



The Federal Long Term Care Insurance Program – the Basics

Working for America

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT



Message from the President

“We applaud ... health professionals, and other caregivers for their dedication to ensuring respect and quality of life for all. We also reaffirm our commitment as a Nation to honoring the dignity of every person and to promoting compassion and concern for our fellow citizens.”

- George W. Bush



Message from the Director



"When I applied for the OPM-sponsored Federal Long Term Care Insurance Program, I told my children that it was as much a gift to them as it was for my husband and me, because it benefits all of us.

Through this one act of personal responsibility, I've helped ensure I'll have the ability to choose where and how to spend the later years of my life."

- Kay Coles James

Agenda

- What is long term care?
- Why plan for long term care?
- Features of the Federal Long Term Care Insurance Program (FLTCIP)
- Details every Benefits Officer needs to know
- Questions



What Is Long Term Care?

- Non-skilled, “custodial” care
- Help with activities of daily living:
 - bathing
 - dressing
 - eating
 - transferring
 - toileting
 - continence

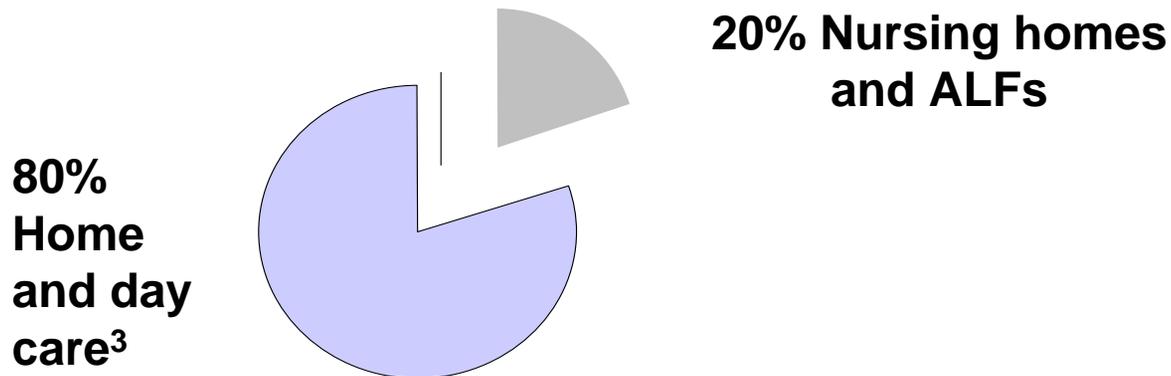
Or

- Supervision due to cognitive impairment
 - e.g., Alzheimer’s disease



LTC Costs In America

- Nursing homes
 - \$57,000¹ annual national average (semi-private room)
- Home health care
 - \$23,000² annual national average (25 hrs/wk)



Why Plan for Long Term Care?

- The longer we live, the higher chance we'll need care
 - After the age of 65, Americans have more than a 70% chance of needing some form of long term care⁴
- Long term care costs are high and growing. Projected annual costs in 2030:
 - \$68,000⁵ Home health
 - \$190,600⁶ Nursing home
- You're not “already covered”
- Too often, the cost of LTC derails retirement planning



LTC Is NOT Covered by Health Insurance

- The following do not pay for long term care:
 - FEHB Program
 - TRICARE
 - TRICARE for Life
 - Any other group or individual health plans



LTC Is NOT Routinely Covered By Medicare

- Medicare is *health insurance* for Americans age 65+ and those with certain disabilities
- Last year, only 13% of Medicare's total expenditures went to pay for long term care⁷
- If qualified, Medicare provides only a short-term benefit



Additional LTC Funding Misconceptions

- **Department of Veterans Affairs?**
 - LTC coverage is limited and based on the severity of a service-connected disability (70%)
 - Provides primarily health care benefits
- **Medicaid (MediCal in CA)?**
 - A Federal and State program that provides care to those who meet their state's poverty guidelines
 - Your pension/annuity may exceed your state's Medicaid income guidelines
- **Disability Insurance?**
 - Disability coverage is meant to **replace** your **income** while you are disabled
 - Typically ends at age 65



What is the Federal Long Term Care Insurance Program (FLTCIP)?

