

THE FEDERAL LONG TERM CARE INSURANCE PROGRAM

Long Term Care Planning & the FLTCIP

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Agenda

Long term care (LTC) basics

- ▶ what is LTC?
- ▶ what pays for LTC?
- ▶ LTC insurance

FLTCIP features and benefits

- ▶ plan design and features
- ▶ eligibility and enrollment
- ▶ resources

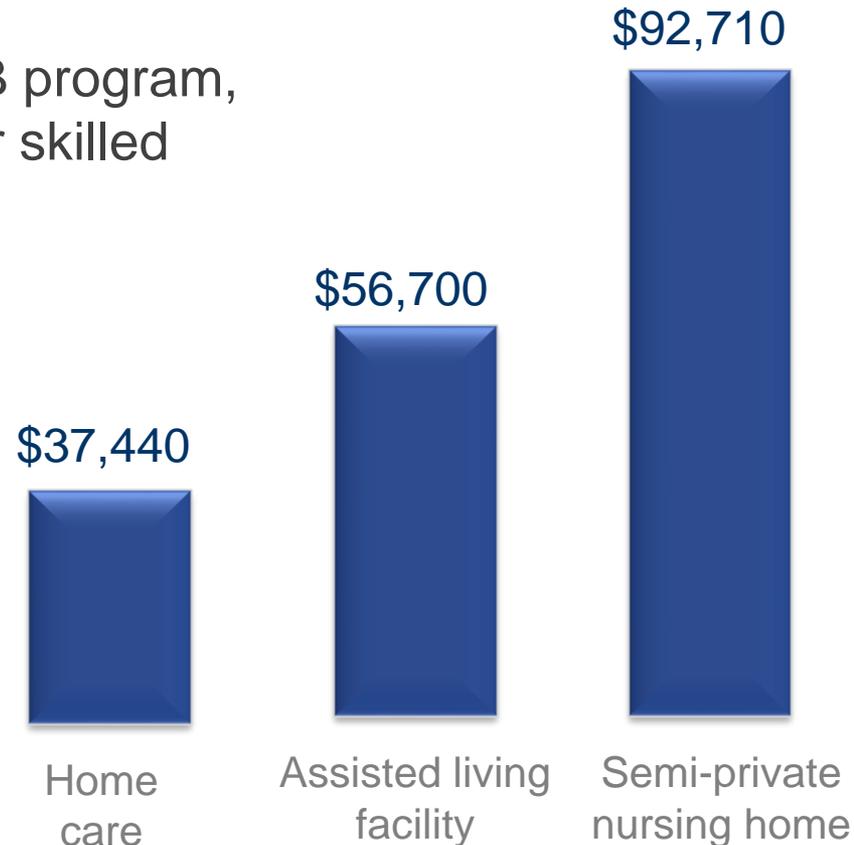
What is long term care (LTC)?

- ▶ **LTC is personal care and other related services provided on an extended basis as a result of chronic illness, injury, disability, or the aging process**
 - ▶ Informal or formal care services
 - ▶ Assistance with activities of daily living (ADLs)
 - ▶ bathing, dressing, eating, transferring, continence, toileting
- and/or**
- ▶ Supervision due to a severe cognitive impairment
 - ▶ e.g., Alzheimer's disease

Why plan for long term care?

We are not automatically covered:

- ▶ 70% of people turning age 65 can expect to use some form of LTC at some point in their lives¹
- ▶ TRICARE, TRICARE For Life, the FEHB program, and Medicare are only intended to cover skilled or short term medical care
- ▶ Medicaid and the VA may provide some care, but there are strict eligibility requirements
- ▶ Long term care is expensive²



¹U.S. Department of Health and Human Services. National Clearinghouse for Long-Term Care Information, longtermcare.acl.gov/the-basics (accessed February 2020).

²John Hancock Life & Health Insurance Company. "John Hancock 2018 Cost of Care Survey," conducted by Long Term Care Group, Inc., December 2019.

How does the FLTCIP fit in?

The FLTCIP provides comprehensive coverage for care in a variety of settings:

- ▶ At home:
 - ▶ formal care by a home health aide, nurse, or therapist; or
 - ▶ informal care by a friend or family member
- ▶ Within the community at an adult day care center
- ▶ In assisted living facility
- ▶ In a nursing home
- ▶ Hospice care at home or in a facility
- ▶ International care for covered services received outside the U.S.



