

# *Welcome!*

## **Federal Long Term Care Insurance Program Educational Meeting**



# *The Federal Long Term Care Insurance Program*



Sponsored by the  
U.S. Office of Personnel Management

The Federal Long Term Care Insurance Program is administered  
by Long Term Care Partners, LLC, and offered by:  
John Hancock Life Insurance Company, Boston, MA 02117  
Metropolitan Life Insurance Company, New York, NY 10010

*John Hancock*

**MetLife®**

## Is the Federal Program Right for You?

“Don't let the high cost of long term care jeopardize your savings — or burden the lives and finances of those who care about you most! Find out if the new Federal Long Term Care Insurance Program is right for you!”

*Kay Coles James*  
Director, U.S. Office of Personnel Management

## A New Partnership

*John Hancock*

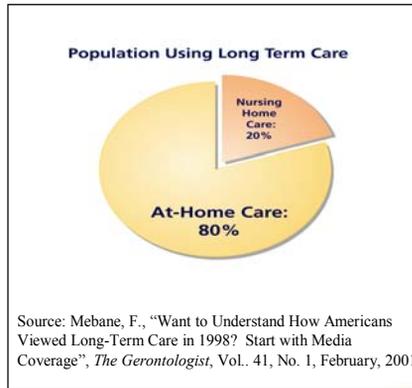
**MetLife<sup>®</sup>**



 Long Term Care  
**Partners, LLC<sup>SM</sup>**

## What is Long Term Care?

- The type of care needed if you can no longer perform normal activities of daily living, like bathing, eating or dressing or if you need supervision by another person because of a cognitive impairment, such as Alzheimer's disease
- It is provided in many different settings, such as:
  - Assisted living facilities
  - Nursing homes
- **BUT, most often:**
  - **AT HOME**



## Myth #1

**"It won't happen to me."**

## Myth #1 - The Facts

The fact is, anyone can need long term care services at any time.

- 6 out of 10 people who reach age 65 will need long term care at some point in their lives<sup>1</sup>
- 40% of the people who need long term care today are working age adults (ages 18-64)<sup>2</sup>

1. Conning & Company, *Long-Term Care Insurance, Baby Boom or Bust?*, 1999, p. 13

2. *Ibid*

## Myth #2

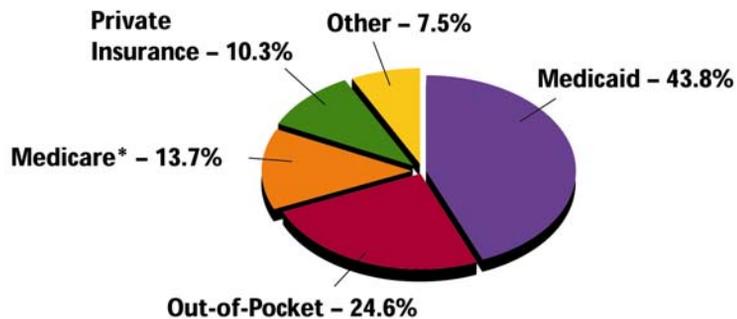
“I’m already covered.”

## *Myth #2 - The Facts Long Term Care is Not Routinely Covered by Medical Insurance or Medicare*

- **Group Health Plans**  
– Including FEHB, TRICARE, and TRICARE For Life
- **Individual Medical Plans**
- **HMOs (Regular or Medicare)**
- **Medicare**
- **Medicare Supplement**
- **Disability Income Insurance**



## *Myth #2 - The Facts Who Pays for Long Term Care*



\* Provided for skilled home care and short-term care following a hospital stay

Source: Department of Health and Human Services, HCFA, Office of the Actuary, National Health Statistics Group, Personal Health Care Expenditures, 2001



## Myth #3

**“I can’t afford long term care insurance.”**

## Myth #3 - The Facts Most People Cannot Afford NOT to Have Long Term Care Insurance



1. MetLife Market Survey of Nursing Home and Home Care Costs, April 2002
2. "Can Aging Baby Boomers Avoid the Nursing Home?", Stucki, B. and Mulvey, J., American Council of Life Insurers, March 2000, page 15

## *Myth #3 - The Facts*

### *Compare the Cost of Insurance to the Cost of Care*

#### Cost of LTC Insurance

Age	Monthly \$*
45	\$95
65	\$216

VS.

