



Long Term Care Insurance for the Federal Family

The Federal Long Term Care Insurance Program is sponsored by the U.S. Office of Personnel Management, administered by Long Term Care Partners, LLC, and offered by:

John Hancock Life Insurance Company Boston, MA 02117
Metropolitan Life Insurance Company, New York, NY 10010



WHAT IS LONG TERM CARE?

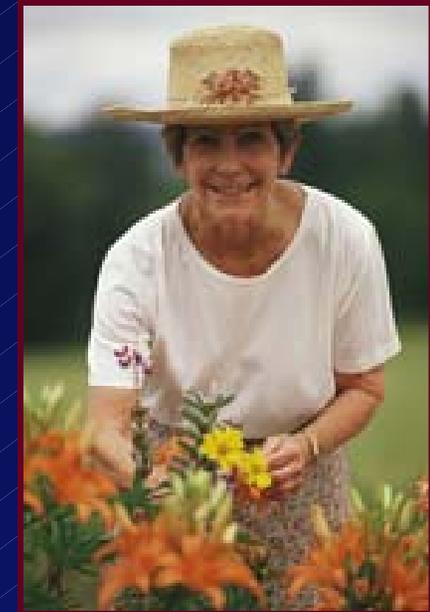
Long term care is the type of care you need if you can no longer perform normal activities of daily living, like eating or dressing.

Long term care is provided in many different settings, such as:

- Assisted living facilities
- Nursing homes
- Adult day care centers

BUT, most often:

- AT HOME



MYTHS AND FACTS ABOUT LONG TERM CARE



There many myths surrounding long term care.

Some of them are about the likelihood of needing long term care. Others are false notions about funding.



It is important that you know the facts, so that you can plan for the future.

MYTH #1



Long term care?
That's not something I have to
worry about.

THE FACTS



The fact is, the need for long term care services can happen to **anyone** at **any time**.



The need for long term care can result from:

- aging
- sudden illness
- accident
- degenerative disease



Who needs long term care?



- Approximately 60% of people who reach age 65 will need long term care at some point in their lives.¹



- 40% of people receiving long term care are between ages of 18 - 64 (strokes, accidents, multiple sclerosis etc.)¹



1. Conning & Company, *Long-Term Care Insurance, Baby Boom or Bust?* 1999

MYTH # 2



Long term care?

My medical insurance covers that
and the government is there to help
pay the bill too.



THE FACTS



The fact is, long term care is **expensive** and you can't count on traditional insurance or government programs to pay for it.

- Today, the national average cost is:
 - \$20,000 a year for home care ¹
 - \$50,000 a year for nursing home care ²
- By 2030, the national average cost is expected to be:
 - \$68,000 a year for home care ³
 - \$190,600 a year for nursing home care ³

1. *Who Buys Long-Term Care Insurance in 2000?* Prepared for the Health Insurance Association of America by LifePlans, Inc., October 2000
2. ACLI Study, March 2000
3. U.S. General Accounting Office, January 2001

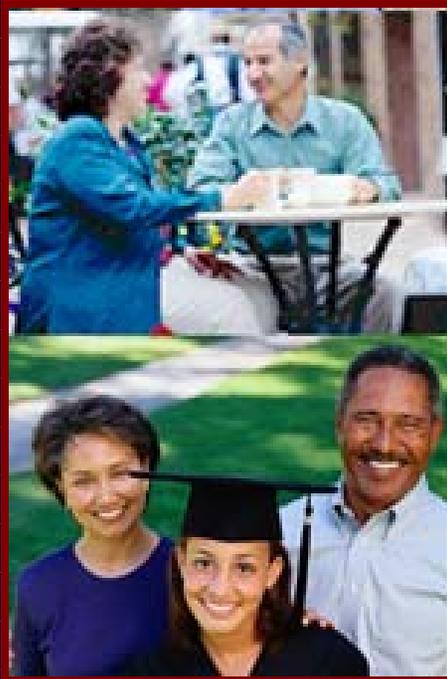
Won't my medical insurance cover long term care?