- Provides protection from the potentially high costs of long term care
- Pays for care in various settings, including your home, nursing homes, and assisted living facilities
- Pays for services provided by nurses, home health aides, therapists, and informal caregivers such as family, friends, and neighbors



Who Should Consider the FLTCIP?

- Employees who:
 - want to protect hard-earned assets
 - want to preserve their spouse/family's accustomed lifestyle
 - value their personal and financial independence
 - cannot sustain paying for LTC out-of-pocket



Approval for Coverage

- Majority of applicants are approved for coverage
- Certain conditions, or combinations of conditions, will prevent some people from being approved for coverage
- Need to apply to find out if qualified for coverage
- Service Package available



The Benefits of Applying Pre-Retirement

- Gain excellent LTC coverage while actively employed
 - 40% of people receiving long term care are between ages of 18 – 64⁸
- Lock in your age AND save on premiums
- Typically, healthier at younger ages



Important Program Features

- Informal care benefit
- International coverage
- Portable / guaranteed renewable
- Tax advantages
- Payroll / annuity deduction



Built-in Consumer Protections

- Sponsored by the Federal government
- Unique consumer protection features
- Advantages of group policy

John Hancock

MetLife[®]

- Premium stability



The FLTCIP's Professional Expertise

- **Pre-enrollment - Certified LTC Consultants:**
 - No commissions
 - Apply for a plan that meets your needs
 - Assist in application process
 - Versed in other LTC insurance policies
 - Available 8 AM – 7 PM EST
- **Post-enrollment - Care Coordination:**
 - Experienced, registered nurses
 - Once enrolled, expert resources extend to qualified relatives
 - Single point of contact



How to Choose a Plan

- Pick one of four pre-packaged plans detailed in the enrollment kit

OR

- Design your own plan
- Help available by Certified Long Term Care Insurance Consultants



Five Decisions

- Facilities-only or Comprehensive Plan
- Daily Benefit Amount
- Benefit Period
- Waiting Period
- Inflation Protection



Decision # 1

Comprehensive or Facilities-Only

- Covered services of the Facilities-Only:
 - Nursing home
 - Assisted living facility
 - Hospice care in a facility
 - Respite services in a facility
 - Caregiver training



Decision # 1

Comprehensive or Facilities-Only

- Covered services of Comprehensive Plan:
 - Nursing home
 - Assisted living facility
 - Hospice care in a facility
 - Respite services in a facility
 - Caregiver training

- Plus:
 - Home care (formal and informal)
 - Adult day care
 - Hospice care at home
 - Respite services at home
 - Caregiver training



Decision # 2

Daily Benefit Amount (DBA)

- \$50 - \$300 per day
- The Program covers the cost of care:
 - Up to 100% of the DBA for care received in a nursing home, assisted living facility, and for hospice/respice care
 - Comprehensive Plans: up to 75% of the DBA for home care (formal and informal) and adult day care



Weekly Reimbursement Available

- Weekly reimbursement = 7 x DBA
- Example:
 - \$75 daily home care benefit
 - \$525 weekly home care benefit

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

- Greater home care flexibility



Decision # 3 - Benefit Period

- 3 years
- 5 years
- Unlimited (lifetime benefit)



Maximum Lifetime Benefit: How It Works...

Daily Benefit Amount
x Benefit Period
= Maximum Lifetime Benefit

For example:

\$100 Daily Benefit Amount
x 3 years (1,095 days)
= \$109,500 Maximum Lifetime Benefit



Decision # 4

Waiting Period

- Choice of 30 days OR 90 days
- The number of days you must be eligible for benefits and receiving covered services
- Only needs to be satisfied once in the life of the policy
- Waived for hospice and respite services as well as caregiver training
- Only actual dates of service count toward the waiting period



Decision # 5

Inflation Protection

- Automatic Compound Inflation (ACI)
 - Benefits automatically increase 5%, compounded annually
 - No increase in premium
- Future Purchase Option (FPO)
 - Receive an offer to increase coverage every two years
 - Additional premium for additional coverage