#### Cost of LTC Services

Type of Care	2002	2030
Monthly Home Care	\$1,950	\$5,667
Monthly Nursing Home	\$4,333	\$15,883

\*Federal Long Term Care Insurance Program, Comprehensive 150 plan with ACI

## *The Federal Long Term Care Insurance Program*

- **Program details**
- **How it works**
- **What it costs**
- **Who is eligible to apply**

## *Six Decisions*

- 1. Comprehensive or Facilities-Only**
- 2. Daily benefit amount**
- 3. Daily or weekly reimbursement**
- 4. Benefit period**
- 5. Waiting period**
- 6. Inflation protection**

## *Decision #1 Comprehensive or Facilities-Only*

**Choice of Comprehensive or Facilities-Only**

## *Covered Services of the Comprehensive Plan*

- **Nursing Home**
- **Assisted Living Facility**
- **Hospice Care in a facility**
- **Respite Services in a facility**

### *Plus*

- **Home Care (formal and informal)**
- **Adult Day Care**
- **Hospice Care at home**
- **Respite Services at home**

## *The Home Care Benefit*

- **Formal Caregivers such as:**
  - Nurses
  - Home Health Aides
  - Therapists
- **Informal Caregivers such as:**
  - Friends and Neighbors
  - Members of your family, covered up to 365 days
  - Others

**Informal care can be provided by anyone who did not normally live in your home at the time you became eligible for benefits.**

## *Covered Services of the Facilities-Only Plan*

- **Nursing Home**
- **Assisted Living Facility**
- **Hospice Facility**
- **Respite Services in a facility**

## *Decision #2 Daily Benefit Amount (DBA)*

- **\$50 - \$300 per day in \$25 increments**
- **The Program covers the cost of your care:**
  - **Up to 100% of the DBA for care received in a nursing home, assisted living facility and for hospice care or respite services\***
  - **Comprehensive plans only - up to 75% of the DBA for home care (formal and informal) and adult day care.**

\*respite services are limited to 30 days per calendar year

## *Decision #3* *Daily or Weekly Reimbursement*

**Weekly reimbursement (7 times your DBA) for greater home care flexibility**

**Assumptions:**

- \$75 daily home care benefit
- \$525 weekly home care benefit (=7 x \$75)

Day	Cost of Home Care	Daily Reimbursement	Weekly Reimbursement
Monday	\$75	\$75	N/A
Wednesday	\$125	\$75	N/A
Friday	\$100	\$75	N/A
Total	\$300	\$225	\$300



## *Decision #4* *Benefit Period*

- 3 Years
- 5 Years
- Unlimited



## Calculating Your Maximum Lifetime Benefit

- **DBA x Benefit Period (in days) = Maximum Lifetime Benefit**

**Example:**

$$\text{\$100 DBA} \times \text{1,095 days (3 years} \times \text{365 days)} = \text{\$109,500}$$

*The Unlimited Benefit Period has no Maximum Lifetime Benefit*

## How Long Will Your Benefits Last?

**Assumptions:**

- **DBA: \$100**
- **Benefit Period: 3 yrs**
- **Maximum Lifetime Benefit: \$109,500**

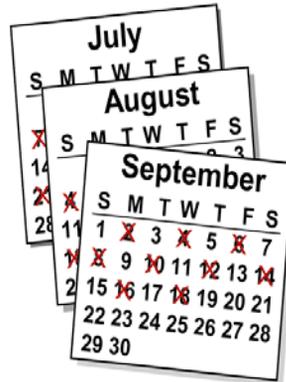
Scenario	Your Actual Cost of Care in a Facility (per day)	Your Plan will Pay	Your Benefits Would Last
#1	\$125	\$100	3 years
#2	\$80	\$80	3 years & 9 months

## Decision #5 Waiting Period

The number of days you must be eligible for benefits and receiving covered services before benefits are payable under this Program

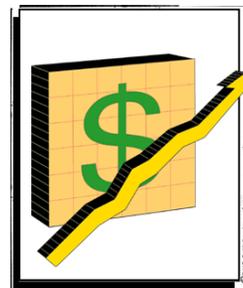
- 90 days
- or
- 30 days

Need to meet only once in your lifetime



## Decision #6 Inflation Protection Options

- Automatic Compound Inflation Option (ACI)
- or
- Future Purchase Option (FPO)



## *Automatic Compound Inflation Option (ACI)*

- **Benefits will automatically increase by 5% compounded annually for the life of the coverage**
- **Premiums do not increase even though your benefits do**

## *Future Purchase Option (FPO)*

- **You receive an increase in coverage every two years**
- **Based on Consumer Price Index for Medical Care**
- **Additional premium for increased coverage**
- **You may decline the increase**
- **If you decline three increases, you don't get any more offers**
- **With each offer, you can switch to Automatic Compound Inflation**

## *The Difference in the Options*

### **Automatic Compound Inflation Option**



### **Future Purchase Option (Assumes all benefit increases accepted)**



VS.