No. Medical insurance, like that provided by FEHB or TRICARE, is designed to provide recuperative coverage for illnesses that are acute or short-term in nature.



What about disability insurance?



No. Disability coverage is meant to **replace your income** while you are disabled.

It will not pay for nursing home bills or for someone to come to your home to assist you with simple tasks.

It also typically ends at age 65.

Doesn't Medicare pay for long term care?



- Medicare is only for those 65 and over and certain disabled individuals.
- Benefits are payable for the first 100 days in a nursing home, **if** you enter it within 30 days after a hospitalization of at least 3 days, **if** you are receiving skilled care, **and if** you're continuing to get better.
- But, most long term care is **not** skilled care.
- Most long term care does not occur in nursing homes.
- Medicare provides only limited home health coverage.
- And, most long term care situations do not require hospitalization.

What about Medicaid?

Doesn't it cover long term care costs?



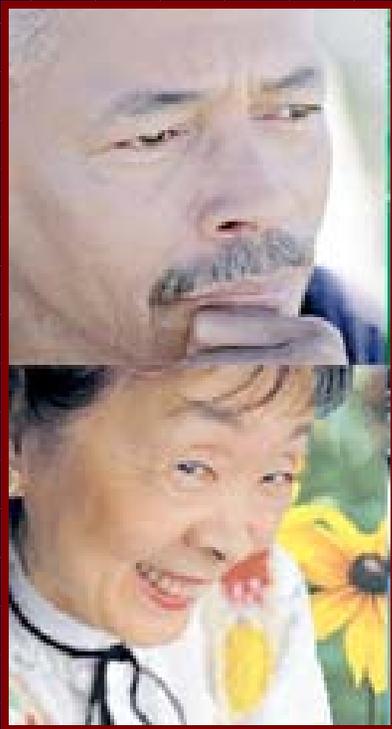
- Medicaid is a state-based program, supplemented by Federal funds, which provides health services to the poor and impoverished.
- Most state laws require you to spend down your assets to certain required levels to become eligible for benefits.
- Medicaid may limit where you can receive care and what type of care you can receive.

Why should I think about long term care insurance coverage?



- Long term care insurance can cover care received in a number of settings, including formal and informal care at home, adult day care centers, assisted living facilities, or nursing homes.
- Coverage can be very affordable. Premiums are based on your age when you buy - they do not increase simply because you get older.
- You could find yourself in a long term care situation tomorrow.

THE FEDERAL LONG TERM CARE INSURANCE PROGRAM (FLTCIP)



OPM 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!

BACKGROUND



- Legislation Introduced
 - January 6, 1999
- Long Term Care Security Act Enacted
 - September 19, 2000
- Request for Proposals
 - June 20, 2001
- Contract Award
 - December 18, 2001 to Long Term Care Partners -- John Hancock and MetLife

All in Record Time!

What are the FLTCIP's objectives?



To deliver

- Flexible, comprehensive coverage that is easy to understand.
- Benefits that aren't always available in the private sector.
- Affordable premiums at low group rates.

Who has OPM chosen to administer the FLTCIP?



Long Term Care Partners is managing all core functions that support the FLTCIP.

LTC Partners is a John Hancock/MetLife joint venture company formed exclusively to administer this program.

OPM chose John Hancock and MetLife as the program's carriers because:

- Both companies are leaders in group and individual long term care insurance
- Both companies are well-known, respected, and have strong financial ratings

Who is eligible to apply?



- Employees
 - Federal and Postal employees
 - Members of the uniformed services
- Annuitants
 - Federal annuitants
 - Retired members of the uniformed services
- 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 and members of the uniformed services.

