

# **The Federal Long Term Care Insurance Program**

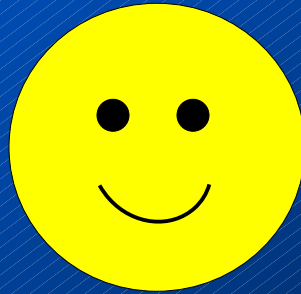
*A Presentation for  
The 2002 Federal Benefits Conference*

*by  
Frank Titus  
Acting Associate Director for Retirement and Insurance  
and  
Assistant Director for Long Term Care Insurance*

*Norfolk, Virginia  
June 12, 2002*

- **Welcome and Background**
- **Early Enrollment**
- **About Long Term Care Partners**
- **Program Overview and Open Season**

**Welcome!**



**And  
THANK YOU!!**

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## **Background**

- We wanted the FLTCIP to help members of the Federal Family prepare for the possibility that they might need long term care at some point in their lives.
- Congress agreed!

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## Background

- Legislation Introduced
  - January 6, 1999
- Long-Term Care Security Act Signed
  - September 19, 2000
- Request for Proposals
  - June 20, 2001
- Contract Award
  - December 18, 2001

**All In  
Record  
Time!!**

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## Program Objectives

To deliver:

- Flexible, comprehensive coverage that is easy to understand
- Benefits not always available in the private sector
- Affordable premiums at group rates
- Strong customer service

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## Early Enrollment

- March 25 through May 15, 2002
- For those who “did their homework”
- Charter members:
  - OPM Director Kay Coles James
  - Former OPM Director Janice Lachance
  - ME!
- Limited benefits and payment options
- Earliest effective date -- May 1, 2002

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## Early Enrollment

- Subscriptions to bulletin series, *Get Smart About Your Future*
- Applications received
- Calls to toll-free number
- Web site traffic

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## Your Continuing Role

- Help us help your employees
- Monthly posters, pamphlets, emails
- Facilitate educational meetings
- Direct everyone to the toll-free number and web site
- **MORE DETAILS --**
  - Stay tuned for Jodi!

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## Support Behind the Program

- **OPM on Your Side**
  - Laura Lawrence and John Cutler, Project Leaders
  - Holly Schumann and Terry Schleicher, Program Analysts
- **Long Term Care Partners**
  - John Hancock and MetLife joint venture
  - Paul Forte, CEO

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# Long Term Care Partners, LLC

*A Presentation for  
The 2002 Federal Benefits Conference*

*by  
Paul E. Forte  
Chief Executive Officer  
Long Term Care Partners, LLC*

*Norfolk, Virginia  
June 12, 2002*



## Long Term Care Insurance Market

- First policies in 1970's oriented to medical necessity, not functional impairment
- Great strides made in 1980's, 1990's
- More than 75 insurers now selling LTC policies nationally
- Some 5 million persons covered by end of 2001
- Some \$6 billion in force at the end of 2001
- New sales annualized premium hits \$1 billion in 2001

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## Impact of the Federal Program on the LTC Insurance Market

- Largest educational campaign on LTC/LTCI to date
- Example to other employers
- New standard of excellence for LTCI
- New incentives for long term care service delivery systems

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## Why did John Hancock and MetLife decide to work together?

- Leaders in private LTCI product development and marketing
- Track records in large case group installation
- Commitment to sound underwriting and care management
- Excellent financial ratings
- Widely recognized and trusted brand names

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## Why did John Hancock and MetLife decide to form Long Term Care Partners?

- Focus and direct resources
- Bring together all expertise under one roof
- Reduce corporate overhead and make it easier to track expenses
- Customize administration and technology to meet special Federal requirements
- Offer single point of contact to OPM and Federal Family

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## About Long Term Care Partners

- New joint venture company formed by John Hancock and MetLife
- Site fully operational June 3, 2002
- Staffed by persons with professional experience in all aspects of LTC insurance administration
- Supported by state-of-the-art technology
- Headquarters at Pease International Tradeport in Portsmouth, New Hampshire

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## Long Term Care Partners Key Functions

- Account Management
- Marketing and Market Research
- Enrollment Support
- Underwriting Policy
- Vendor Management
- Care Coordination and Information Counseling
- Claims Administration

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## Long Term Care Partners Key Functions Continued

- Administration
  - Billing and Collection
  - Benefit Booklet Issuance
  - Ongoing Customer Service
  - CARE System and Information Technology (Web site)
  - Reports
- Financial Management and Reporting

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## How will Long Term Care Partners Benefit the Federal Family?

