



# **Long term care insurance for the Employees of Montana University System and State of Montana**

April, 2009

# Remember When You Thought You Were Invincible?

**You didn't have  
a care in the world.**



# Now You Have Responsibilities



- Planning for your future
- Caring for children
- Caring for aging parents
- Planning for your retirement or health care
- You have a lot of things on your mind. How you pay for long term care shouldn't be one of them.

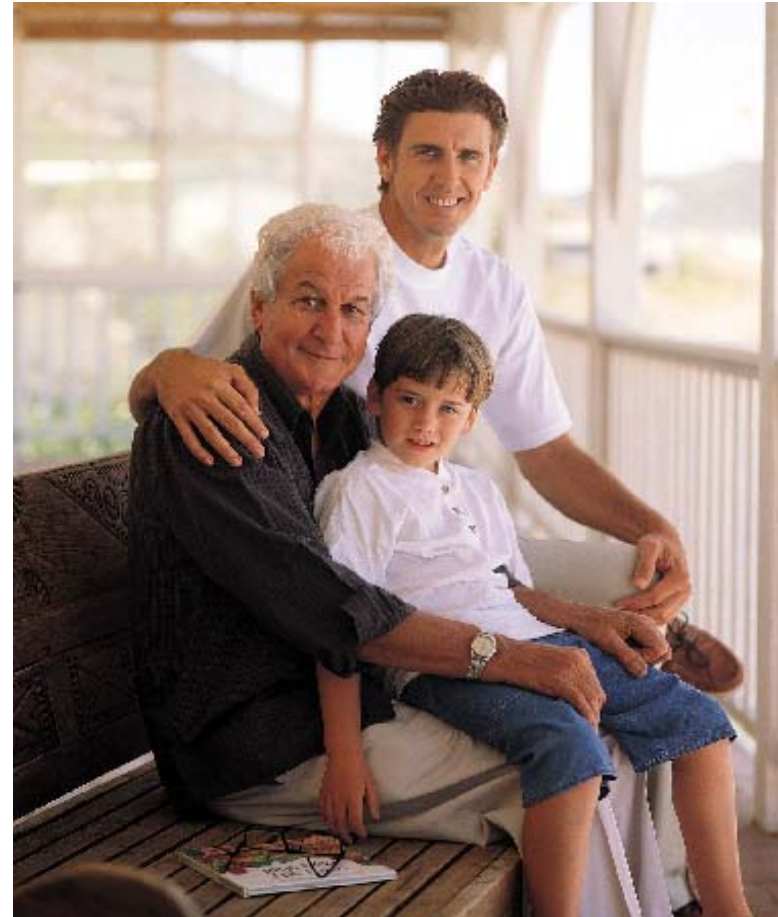
# What is Long Term Care?

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Long term care is the type of care received either at home or in a facility, when someone needs assistance with activities of daily living, such as bathing and dressing, due to an accident, illness or advancing age.

# Who Needs Long Term Care?

- The majority of beneficiaries who receive long-term care services are age 65 and older but 37% are younger than 65.<sup>1</sup>
- About one out of four U.S. households is involved in the care of an older relative or friend.<sup>2</sup>



1 Henry J. Kaiser Family Foundation, "Kaiser Commission on Medicaid and the Uninsured, July 2006, with data from CMS National Health Accounts," 2006.

2 Society for Human Resource Management, "2006 Benefits Survey Report," June 2006.

# Why Would You Need Long Term Care?

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- A car accident leaves you unable to dress and bathe yourself
- You suffer a stroke and need care around the clock
- Your spouse is diagnosed with Alzheimer's disease

*Could this happen to you?*

# What's Your Risk?

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## Risk comparison:<sup>1</sup>

- At age 30, a man is seven times more likely to become disabled than to die.
- At age 30 a woman is four times more likely to become disabled than to die.
- Even at age 50, the odds of becoming disabled are more than double the risk of dying.
- At age 40, you have a 43% chance of experiencing a long term disability before you are age 65.

## Disabling injuries:<sup>2</sup>

- More than 20 million Americans suffer disabling injuries each year.

<sup>1</sup> JHA Disability Fact Book, Fourth Edition, 2006.

<sup>2</sup> National Safety Council, Injury Facts, 2005-2006 edition.