**FLTCIP
coverage helps
complete the
continuum
of care**

Identify your caregivers

- ▶ Formal caregiver:
 - ▶ caregiver whose services are arranged and supervised by a home care agency (including visiting nurse associations and hospice agencies)
- ▶ Informal caregiver:
 - ▶ friend, relative, and unlicensed caregiver, as long as that person isn't your spouse or domestic partner and didn't live in your home when you became eligible for benefits
 - ▶ informal care provided by family members is covered for up to 500 days of care in your lifetime

The FLTCIP can help

- ▶ The FLTCIP reimburses for the types of care that health insurance doesn't pay for, and that families often struggle to provide—this is what it's designed to do
- ▶ The FLTCIP can help:
 - ▶ protect enrollees' retirement plans
 - ▶ allow enrollees to stay at home for as long as possible
 - ▶ reduce family members' stress
 - ▶ facilitate informed decision-making each step of the way

Who is eligible to apply?

- ▶ Federal and U.S. Postal Service (USPS) employees and annuitants
- ▶ Active and retired members of the uniformed services
- ▶ Qualified relatives
 - ▶ current spouses, domestic partners, and adult children of *all* the above
 - ▶ parents, parents-in-law, and stepparents of employees and active members of the uniformed services
 - ▶ surviving spouses receiving a survivor annuity or basic employee death benefit



The Federal Long Term Care Insurance Program™

A Guide to Long Term Care Insurance for Qualified Relatives

Did you know that as part of your federal benefits, you and your qualified relatives are eligible to apply for coverage under the Federal Long Term Care Insurance Program (FLTCLIP)? Even if you don't apply, consider how a spouse, parent, or other family member may benefit from this important coverage. Share this information with your family today.

Who's Eligible?
Federal and U.S. Postal Service employees and annuitants and active and retired members of the uniformed services are eligible to apply for FLTCLIP coverage. The following family members are also eligible:

- ▶ spouses and domestic partners of eligible employees and annuitants
- ▶ adult children of living eligible employees and annuitants
- ▶ parents, parents-in-law, and stepparents of living eligible employees; parents of retirees are not eligible

Why Long Term Care Insurance?
Long term care insurance can help ensure your independence and reduce your reliance on loved ones should you need long term care. Long term care insurance can also improve your financial security. It helps protect your income, including pensions and annuities, and your savings, or other investments, from being exhausted by long term care costs. No matter your age, long term care insurance should be considered in your financial plan.

The Facts About Long Term Care
Long term care is the care you need if you can no longer perform everyday tasks by yourself due to chronic illness, injury, disability, or the aging process. Long term care also includes the supervision you may need due to a severe cognitive impairment (such as Alzheimer's disease). This type of care is not intended to cure you. It's ongoing care that you may need for the rest of your life.

Here are some key facts about long term care to help you understand the importance of long term care insurance:

Fact:
Your chances of needing long term care increase as you grow older. According to the U.S. Department of Health and Human Services, about 70% of people turning age 65 will need long term care services at some point in their lives.¹

Coverage details

- ▶ Premiums are based on your age at time of application
- ▶ The FLTCIP is medically underwritten
- ▶ Each participant must apply individually
- ▶ Coverage is fully portable
- ▶ Qualified relatives may apply even if you don't

Designing your FLTCIP coverage

1. Choose a daily benefit amount (DBA)
2. Choose a benefit period
3. Choose your inflation protection

Decision #1: Daily benefit amount

- ▶ Choose between \$100 and \$450 per day
 - ▶ \$50 increments
- ▶ Covered expenses are paid up to 100% of DBA for care, regardless of location
- ▶ Consider the cost where you live – visit the “Cost of Care” tool on LTCFEDS.com

Costs	Years	Total
Home Health Care		
6 hr/day	5 day/week	2
\$23/hour	\$35,880/year	\$71,760
Assisted Living		
\$6,080/month	\$72,960/year	1
\$307/day	\$112,055/year	2
Nursing Home, Semiprivate Room		
Total for all long term care services		\$368,830

Decision #2: Benefit period

- ▶ Choose a benefit period
 - ▶ 2 years
 - ▶ 3 years
 - ▶ 5 years

- ▶ This number will be multiplied by 365 when you calculate your overall benefit due to daily reimbursement of benefits

How it works: Maximum lifetime benefit (MLB)

\$150* (DBA)

✘ 1,095 days (3-year benefit period)

\$164,250* (MLB)

*Inflation protection works to help keep this number relevant over the years.