- Educate Federal Family members about LTC and LTC insurance
- Provide “best of class” service organization geared to Federal Family needs
- Offer best value now *and* in the future

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# **The Federal Long Term Care Insurance Program**

*A Presentation for  
The 2002 Federal Benefits Conference*

*by  
Jodi Anatole  
Vice President - MetLife*

*Norfolk, Virginia  
June 12, 2002*

## **Topics of Discussion**

- **Plan Features/Benefit Options**
- **Premiums**
- **Who is Eligible to Apply**
- **Underwriting**
- **Billing Options**

## Topics of Discussion

- Open Season Marketing/Educational Campaign
- Open Season Rollout Strategy
- Timeline
- Why the Federal Program?

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## Plan Features/Benefit Options 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

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## Decision #1

### Comprehensive or Facilities-Only

#### Covered Services of Comprehensive Plan

- Nursing Home
- Assisted Living Facility
- Adult Day Care
- Hospice Care (facility and home)
- Home Care (formal and informal)
- Respite Services (facility and home)

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## The Informal Care Benefit

Informal (non-licensed) caregivers can provide flexibility. The Comprehensive Plan covers care provided by:

- Friends
- Neighbors
- Members of your family, covered up to 365 days

The Comprehensive Plan covers care provided by anyone who did not normally live in your home at the time you became eligible for benefits.

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## Covered Services of the Facilities-Only Plan

- Assisted Living Facility
- Nursing Home
- Hospice (facility only)
- Respite Services (facility only)

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## Decision #2 Daily Benefit Amount (DBA)

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

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

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## Decision #3 Daily or Weekly Reimbursement

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

### Example:

DBA: \$100 (\$75 home care benefit= 75% of  
DBA)

Weekly Benefit: \$700 (\$525 weekly home care  
benefit= 75% of weekly benefit)

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## Decision #3 Daily or Weekly Reimbursement

Day	Cost of Home Care	Daily Reimbursement	Weekly Reimbursement
1	\$75	\$75	\$75
2	\$125	\$75	\$125
Total	\$200	\$150	\$200

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## Decision #4 Benefit Period

- 3 Years
- 5 Years
- Unlimited



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## Calculating Your Maximum Lifetime Benefit

- $\text{DBA} \times \text{Benefit Period (in days)} =$   
Maximum Lifetime Benefit

### Example:

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

The Unlimited Benefit Period has no Maximum Lifetime Benefit.

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# How Long Will Your Benefits Last?

## Example:

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

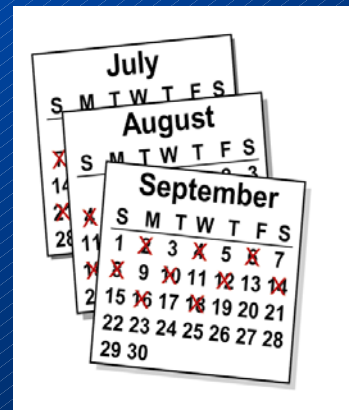
Scenario	Your Actual Cost of Care in a Facility (per day)	Your Plan will Pay	Your Benefits Would Last
#1	\$125	\$100	3 years
#2	\$100	\$100	3 years
#3	\$80	\$80	3 years & 9 months

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## Decision #5 Waiting Period

Number of days you must be eligible for benefits and receiving covered services before benefits are payable

- 90 days
- or
- 30 days

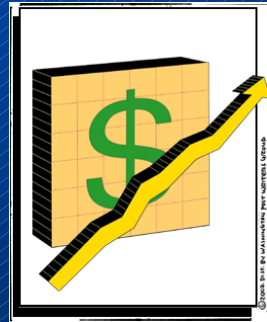


Need to meet it only once in your lifetime

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## Decision #6 Inflation Protection Options

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



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## Automatic Compound Inflation Option

- Benefits will automatically increase by 5% compounded annually (even if you are eligible for benefits)
- Premiums do not increase even though your benefits do

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## Future Purchase Option

- You receive an increase in coverage every two years (as long as you are not eligible for benefits)
- Based on Consumer Price Index for Medical Care
- Additional premium for increased coverage

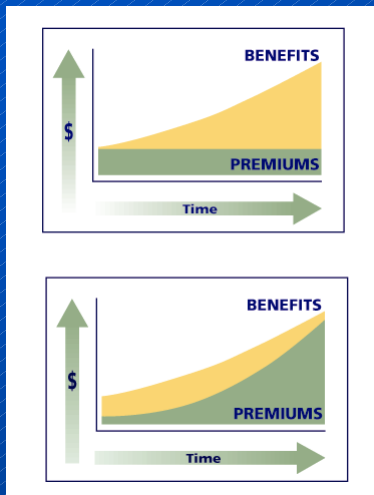
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## Future Purchase Option

- 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

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## The Difference in the Options



Automatic Compound  
Inflation Option

vs.