# What's Your Risk?

- Every 45 seconds someone in America has a stroke.<sup>1</sup>
- One in four people have some form of cardiovascular disease which can lead to stroke and heart attack.<sup>2</sup>
- Among adults age 20 and older, the prevalence of stroke in 2004 was an estimated 5,700,000 (2,400,000 males, 3,300,000 females).<sup>3</sup>
- Stroke is a leading cause of serious, long-term disability in the United States.<sup>4</sup>
- The average cost for treating a stroke is estimated at nearly \$48,500.<sup>5</sup>

1 American Stroke Association, "What is stroke?" 2006.

2 American Heart Association, "Heart Disease and Stroke Statistics," 2005. Find it on the web at:

<http://www.americanheart.org/downloadable/heart/1105390918119HDSSStats2005Update.pdf>

3 American Heart Association. American Stroke Association. Heart Disease and Stroke Statistics: 2007 Update At-a-Glance, p. 14. [cited 12 April 2007]; available from [http://www.americanheart.org/downloadable/heart/1166712318459HS\\_StatsInsideText.pdf](http://www.americanheart.org/downloadable/heart/1166712318459HS_StatsInsideText.pdf)

4 American Heart Association. American Stroke Association. Heart Disease and Stroke Statistics: 2007 Update At-a-Glance, p. 16. [cited 12 April 2007]; available from [http://www.americanheart.org/downloadable/heart/1166712318459HS\\_StatsInsideText.pdf](http://www.americanheart.org/downloadable/heart/1166712318459HS_StatsInsideText.pdf)

5 Milliman, "Reducing The Human Impact of High Blood Pressure; 2006 Supplement To The September 2004 Report: Controlling Hypertension Among Medicare Beneficiaries: Saving Lives Without Additional Cost," February 2006.



# What's Your Risk?

- The number of Americans with Alzheimer's disease will continue to grow. By 2050, the number of individuals age 65 and over with Alzheimer's could range from 11 million to 16 million unless science finds a way to prevent or effectively treat the disease.<sup>1</sup>
- Fifty-seven percent of the elderly in the community and 75 percent of those at high risk of needing nursing home care do not have enough assets to cover even a month in a nursing home.<sup>2</sup>
- Neither Medicare nor most private health insurance covers the long term care most patients need.

1 Alzheimer's Association. *Alzheimer's Disease Facts and Figures 2007*, page 5. [cited 12 April 2007]; available from

[http://www.alz.org/national/documents/Report\\_2007FactsAndFigures.pdf](http://www.alz.org/national/documents/Report_2007FactsAndFigures.pdf)

2 Alzheimer's Association. *Alzheimer's Disease Facts and Figures 2007*, page 11. [cited 12 April 2007]; available from

[http://www.alz.org/national/documents/Report\\_2007FactsAndFigures.pdf](http://www.alz.org/national/documents/Report_2007FactsAndFigures.pdf)

# What's The Cost?

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## *National Average*

- The national average cost of a private room in a nursing home is about \$70,000 a year.<sup>1</sup>
- The average hourly rate for a home health aide is \$25. Based on this rate, four hours of home health aide services daily would total about \$36,500 a year.<sup>2</sup>
- The average base rate for a private room in assisted living care is about \$33,300 per year.<sup>3</sup>

1, 2, 3 Georgetown University, Long-Term Care Financing Project, *"National Spending for Long-term Care Fact Sheet," January 2007*. The base rate usually covers the room, meals, housekeeping, laundry, and personal assistance with activities of daily living; a person may pay more for additional services such as therapies or medications.

# Who Pays?

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- Medical Insurance doesn't cover most long term care costs.
- Medicare only covers short term, skilled nursing home care following hospitalization, and only pays for short term assistance for care at home.
- Medicaid only pays after you have depleted your personal assets.

# Savings & Assets

- A national survey shows that out-of-pocket costs for long term care equal 23% of the total cost of care.<sup>1</sup>
- Out-of-pocket costs amount to 28% of the total expenditures for nursing home care.<sup>2</sup>
- In a Wall Street survey, 41% of adults polled indicated they do not think they will have enough money to cover their expenses as they age, and 33% are not sure.<sup>3</sup>
- In a survey of those closest to retirement age, 56% of those between ages 45-54 do not think they will have enough money to finance their own potential long term care needs as they age. Among those older than age 55, 37% have the same concern.<sup>4</sup>

<sup>1, 2</sup> Kaiser Commission on Medicaid and the Uninsured, July 2006, with data from CMS National Health Accounts, 2006. Find it on the web at:  
<http://www.kff.org/medicaid/upload/Medicaid-and-Long-Term-Care-Services-PDF.pdf>

<sup>3, 4</sup> Wall Street Journal Online/Harris Interactive, "Personal Finance Poll of U.S. Adults," February 2006. Find it on the Web at:  
<http://www.harrisinteractive.com/news/allnewsbydate.asp?NewsID=1014>

# How Do You Qualify for Benefits?

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- Suffer a loss
- Loss expected to last 90 days as certified by physician\*
- Plan of care
- Satisfy the elimination period

\* In some states, a licensed health care practitioner may provide certification.