**These charts are for illustrative purposes only.**

## *The Choice Is Yours*

### **Pre-Packaged Plans:**

- **Facilities 100 (3 years)**
- **Comprehensive 100 (3 years)**
- **Comprehensive 150 (5 years)**
- **Comprehensive 150+ (Unlimited)**

**or**

**A Customized Plan**

## *Pre-Packaged Plans*

### **Facilities 100**

- **Covered Services:**
  - **Nursing Homes**
  - **Assisted Living Facilities**
  - **Hospice Care (in a facility)**
  - **Respite Services (in a facility)**
- **DBA: \$100**
- **3 year benefit period**
- **Maximum Lifetime Benefit: \$109,500**
- **90-day waiting period**
- **Inflation Protection: ACI or FPO**

## *Pre-Packaged Plans*

### **Comprehensive 100**

- **Covered Services:**
  - **Facilities**
  - **Home Care (formal and informal)**
  - **Adult Day Care**
  - **Hospice Care (in a facility or at home)**
  - **Respite Services (in a facility or at home)**
- **DBA: \$100**
- **3 year benefit period**
- **Maximum Lifetime Benefit: \$109,500**
- **90-day waiting period**
- **Inflation Protection: ACI or FPO**

## *Pre-Packaged Plans*

### Comprehensive 150

- Covered Services:
  - Facilities
  - Home Care (formal and informal)
  - Adult Day Care
  - Hospice Care (in a facility or at home)
  - Respite Services (in a facility or home)
- DBA: \$150
- 5 year benefit period
- Maximum Lifetime Benefit: \$273,750
- 90-day waiting period
- Inflation Protection: ACI or FPO

## *Pre-Packaged Plans*

### Comprehensive 150+

- Covered Services:
  - Facilities
  - Home Care (formal and informal)
  - Adult Day Care
  - Hospice Care (in a facility or at home)
  - Respite Services (in a facility or at home)
- DBA: \$150
- Unlimited benefit period
- Maximum Lifetime Benefit: No cap
- 90-day waiting period
- Inflation Protection: ACI or FPO

## *Customize a Plan*

### **Make these six decisions:**

- **Comprehensive or Facilities-Only**
- **DBA: From \$50 - \$300 in \$25 increments**
- **Reimbursement: Daily or Weekly (applicable only to the Comprehensive Plan)**
- **Benefit Period: 3 years, 5 years, or unlimited**
- **Waiting Period: 30 days or 90 days**
- **Inflation Protection: ACI or FPO**

## *Additional Features*

- **Alternate plan of care**
- **Bed reservations**
- **International coverage**
- **Benefits for mental/nervous disorders**
- **Caregiver training**

## *Care Coordinators Help You Every Step of the Way*

- **Answering your questions**
- **Helping you qualify for benefits**
- **Locating providers and accessing discounts**
- **Monitoring your care**
- **Also available to qualified relatives if you're enrolled and they are not**

## *How to Qualify for Benefits*

- **You must need help to perform at least 2 activities of daily living for an expected period of at least 90 days**
  - Bathing
  - Dressing
  - Transferring (yourself from bed to chair)
  - Toileting
  - Eating
  - Continence
- OR**
- **You must have a Severe Cognitive Impairment**

## What You Need to Know About Premiums

- 100% enrollee paid - no Government contribution
- Premiums are based on your age when you buy- for Open Season it is your age on July 1, 2002
- Premiums do not increase simply because you get older
- Rates are per person - there are no spouse discounts

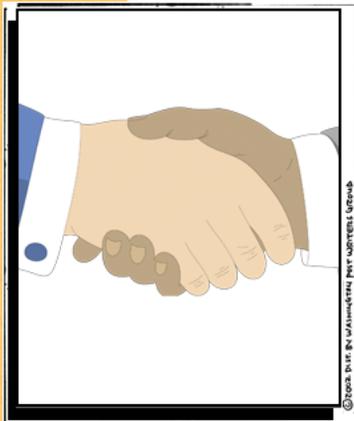
## Sample Biweekly Premiums for Pre-Packaged Plans

Age	Fac 100	Comp 100	Comp 150	Comp 150+
45 ACI	\$16.24	\$24.00	\$43.75	\$60.36
45 FPO	\$5.07	\$7.56	\$13.15	\$17.16
55 ACI	\$24.18	\$35.07	\$64.38	\$87.92
55 FPO	\$9.13	\$13.66	\$23.95	\$31.43
65 ACI	\$38.76	\$54.64	\$99.83	\$134.86
65 FPO	\$19.29	\$27.13	\$48.32	\$62.44