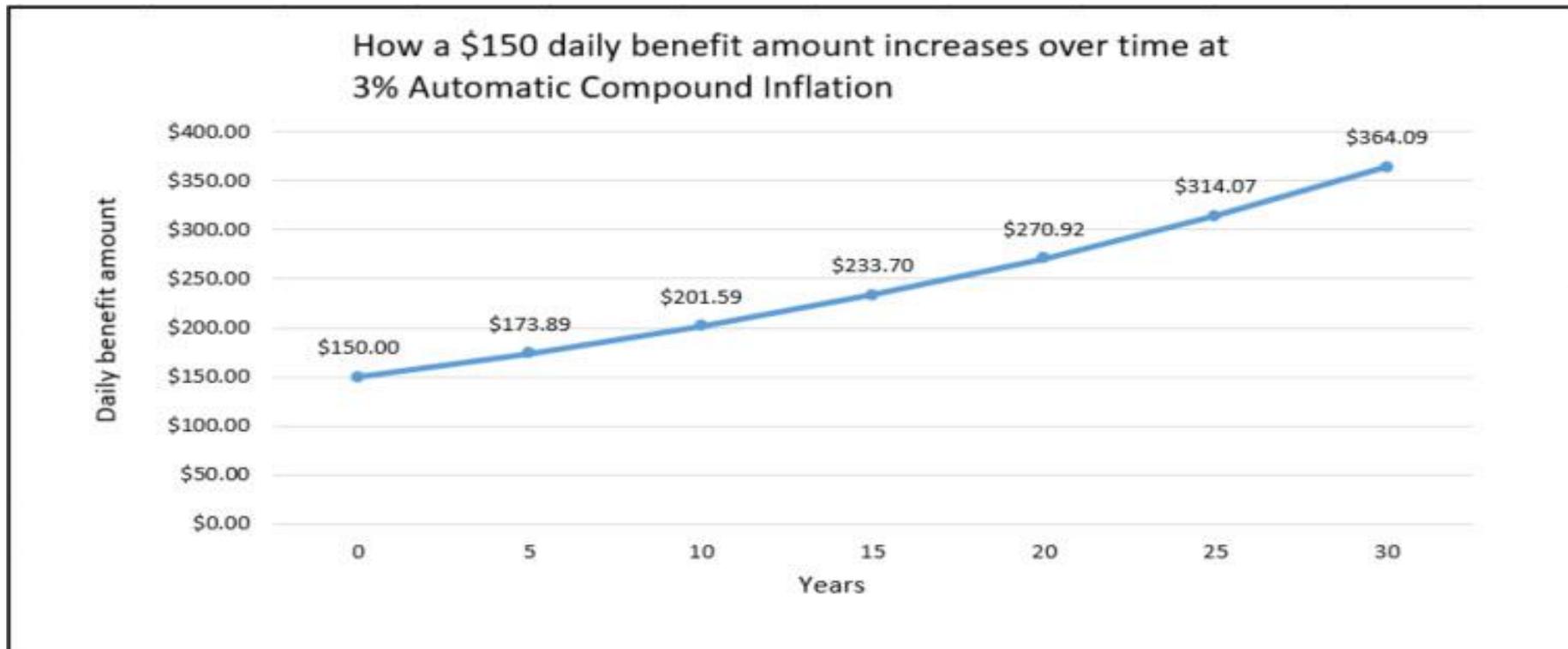
Decision #3: Inflation protection

Keep pace with the rising costs of care

- ▶ Two approaches:
 - ▶ Automatic compound inflation option (ACIO)
 - ▶ Future purchase option (FPO)

Automatic compound inflation option

- ▶ 3% ACIO
- ▶ Your benefits automatically increase 3%, compounded annually



Future purchase option (FPO)

- ▶ Offer to purchase additional coverage every two years to keep up with inflation
- ▶ There is no additional underwriting
- ▶ Your new benefits are priced at your attained age
- ▶ If you decline three offers, you must provide evidence of your good health to resume receiving increases again

