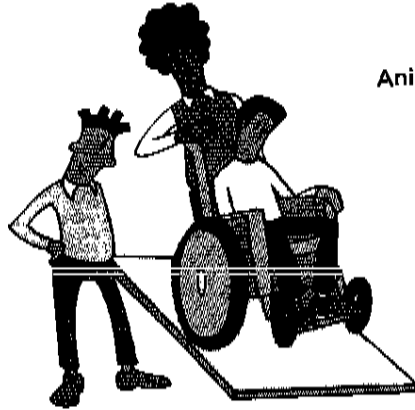


Long Term Care Insurance



Developed by
the U. S. Department of Agriculture
Animal and Plant Health Inspection Service
and
Food Safety and Inspection Service
Human Resources
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We cannot discuss retirement planning without also discussing Long Term Care Insurance.

This insurance helps you pay for long term care services, such as home care, care in a nursing home, or in an assisted living facility.

Long term care is the single largest **uninsured** financial risk in this country. Having Long Term Care insurance protects your finances.

Long Term Care Insurance

LTC is the care you would need to help perform the activities of daily living (ADL):

- Feeding
- Bathing
- Dressing
- Moving from bed to chair
- Using the toilet



Long term care is the assistance you would require to perform daily living activities such as feeding, bathing, dressing, moving from your bed to a chair without assistance and using the toilet. Eligibility for long term care benefits usually means that the individual is unable to perform a number of these activities for at least 90 days, or that the individual has a severe cognitive impairment such as Alzheimer's disease or dementia that is severe enough to require substantial supervision.

Long Term Care Insurance

Covered services:

- Nursing home
- Assisted living facilities
- Hospice care
- Home care
- Respite care to relieve family members



Long Term Care will cover services in a nursing home, assisted living facilities or hospice care. Did you know that 80% of long term care in the United States is provided by family and friends, and that the length of care averages 4 ½ years? Most people who need long term care want to be independent, to stay in their homes, to not be a burden. Yet the family members who are caregivers are under a great deal of financial and emotional stress. Having LTC insurance can provide relief to the family member caregivers.

Long Term Care Insurance

Cost of Care

- The typical cost of home health care is over \$20,000 a year (for 5 hours of care a day).
- The national average cost for a nursing home is \$52,000 a year.
- The average stay in a nursing home is 2.6 years...\$135,200.

Let's look at how much long term care may cost. In 2005, the average annual bill for home health care was \$20,000 (at 25 hours per week) and \$52,000 for nursing home care. Costs are expected to quadruple over the next thirty years. That's why long term care insurance should be part of your retirement planning. The costs of long term care could quickly eat away everything you have saved for your retirement, and you may have to use your fixed income to pay for the care you or your spouse may need.

Long Term Care Insurance

Who pays for LTC, and who doesn't?

- **FEHB:** Pays medical care, not long term care.
- **Medicare:** Primarily for age 65 and over, pays limited amounts for skilled care following a hospital stay. Does not cover custodial care (assisting with Activities of Daily Living).
- **Medicaid:** Covers long term care for impoverished (you must spend down all of your money and assets). You have no choice of facility or care.
- **Department of Veterans Affairs:** Pays health care for service-connected disabilities.



Will your Federal Employees Health Benefit plan cover long term care? No. Health insurance covers skilled care only. It does not pay for the unskilled, chronic, custodial-type care that is most often associated with long term care.

Will Medicare cover long term care? No. Medicare does not routinely cover long term, custodial care. It covers skilled care in a skilled nursing facility or at home – and it is a short-term benefit.

Will Medicaid cover long term care? Possibly. Medicaid provides care to those who meet their state's Medicaid's income guidelines. Those with income and assets above a state-determined threshold are not eligible for benefits. The issue with Medicaid is that it cannot protect your *income*. You can "spend down" your assets to meet Medicaid guidelines, but if you still have a significant income coming in, you won't be eligible to receive Medicaid benefits. In many cases, your Federal retirement benefits probably will exceed your state's Medicaid income criteria, so you will not qualify.

Will Veterans benefits pay for care? Probably not. VA benefits primarily provide health care. Long term care coverage under the VA is based on certain criteria: the severity of a service connected disability, the availability of funding and the ability to contribute to the cost of care.

Long Term Care Insurance

Who needs LTC?

