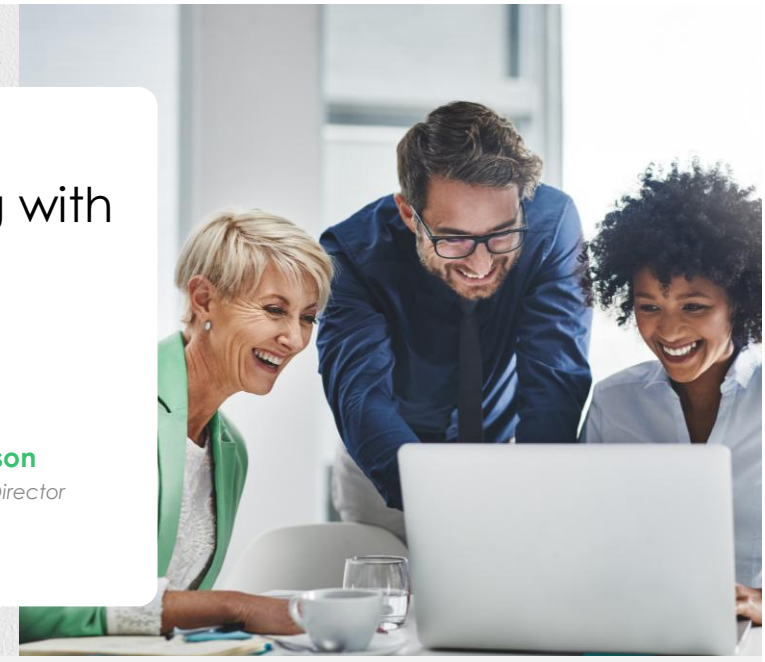
Don't forget to complete the survey at the end of today's presentation!





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Proactive Planning with **Short-Term Care Insurance**



Presented by:
Holly Westervelt & Alex Thompson
Vice President of Sales, Agency & Sales Director
July 21, 2026

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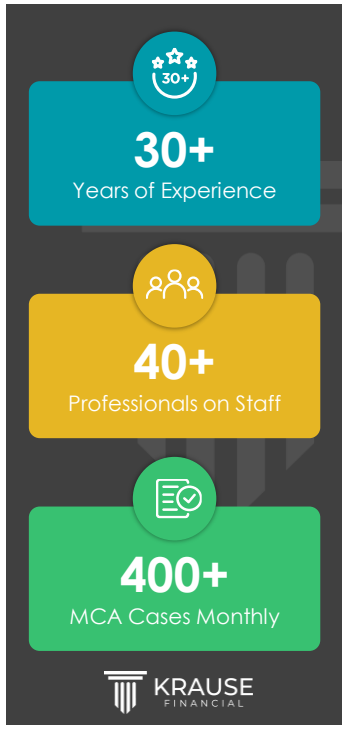
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About Us

Krause Financial is an attorney-led firm that provides asset preservation solutions for estate planning and elder law attorneys and their clients. Using our specialized insurance products, resources, and support, we help attorneys streamline the process of advising clients planning for long-term care.

Our Mission:

> Empower legal professionals to navigate long-term care planning with confidence.



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Today's Goals

IDENTIFY clients in an asset protection planning context who may benefit from STC.

UNDERSTAND the structure and key components of STC products.

COMPARE short-term care and standalone home health products and how each one fits into an asset protection planning practice.



The Vulnerability Window in Asset Protection Planning



The 5-Year Lookback Period
and the Gap It Creates

- An irrevocable asset protection trust **removes assets** from countable Medicaid resources – widely used and effective.
- Funding the trust effectively **starts the clock on a 5-year lookback period**, during which Medicaid scrutinizes all asset transfers.
- If a care need arises during the lookback, the client **may need to spend down non-trust assets** before Medicaid eligibility begins.
- A care need two or three years in can mean **hundreds of thousands in uninsured costs** with no coverage in place.

What Medicare Actually Covers

Skilled Nursing Facility

Up to 100 days following a qualifying 3-day inpatient hospital stay

Days 21-100 require a significant daily co-pay.

Custodial and intermediate care are *not* covered at any level.

Home Health Care

Intermittent skilled nursing and therapy ordered by a physician

Does *not* cover 24-hour care, ongoing personal aide services, or custodial-only assistance for clients who cannot perform daily activities

The Coverage Gap

Assisted living, memory care, custodial nursing home stays, and non-skilled home care are *not* Medicare benefits.

These are precisely the care settings most relevant to clients in the 5-year lookback window.