# What Is Meant by a Loss?

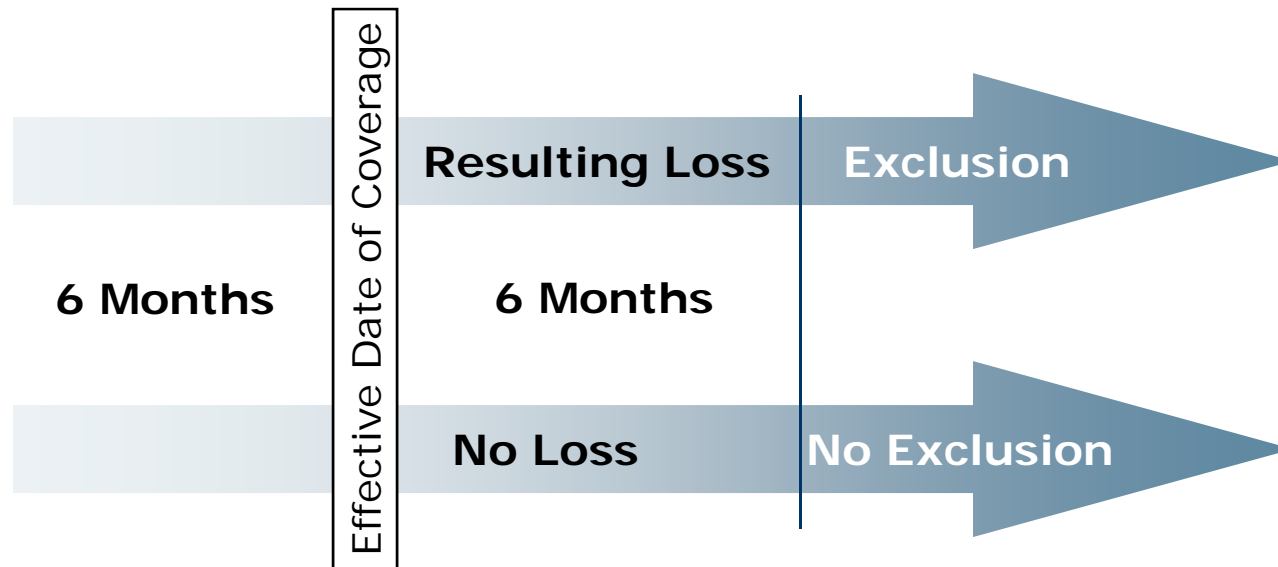
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Losing the ability to perform two Activities of Daily Living or suffering Severe Cognitive Impairment

- **Bathing**
- **Dressing**
- **Toileting**
- **Transferring**
- **Continence**
- **Eating**

# Pre-Existing Condition Exclusion

**Pre-existing condition is any condition that exists for which you have received medical treatment, consultation, care or services, including diagnostic measures, or took drugs or medicines that were prescribed for the condition, during the six-month period right before coverage begins.**



# Where Will You Receive Care?

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- Long term care facility
- Your home



# Plan Choices

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- Eligibility
- Level of Care
- Duration
- Monthly benefit amount

# How Will You Pay for Care?

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## *Pool of Benefit Dollars (Lifetime Maximum)*

### **Care in Long Term Care Facility**

\$3,000 a month x 3 years = **\$108,000**

### **Care in an Assisted Living Facility**

\$1,800 a month x 5 years = **\$108,000**

### **Care at Home**

\$1,500 a month x 6 years = **\$108,000**

# Inflation Protection

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## *Compound Uncapped*

The “Pool of Benefit dollars” increases by 5% each year, on a compound basis for the life of the policy.

\$108,000                      14 years                                            \$216,000

# Non-Forfeiture Benefit

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## *Shortened Benefit Period*

- After making payments for 3 years, and you then stop making payments, the full amount you have paid in for premiums will be paid as a benefit.

# Why Buy Long Term Care Insurance Now?



- SIGN UP NOW!
- **Active employees are eligible for guarantee issue coverage during this one time open enrollment period!!!!**
- **Coverage will be effective: 7/1/2009**

Coverage for extended family members and retirees does require medical underwriting.

The younger you are when you sign up, the lower the premiums  
Rates will not increase because of your age.

# Personal stories with impact<sup>1</sup>

## Excerpt from “Stories of Caring,” an LTC project now in development:

Angela had no warning sign that her life was about to turn upside down. She was active, didn't smoke, worked full-time and enjoyed life to the fullest.

One morning she woke up with a severe headache. Six years later, she remains completely disabled from a stroke.

Angela's long term care policy helps pay for an aide who comes twice a week.

“Thank God she had this policy,” says her boyfriend. “I'm not sure what we would have done without it.

The aide helps with housework, takes her to doctors' appointments and provides companionship.

“The one we have now has been with us for two years and is like a family member.”



*This story is true. The names have been changed to protect the claimant's privacy.*

# Your Carefree Days of Youth May Be Behind You ...

But, with Long Term Care  
Insurance, you can rest a little  
easier.





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