Future Purchase Option  
(Assumes all benefit  
increases accepted)

These charts are for illustrative purposes only.

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## The Choice Is Yours

### Pre-packaged Plans

- Facilities 100
- Comprehensive 100
- Comprehensive 150
- Comprehensive 150+

or

### A Customized Plan

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## 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
- Toileting
- Eating
- Continence
- Transferring (yourself from bed to chair)

or

- You must have a Severe Cognitive Impairment

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## Care Coordinators Help You Every Step of the Way

- Answering your questions
- Deciding whether 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

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## 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

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## Premiums

- Rates are per person - there are no spouse discounts
- OPM required the insurers to use the new NAIC model guidelines designed to assure premium stability

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## Sample Biweekly Premiums for 90 day waiting period

Age	Facilities - Only \$100 DBA 3 year Benefit Period	Comprehensive \$100 DBA 3 year Benefit Period	Comprehensive \$150 DBA 5 year Benefit Period	Comprehensive \$150 Unlimited Benefit Period
45 with ACI	\$16.24	\$24.00	\$43.75	\$60.36
45 with FPO	\$5.07	\$7.56	\$13.15	\$17.16
55 with ACI	\$24.18	\$35.07	\$64.38	\$87.92
55 with FPO	\$9.13	\$13.66	\$23.95	\$31.43
65 with ACI	\$38.76	\$54.64	\$99.83	\$134.86
65 with FPO	\$19.29	\$27.13	\$48.32	\$62.44

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## Guaranteed Renewable/Portable

- Coverage can't be cancelled as long as you pay your premiums
- Coverage is portable
  - you can take coverage with you if you leave the Federal Family

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## Additional Features

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

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## Who Is Eligible To Apply?

- Employees
  - Most Federal and Postal employees (must be in position that conveys eligibility for FEHB)
  - Members of the uniformed services
- Annuitants
  - Federal annuitants
  - Retired members of the uniformed services

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## Who Is Eligible To Apply?

- 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

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## Who Is Eligible To Apply?

- 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 active duty National Guard

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## What Else Do You Need to Know?

- Qualified relatives can apply even if the employee, member of the uniformed services or annuitant/retiree they're related to does not
- Minimum age: 18 years
- Maximum age: None
- Each person applies individually
- No Self and Family Option

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## Underwriting Requirements For Open Season

- Underwriting is the process of reviewing your health status to determine whether you qualify for coverage
- Employees, members of the uniformed services and their spouses have abbreviated underwriting (7 questions and 2 more for spouses)
- All other applicants have full underwriting (a few pages of health questions)

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## What if I Don't Pass Underwriting?

### Two Options:

- **The Alternative Insurance Plan**
  - Some employees and spouses who are declined
  - **Nursing Home Only Plan** (limited weekly benefit, 180 day waiting period, 2 year benefit period)

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## What if I Don't Pass Underwriting?

- **The Service Package**
  - All applicants who are declined
  - \$59 per year for single or couple
  - Access to a care coordinator, LTC information, referral and provider discounts

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## Coverage Effective Date

- Later of October 1, 2002, or first of month following approval of your application
- Actively at work requirement for employees and members of the uniformed services:

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## Actively At Work Means:

- Reporting for work at usual place of employment
- Able to perform all the usual and customary duties of employment
- Not absent from work due to sickness, injury, annual leave, sick leave or any other leave
- For a Member of the uniformed services: on active duty and are physically able to perform the duties of the position

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## Billing Options

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

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## Payroll/Pension/Annuity Deduction Overview

- LTC Partners has worked with agency payroll offices to develop process
- Available for employees, annuitants, members/retired members of the uniformed services, and their qualified relatives
- Payroll/Annuity Instruction Guide developed to assist applicants with the correct payroll identifier information

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## Payroll/Pension/Annuity Deduction Overview

- Authorization for deduction will be given directly to LTC Partners on application
- LTC Partners will send file to agencies indicating who and amount to withhold
- Deduction will begin the first pay period on or after effective date of coverage

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## Payroll/Pension/Annuity Deduction Overview

- All changes/adjustments/corrections will be initiated by LTC Partners, not agency
- Earliest effective date for payroll/annuity deduction is October 1, 2002

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## Switching Coverage/Billing Options During Open Season

- Individuals who enrolled during Early Enrollment may change their coverage during Open Season:
  - Need to complete a new application
  - Premiums will be based on their original issue age during Early Enrollment
- Switching coverage is not available to individuals who are certified as benefit eligible