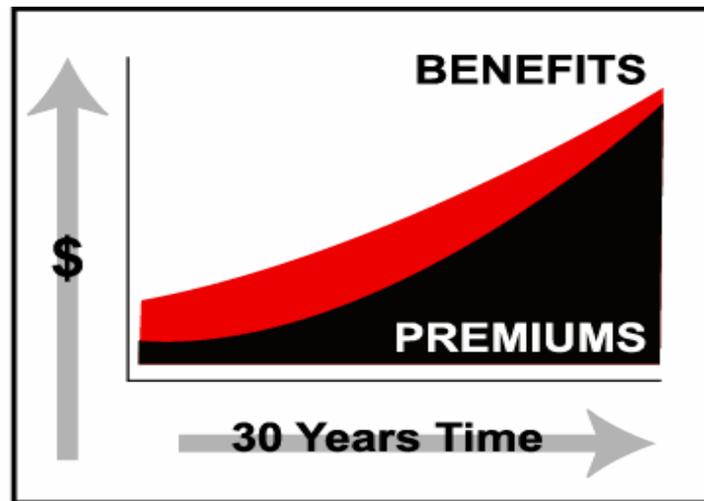


Decision # 5

Inflation Protection



Automatic Compound
Inflation Option



Future Purchase Option



Sample Biweekly Premiums

Age	Automatic Compound Inflation	Future Purchase Option
40	\$20.03	\$5.81
50	\$28.70	\$9.87
60	\$43.01	\$18.73
70	\$76.26	\$40.06



Details Every Benefits Officer Needs To Know

- Eligible employees can ALWAYS apply
- Each person applies individually
- Full underwriting for most employees
 - Do NOT have to take a physical
- Abbreviated underwriting for new hires/newly eligible within 60 days



Details Every Benefits Officer Needs To Know

- Premiums based on age when completed application received
- Eligibility to apply extends to qualified relatives:
 - Spouses (including surviving spouses receiving a survivor annuity) of employees and annuitants
 - Adult children of employees and annuitants
 - Parents, parents-in-law, stepparents of employees
- Qualified relatives can apply even if the employee/annuitant they're related to does not



Ongoing Worksite Education

- More Americans look to their employer for insurance protection -- the FLTCIP is no exception
- Changing attitudes: at one point, FEHB, TSP, and FEGLI were “new” employee benefits...
- Benefits Officers and HR Professionals are key to the employee benefit education process
- Still a need to educate and raise awareness among Federal family members



Our Commitment To You

- Long Term Care Partners Account Managers act as single point of contact for Agency Benefit Officers:
 - **Maintain direct, frequent contact**
 - **Minimize work for Benefits Officers**
 - **Support Benefits Officers in every aspect of the Program**
- Maintain educational momentum of the Program
- Help us help your employees



Available Educational Resources

- Brochures
- Educational emails
- Video(s)
- Live telephonic Q & A's
- Newsletter articles
- Web sites
- On-site meetings / Retirement seminars



Resource Highlight: Retirement Seminars

- Long term care insurance is a cornerstone of retirement planning
- Your retirement seminar is not complete without a discussion of the FLTCIP
 - Vendors
 - In-house
- Program experts explain the FLTCIP, at no cost to you
- Over 350 on-site seminars conducted since September 2003



Sources

1. MetLife Market Survey of Nursing Home and Home Care Costs, August 2003.
2. Ibid.
3. Mebane, F., "Want to Understand How Americans Viewed Long-Term Care in 1998? Start with Media Coverage", *The Gerontologist*, Vol. 41, No. 1, February, 2001.
4. American Society on Aging, May 23, 2003.
5. Stucki, B. and Mulvey, J., "Can Aging Baby Boomers Avoid the Nursing Home?," American Council of Life Insurers, March 2000.
6. Ibid.
7. Wall Street Journal, "Medicaid Maneuvers," February 23, 2004.
8. "Where Does the Population Live and Who Cares for Them? LTC: Diverse, Growing Population Includes Millions of Americans of All Ages," U.S. General Accounting Office, January 2001.



Thank You & Questions

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