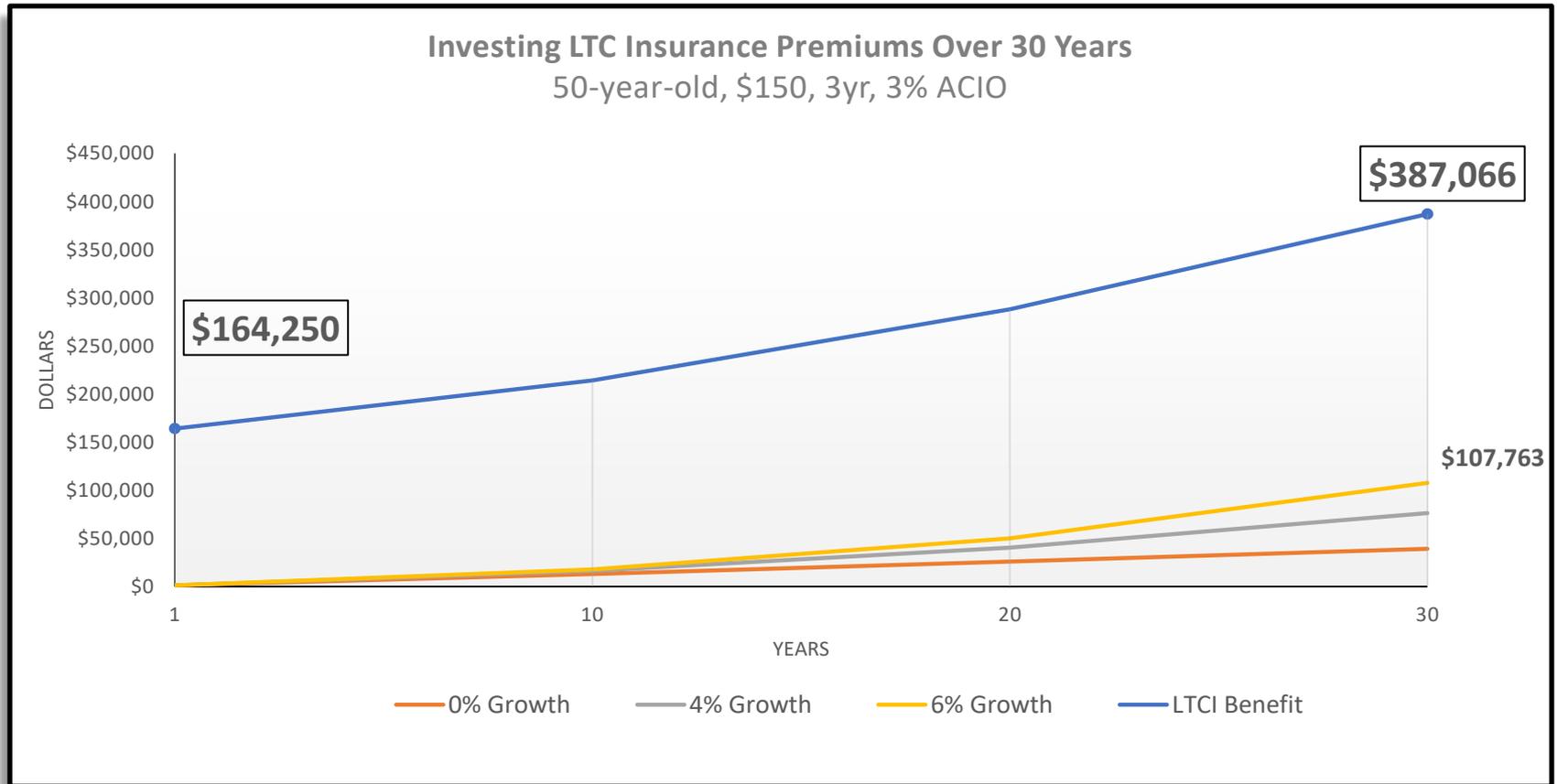
Sample biweekly premiums

Prepackaged Plan B: includes **3** year Benefit Period, **\$150** Daily Benefit Amount plus choice of Inflation Protection Option. Below reflects biweekly rates:

Issue Age	3% ACIO	FPO
40	\$37.29	\$16.60
50	\$52.42	\$27.16
60	\$93.93	\$58.63
70	\$174.00	\$132.74

Premiums are set with the expectation that they will be sufficient, but they are not guaranteed. The premium for your group (for example, those with the same plan design or set of benefits) may only increase if it is determined to be inadequate. While the group policy is in effect, OPM must approve an increase in premium.