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## Switching Coverage/Billing Options During Open Season

- Coverage changes include for example:
  - Increasing the Daily Benefit Amount
  - Moving from a Daily Benefit to a Weekly Benefit
  - Increasing the Benefit Period from 5 years to Unlimited
- Billing changes can occur at any time. An enrollee must complete a Billing Change Form

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## Open Season Marketing/Educational Campaign

- Web site
- Call Center
- Bulletin #4 and #5 and supporting Collaterals
- Satellite Broadcast July 17th



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## Open Season Marketing/Educational Campaign

- “Offer” for Information and Application Kit
- Information and Application Kit
- Educational Meetings and Educational Video
- Posters
- Webinars



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## Information and Application Kit

- Mailed to those who request it
  - No bulk shipment of kits to agencies
- Components of the Kit :
  - Letter from OPM Director Kay Coles James
  - Question and Answer Brochure
  - Personalized Plan Proposal with Premiums/Quote
  - Inflation Protection Options Brochure

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## Information and Application Kit

- 2 Applications, Instructions and Reply Envelope
- Payroll/Annuity Deduction Instruction Guide
- Additional Information Envelope
  - NAIC Shopper's Guide
  - OPM Companion Guide and Letter
  - Federal Program Outline of Coverage
  - Privacy Notice

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## Open Season Rollout Strategy

- Rollout will be staggered beginning in July through early October
- Civilian and Postal will occur first followed by uniformed services
- Program will be rolled out geographically and by agency

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## Open Season Rollout Strategy

- Beginning week of June 24th “Offer” for Information and Application Kit will be distributed to approximately 500,000 eligibles on a weekly basis
- All Bulletin subscribers will receive their “offers” in their 4th and 5th issues of the Bulletin

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## Open Season Rollout Strategy

- Each distribution will consist of a group of employees/members of the uniformed services and a group of annuitant/retired members of uniformed services
- Offers for the Information and Application Kit will have a “respond by date” of 10 days

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## Open Season Rollout Strategy

- Information and Application Kit will have a “respond by date” that reflects a 60 day period (from date of kit fulfillment)
- Program Educational meetings are being scheduled to occur during the 60 day window (July 15 - Mid-November)
- Registration process will be used for Educational meetings (effective July 1)
  - Via phone or Web site

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## Open Season Rollout Strategy

- Program Educational Video will be sent to all Implementation Coordinators (effective mid-July)
- Program Educational Webinar will be available on the web site (effective July)
- All eligibles can request a kit at any time and can submit an application at any time during Open Season to obtain the July 1, 2002 bill age date

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## Timeline

### June

- 2002 Federal Benefits Conference
- Fourth Bulletin issue of “Get Smart About Your Future”
- Materials supporting monthly theme “How to Choose a Plan” released to Implementation Coordinators
- Open Season Information and Application Kit “Offer” mailing begins

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# Timeline

## July

- Open Season Begins July 1!
- Full Program web site launched
- Implementation Coordinators Training Session July 11
- Program Educational Meetings begin July 15th
- Materials supporting monthly theme “The Federal LTC Insurance Program - Why Now?” released to Implementations Coordinators

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# Timeline

## July

- Third and Final Satellite Broadcast - July 17th
- Program Educational Meetings begin
- Information and Application “Offer” mailing continue
- Open Season Information and Application Kits mailed upon request

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# Timeline

August - December

- Open Season continues
- Program Educational Meetings continue
- Payroll/Pension/Annuity Deduction begins October

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# Why the Federal Program?

- During Open Season, abbreviated underwriting for Federal employees and members of the uniformed services and their spouses
- Expansive Informal Care Benefit
- Expansive International Coverage

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## Why the Federal Program?

- Innovative Inflation Options
- Care Coordination for non-insured qualified relatives of enrollees
- Save with group rates
- OPM oversight
- Financial strength and industry leadership of John Hancock and MetLife

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## Key Contact Information

- Call Center: 1-800-LTC-FEDS( 1-800-582-3337)  
(TDD: 1-800-843-3557)  
For Open Season: our Certified Long Term Care Insurance Consultants are available 8:00 am - 12:00 midnight Eastern Time 7 days a week
- Web sites:
  - [www.LTCFEDS.com](http://www.LTCFEDS.com)
  - [www.opm.gov/insure/ltc](http://www.opm.gov/insure/ltc)
- Email addresses:
  - [info@lhcpartners.com](mailto:info@lhcpartners.com)
  - [ltc@opm.gov](mailto:ltc@opm.gov)

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