Eligibility



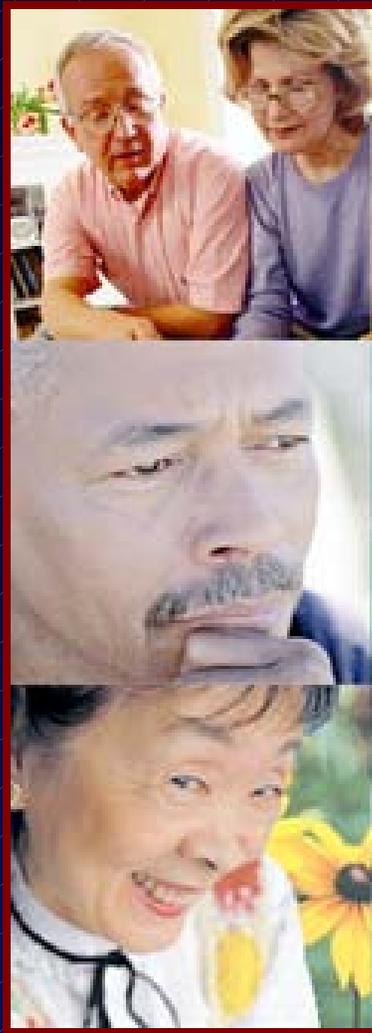
- ALSO eligible to apply:
 - Surviving spouses of deceased Federal and Postal employees and annuitants who are receiving a Federal survivor annuity
 - Surviving spouses of deceased members and retired members of the uniformed services who are receiving an annuity
 - Persons receiving compensation payments from the Department of Labor
 - Deferred Federal annuitants and “grey reservists” when receiving an annuity
 - Members of the Selected Reserve and National Guard

What else should I know about eligibility?



- Family members can apply even if the employee, uniformed service member or annuitant/retiree they're related to does not.
- Minimum age: 18 years.
- Maximum age: None.

What does the program cover?



The program provides reimbursement for cost of:

- Nursing Homes
- Assisted Living Facilities
- Hospice Care
- Home Care
- Adult Day Care

AND

- Informal Care
- Alternate Plan of Care
- Caregiver Training
- Respite Care

What is the Informal Care Benefit?



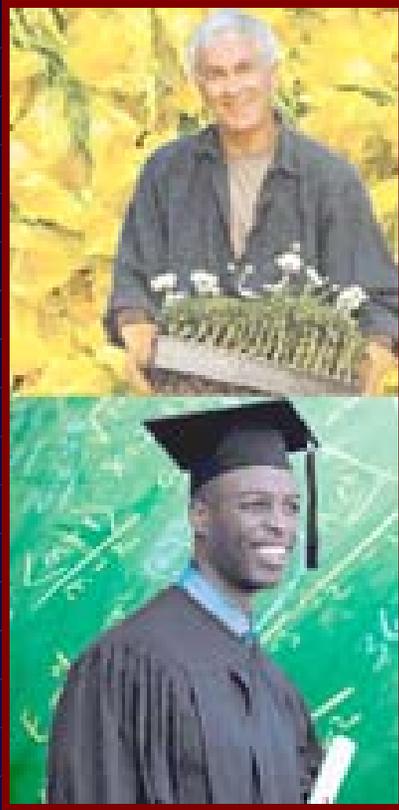
The informal care benefit can provide flexibility by reimbursing the following providers:

- Friends
- Neighbors
- Members of your family who do not normally reside with you



Informal care must be approved by our care coordinator.

What is a Care Coordinator?



Our care coordinators are registered nurses who:

- Verify, based on your medical history, whether you are unable to perform the Activities of Daily Living **or** are Severely Cognitively Impaired.
- Provide you and your family with information about long term care providers and services.
- Work with you and your family to develop a plan of care (or an alternate plan of care) and coordinate services.
- Periodically reassess your eligibility for benefits.

What is an Alternate Plan of Care?



- The alternate plan of care is another feature of the program that is designed to help you get care that is appropriate, even if it is not specifically covered by the program.
- For example, the program could help you to remain at home by paying for home modifications, durable medical equipment, or emergency medical response systems.