The Real Cost of Care
During the Lookback Period

- **Skilled Nursing Facility:** approximately **$115,000** for a semi-private room
  - *A 360-day stay during the lookback window represents that full amount in out-of-pocket exposure for a client with no coverage in place.*
- **Assisted Living Facility:** approximately **$76,000**
  - *Medicare provides zero coverage for assisted living. Every day of an assisted living stay during the lookback window is a direct out-of-pocket expense.*
- **In-Home Care:** approximately **$62,000** for a full-time home health aide
  - *Even part-time services represent significant costs that most clients in this planning population have not accounted for.*

Short-Term Care Insurance



What Is Short-Term Care Insurance?

- A cash indemnity product that **pays a daily or weekly benefit directly to the policyholder** when they require covered care
- Benefits are non-taxable, paid in addition to Medicare and all other coverage, and have no coordination of benefits restrictions.
- Policies are **guaranteed renewable** for life.

What Short-Term Care Insurance is NOT

- STC is **not long-term care insurance**.
  - *It covers defined care periods (up to 360 days for facility care) rather than years or a lifetime.*
- STC is **not** a **Medicare supplement**.
  - *It is a targeted financial bridge for a specific planning window.*



Why STC Works in Asset Protection Planning

- STC pays during the 5-year lookback window, which is precisely when clients face the **greatest financial exposure** from a care need.
- The coverage **does not need to last forever** — only the period before the lookback clears or Medicaid eligibility is established.
- STC pays **in addition to Medicare and all other existing coverage** with no coordination of benefits restrictions.
  - *Clients may hold policies from more than one carrier.*
  - *Coverage is portable across state lines.*

The STC Product



Two Independent Coverage Pools

Facility

- Pays a daily indemnity for confinement in a nursing home, assisted living facility, or memory care setting
- This pool has its own benefit period and lifetime maximum, operating entirely independently from the home care component.
- Using facility benefits does not reduce available home care coverage.

Home Care

- Pays an indemnity benefit for qualifying care received at home
- This pool has its own benefit period and lifetime maximum.
- A client who uses only facility benefits leaves the home care pool untouched.
- A client who uses both accesses the maximum of each independently.

Facility Coverage: Key Terms

- **Benefit Trigger:** Inability to perform 2 or more ADLs (bathing, dressing, eating, toileting, continence, mobility) or documented cognitive impairment
  - *Same standard as traditional LTC insurance*
- **Benefit Structure:** Daily benefits up to $700/day, benefit periods of 90-360 days, waiting periods as low as zero days
  - *Memory care explicitly included. No prior hospital stay required.*

Facility Coverage: Key Terms

- **Lifetime Maximum:** Equals twice the elected benefit period (e.g., 360-day policy carries 720-day lifetime maximum)
  - *Benefits can restore within that maximum after a period of care formally ends.*
- **No 90-Day Certification:** No physician must certify the condition will last 90+ days before benefits begin.
  - *One of the most meaningful differences from traditional LTCI.*

Home Care Coverage: Key Terms

- **Benefit Structure:** The home care component of an STC policy pays an indemnity benefit when the insured receives qualifying care at home.
  - *Structured as daily or weekly depending on the product*
- **Benefit Trigger:** Same trigger as facility benefit—inability to perform two or more ADLs or documented cognitive impairment
  - *No prior hospital stay required.*
- **Independent Pool:** Completely separate pool from the facility benefit
  - *Using facility coverage does not reduce available home care benefits, and vice versa.*

Restoration of Benefits

The Policy Can Pay More Than Once



Short-Term Care vs. Traditional Long-Term Care Insurance

Feature	Short-Term Care Insurance	Traditional LTC Insurance
Underwriting	No build chart, 5–6 knockout questions, many managed conditions accepted	Full health questionnaire, build chart required, frequent declinations for applicants 65+
Benefit Period	Up to 360 days facility; varies by product for home care. Lifetime max = 2x benefit period.	2, 3, or 5-year periods, or unlimited lifetime coverage
90-Day Certification	Not required, benefits begin upon qualifying care need	Physician must certify condition expected to last 90+ days before any benefits begin.
Premium Range	Typically $100–$400/month for meaningful coverage	Typically $2,000–$5,000+/year, with documented rate increase history

Underwriting: What Qualifies and What Doesn't

Common Disqualifiers

- Currently receiving paid care in any setting
- Hospitalized within the past six months
- Alzheimer's, dementia, or cognitive disorder diagnosis
- Using a wheelchair or receiving hands-on ADL assistance
- Terminal illness diagnosis
- Active treatment for cancer, stroke, or heart disease

Generally Acceptable

- Controlled high blood pressure on medication
- Managed diabetes without significant complications
- Cancer in remission
- Prior orthopedic procedures with full recovery
- Early mobility limitations not requiring assistance
- Many managed conditions that disqualify from traditional LTCI

Case Study 1: The Clean Planning Scenario





Meet Margaret

Margaret, age 72, is looking to plan ahead for a potential care need. She has mild arthritis and manages her blood pressure with medication. She watched her mother spend down her savings to qualify for Medicaid and is determined to protect her home and nest egg for her children.