## Sample Monthly Premiums for Pre-Packaged Plans

Age	Fac 100	Comp 100	Comp 150	Comp 150+
45 ACI	\$35.20	\$52.00	\$94.80	\$130.80
45 FPO	\$11.00	\$16.40	\$28.50	\$37.20
55 ACI	\$52.40	\$76.00	\$139.50	\$190.50
55 FPO	\$19.80	\$29.60	\$51.90	\$68.10
65 ACI	\$84.00	\$118.40	\$216.30	\$292.20
65 FPO	\$41.80	\$58.80	\$104.70	\$135.30

## Guaranteed Renewable/Portable



- Coverage can't be cancelled as long as you pay your premiums
- Coverage is portable

## *Who Is Eligible To Apply?*

- **Employees**
  - Federal and U. S. Postal Service employees
  - Members of the uniformed services
- **Annuitants**
  - Federal and U. S. Postal Service annuitants
  - Retired members of the uniformed services
- **Current spouses and adult children (age 18 and over, including adopted and stepchildren) of living employees and annuitants**
- **Parents, parents-in-law, and stepparents of living employees**

## *Who Is Eligible To Apply?*

### **More Details:**

- **Surviving spouses receiving a survivor annuity**
- **Persons receiving compensation payments from the Department of Labor**
- **Members of the Selected Reserve (but not Individual Ready Reserve) and National Guard**

## *What Else Do You Need to Know?*

- **Qualified relatives can apply even if the employee or annuitant/retiree they're related to does not**
- **Minimum age: 18 years**
- **Maximum age: None**
- **Each person applies individually**

## *Underwriting Requirements For Open Season*

- **Underwriting is the process of reviewing your health status to determine whether you qualify for coverage**
- **Employees and their spouses have abbreviated underwriting**
- **All other applicants have full underwriting**

## *What if I Don't Pass Underwriting?*

### **Two Options:**

- **The Service Package**
  - All applicants who are declined
- **The Alternative Insurance Plan**
  - Some employees and spouses

## *Coverage Effective Date*

- **Later of October 1, 2002, or first of month following approval of your application**
- **Actively at work requirement for employees**

## *Billing Options*

- **Payroll/annuity/pension deduction**
- **Automatic bank withdrawal**
- **Direct bill**

## *Why the Federal Program?*

- **Abbreviated underwriting for employees and their spouses**
- **Expansive Informal Care Benefit**
- **Expansive International Coverage**
- **Innovative Inflation Options**
- **Care Coordination for non-insured qualified relatives of enrollees**

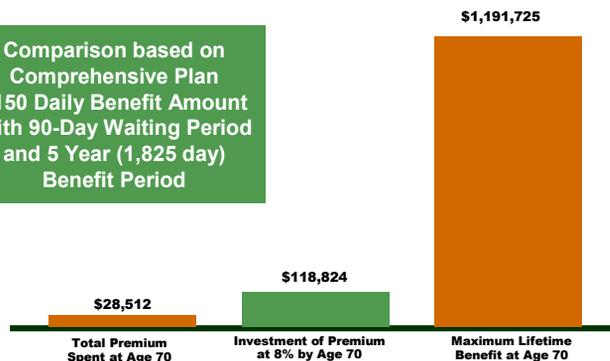
## Why the Federal Program?

- **NO** exclusion from benefits for mental or nervous disorders
- **NO** war exclusion
- The right to an independent third-party review of disputed claims
- Save with group rates
- Premium stability with premiums designed to be constant for life
- Financial strength and industry leadership of John Hancock and MetLife
- OPM oversight

## Why Investing May Not Work For Your LTC Needs

Automatic Compound Inflation  
Monthly Premium for a 40 year-old = \$79.20

Comparison based on  
Comprehensive Plan  
\$150 Daily Benefit Amount  
With 90-Day Waiting Period  
and 5 Year (1,825 day)  
Benefit Period



## *Rosalynn Carter*

*“There are only four kinds of people in this world...*

- Those who have been caregivers*
- Those who currently are caregivers*
- Those who will be caregivers*
- Those who will need caregivers.”*

*--February 13, 1997  
Speech given as Honorary Chair  
of Last Acts*



## *What's next?*

- If you haven't already, order an Open Season information kit and application at 1-800-LTC-FEDS (1-800-582-3337) TDD: 1-800-843-3557) or visit [www.LTCFEDS.com](http://www.LTCFEDS.com)**
- For Open Season our Certified Long Term Care Insurance Consultants are available 8:00 am - 12:00 midnight (Eastern Time) 7 days a week**
- Open Season July 1 - December 31**
- Apply directly to LTC Partners**