Investing vs. insuring



\$1,363 annual investment vs. premium

Waiting period

- ▶ 90 calendar days
- ▶ No incurred expenses required during this time
- ▶ Only needs to be satisfied once during your lifetime
- ▶ No FLTCIP benefits paid during this time, except for:
 - ▶ hospice and respite services
 - ▶ stay-at-home benefit

Stay-at-home benefit

- ▶ Can be used during waiting period
- ▶ Does not reduce maximum lifetime benefit
- ▶ Benefits payable up to 30 times DBA:
 - ▶ durable medical equipment
 - ▶ home safety checks
 - ▶ home modifications
 - ▶ emergency medical response systems
 - ▶ care planning visits
 - ▶ caregiver training (up to 7 times DBA)

Care coordination

Our care coordinators are registered nurses who have worked extensively in the field of LTC. They can:

- ▶ provide information and assistance regarding your LTC options
- ▶ help you find care providers in your area
- ▶ provide access to discounts for services, when available, in your area
- ▶ monitor the care you are receiving
- ▶ assist with changing your plan of care as your needs change

Note: The FLTCIP also provides certain care coordination services to qualified relatives of enrollees at no cost.

Premium stabilization feature

- ▶ The premium stabilization feature (PSF) is an adjustable dollar amount that is calculated as a percentage of FLTCIP premiums paid
- ▶ This feature is designed to reduce the potential need for future premium increases
- ▶ Under certain circumstances, the PSF may also be used to:
 - ▶ offset future premium payments
 - ▶ provide a refund of premium death benefit
- ▶ Visit LTCFEDS.com for more details

PSF amount

- ▶ The portion of premium available as your PSF amount is equal to:
 - ▶ the total amount of premium you paid multiplied by the current PSF percentage, less
 - ▶ benefit amounts paid on your behalf for FLTCIP claims, and less
 - ▶ any prior uses of the PSF amount to pay premiums for you as a premium offset

Example Scenarios			
Variables	1. No claims paid	2. Claims of \$10,000	3. Claims of \$60,000
Policy year	20	20	20
Total premium paid	\$40,000	\$40,000	\$40,000
PSF percentage at year 20	35%	35%	35%
Claims paid to date	\$0	\$10,000	\$60,000
Refund of premium death benefit	\$14,000	\$4,000	\$0

Are my premiums guaranteed?

- ▶ FLTCIP coverage is guaranteed renewable, but premiums are not guaranteed
- ▶ Your premium will not change because of your age or health
- ▶ Premiums may only increase if you are in an enrollee group whose premium is determined to be inadequate
 - ▶ OPM must approve an increase in premium
- ▶ Your premium may also increase if you voluntarily elect to increase your benefits

FLTCIP strengths

- ▶ The FLTCIP is:
 - ▶ the only group long term care insurance program for the federal family
 - ▶ supported by the strength and stability of John Hancock Life & Health Insurance Company
 - ▶ sponsored and regulated by the U.S. Office of Personnel Management (OPM)
 - ▶ FLTCIP premiums are held in an experience fund, separate from John Hancock's other assets
 - ▶ performance metrics



OPM.GOV

Resources

- ▶ Program consultants are available:
 - ▶ weekdays, from 8 a.m. to 6 p.m. (ET)
 - ▶ **1-800-LTC-FEDS**
(1-800-582-3337)
TTY 1-800-843-3557
- ▶ **LTCFEDS.com**
 - ▶ planning tools
 - ▶ premium rates
 - ▶ brochures and applications

Thank you.

1-800-LTC-FEDS

(1-800-582-3337) TTY 1-800-843-3557

LTCFEDS.com

info@ltcpartners.com



The Federal Long Term Care Insurance Program is sponsored by the U.S. Office of Personnel Management, insured by John Hancock Life & Health Insurance Company, and administered by Long Term Care Partners, LLC.



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