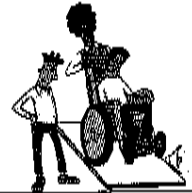
- 40% of Americans currently receiving LTC are between the ages of 18 and 64.
- 60% of Americans who reach age 65 will need LTC.
- One out of four Americans age 85 or older lives in a nursing home.
- During the next 30 years, the number of Americans over 85 will more than double, from 4 million to 8.4 million, and nearly half of them will need help with Activities of Daily Living.

Long term care is not just for older adults. Currently, 40% of those receiving Long Term Care are between the ages of 18 and 64. 60 per cent of Americans who reach age 65 will need long term care. 25 per cent of Americans over age 85 live in a nursing home. Over the next 30 years, the number of Americans over age 85 will more than double and nearly half will need help with Activities of Daily Living.

Long Term Care Insurance

How Do You Protect Yourself and Your Family?

Car	Car Insurance
House	Homeowners Insurance
Family	Life Insurance
Retirement/Savings	Long Term Care Insurance



We buy auto insurance and homeowners insurance, even though we may never have a devastating claim.

Yet more than half of us WILL need Long Term Care during our lifetime and we don't not have insurance coverage. Having LTC Insurance is a way to pay for the care you need, when and where you need it. It gives you CHOICES. Like any insurance, you have to buy it before you need it.

Long Term Care Insurance

Federal LTC Insurance is a benefit for:

- Federal and Postal employees and retirees
- Active and retired members of the uniformed services
- Qualified relatives:
 - Current spouses of Federal and Postal employees or annuitants, and current spouses of uniformed services members or retirees
 - Surviving spouses receiving survivor annuities
 - Adult children of living Federal/Postal/Uniformed service employees or retirees
 - Parents, parents-in-law, and step parents of living Federal/Postal/Uniformed services employees.



Where can you purchase Long Term Care Insurance? Since 2002, the Federal Long Term Care Insurance Program has been available to Federal employees, retirees and their qualified relatives. Note that those qualified as relatives for Long Term Care insurance differ slightly from those eligible as family members under the Federal Employees Health Benefits and the Federal Employees Group Life Insurance programs.

Long Term Care Insurance

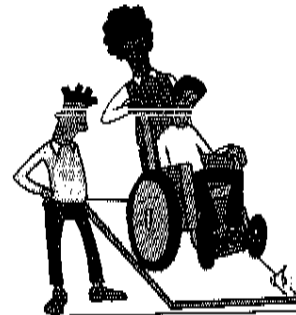
- The Federal LTC program offers:
 - Financially secure, reliable company backed by the Office of Personnel Management.
 - Flexible policy to meet your needs.
 - Covers full continuum of care.
 - Care and case management by knowledgeable professionals to help you find the best care at discounted rates.

The Federal Long Term Care Insurance Program is managed by the Office of Personnel Management. It is the country's largest employer-sponsored Long-Term Care program and is underwritten by two well-known insurance companies, John Hancock and MetLife.

In addition to OPM's oversight and sponsorship, there are additional unique consumer protections built into the Federal program, that are not available elsewhere. It bases its benefit reimbursement on the actual cost of an enrollee's care, instead of reimbursing at "usual, customary and reasonable" rates. It provides third party review of disputed claims. The Federal program uses the National Association of Insurance Commissioners pricing guidelines to ensure premium stability over time. Unlike many private policies, caregivers do not have to be licensed providers, which means that your family members, neighbors or friends can receive reimbursement for care giving. It isn't a one-size-fits-all program. You design the policy to meet your needs. The Federal LTC counselors provide care and case management to help you locate the best care available at discounted rates.

Long Term Care Insurance

- For information and enrollment:
 - www.LTCFEDS.com
 - Call 1-800-LTC-FEDS
(1-800-582-3337)



To find out more detailed information, including coverage options and costs, go to the LTCFEDS.com website. Because there is no government contribution, the cost of LTC insurance is paid 100% by the enrollee. Cost is based on age and policy options. Premiums are based on your age when you apply—the younger you are when you apply, the lower the premiums. The Federal Program is medically underwritten, so certain medical conditions, or combination of conditions, will prevent some people from being approved for coverage.

Their internet web site has all of the information, including how to compare LTCFEDS to private Long Term Care insurance policies.

Thank you for your attention!

- Contact your servicing Human Resources Benefits Specialist if you have any questions about retirement or your other Federal benefits!



Thank you for listening to this information regarding Long Term Care Insurance.

Please contact your servicing Human Resources Benefits Specialist if you have any questions on this topic or your other Federal benefits!