The Plan & Policy for Margaret

- Margaret's attorney recommends an **irrevocable asset protection trust**.
- Margaret is referred for a **short-term care insurance** evaluation at the time of trust formation.
- She **qualifies and purchases** the following policy:

Facility Benefit	Benefit Period	Elimination Period	Home Care Rider	Monthly Premium
$200/day	360 days	0 days	$1,500/week, 52 weeks	$303.44

Margaret's Coverage
Across the 5-Year Lookback

Trust Funded
Trust and STC policy placed simultaneously

Year 2: Hip Fracture
55 days covered, policy pays $11,000 total

6 Months Later…
Full recovery, 55 days restored to benefit

Year 4: Memory Care
Cognitive decline, admitted to memory care, policy pays again

Years 5+
Lookback clears, trust assets fully protected

When Clients Cannot Qualify for STC



Home Health Care Insurance:
The Fallback Option

- Many clients who cannot qualify for standard STC may qualify for a **standalone home health care policy**, provided they are not currently receiving paid care services.
  - *The disqualifier is currently receiving care, not the diagnosis itself.*
- Standalone home health care policies use a **medically necessary benefit trigger** rather than an ADL-based trigger and have no facility component.
- Benefit structure, visit requirements, provider rules, and restoration provisions all **vary by product**.

Standalone Home Health Care:
Key Considerations

- Many clients with **progressive diagnoses may qualify** as long as they are not currently receiving paid care.
- Benefits require **documented medical necessity** and a physician-directed plan of care.
  - *ADL assistance qualifies when properly documented. Purely custodial care without physician involvement may not.*
- Most products require care from a **licensed healthcare professional or agency**. Family caregiver provisions and provider flexibility vary by product.
- **Restoration provisions** differ significantly across products.
  - *Review specific policy terms before advising clients on benefit availability over time.*

Case Study 2: The Health Challenge Scenario





Meet Robert

Robert, age 79, is in the early stages of Parkinson's disease. He is fully independent, not receiving paid care, and is currently living at home. He meets with his attorney, who recognizes that care planning can no longer be deferred.

The Plan & Policy for Robert

- Robert's attorney funds an **irrevocable asset protection trust**.
- Robert does not qualify for standard STC due to his Parkinson's diagnosis, but he does qualify for a **standalone home health care policy**.
- He purchases the following policy:

Benefit	Benefit Period	Elimination Period	Monthly Premium	Pre-Existing Condition: Parkinson's
$600/week	52 weeks	0 days	$129.83	Not covered for first 6 months, then fully covered

Roberts's Coverage
During the Lookback Window



Trust and home care policy placed simultaneously

Pre-existing condition window clears, Parkinson's now fully covered

Parkinson's progresses, policy pays benefit for in-home care

In-home care funded, trust assets protected throughout

Integrating This Into Your Practice



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How This Works in Practice

- The optimal moment is **at trust formation** when the client is in planning mode and most likely still healthy enough to qualify.
  - *Referrals made after a care need begins have significantly lower qualification rates.*
- Evaluate for full STC first, then standalone home health care if STC is unavailable, then **communicate clearly** if neither option exists.
  - *The process is straightforward and does not add burden to the client or the legal engagement.*
- STC is available in most states but not all. Notable *unavailable* states include **CA, FL, NY, NJ, WA, MA, MN, and others**.
  - *A full reference of current state availability is included with today's materials.*

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Key Takeaways

- STC fills a **documented financial gap** during the 5-year lookback period.
  - *Affordable, accessible, and designed to pay more than once when a client recovers between care events*
- Full STC for clients who qualify medically. Standalone home health care for those with more significant conditions not yet receiving paid care. **Evaluate in that order.**
- The **referral at trust formation** has the highest chance of placing coverage. Waiting until after a care need begins significantly reduces options.
- One referral made at the right moment can **meaningfully complete the planning package** and protect both the client and the legal work done on their behalf.

Questions




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