What is Caregiver Training?



- The program provides coverage for the cost of training a person to help care for you in your own home.
- For example, someone you select could receive training so he or she could learn techniques to safely help you with tasks like transferring from bed to chair or using the bathroom.
- Caregivers whose services are not covered under the program may nonetheless receive caregiver training.

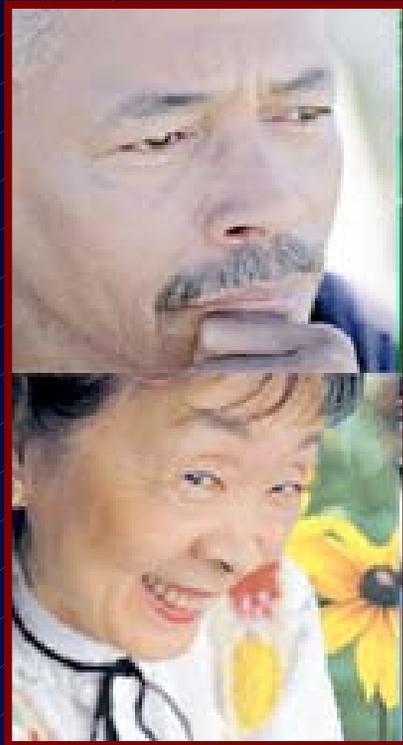
What is Respite Care?



- Respite care provides a break for family members who are providing long term care to you.



How do I qualify for benefits?



You become eligible for benefits when:

- a licensed health care practitioner certifies that:
 - you are unable to perform 2 of 6 Activities of Daily Living for an expected period of at least 90 days; OR
 - you have a severe cognitive impairment;
- LTC Partners agrees with that certification; and
- a licensed health care practitioner has established a plan of care for you that our care coordinator approves.

In most cases, you must also satisfy your waiting period before benefits are payable.

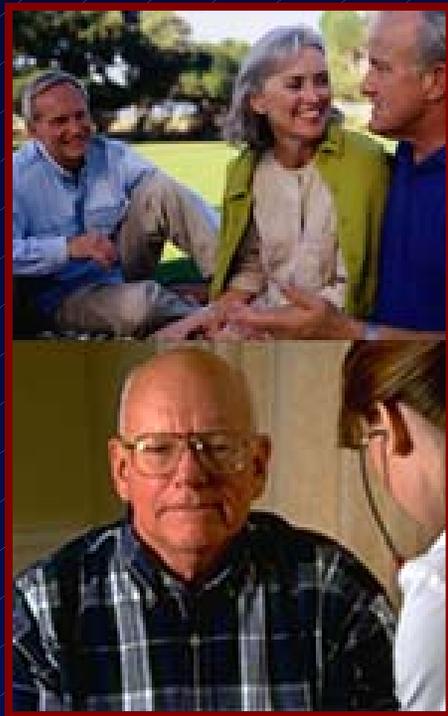
What are the Activities of Daily Living?



Activities of Daily Living (ADLs) are:

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

What is Severe Cognitive Impairment?



- Severe Cognitive Impairment is a deficiency in:
 - Short or long-term memory; or
 - Orientation as to person, place and time; or
 - Deductive or abstract reasoning; or
 - Judgment

that places you in jeopardy of harming yourself or others

- For example, Alzheimer's disease

Design a Plan that is Right for You



- When you apply for the Federal Long Term Care Insurance Program, you will have **four** choices to make.
 - Daily Benefit Amount
 - Benefit Period
 - Waiting Period
 - Inflation Protection Option

What is the Daily Benefit Amount?



- You choose a **Daily Benefit** of \$50 - \$300 per day in \$25 increments.
- The program reimburses up to 100% of the **Daily Benefit** for care received in a nursing home or assisted living facility, and for hospice care or respite care.
- The program reimburses up to 75% of the **Daily Benefit** for home care, informal care, and adult day care.

What is the Benefit Period?



- You also choose a benefit period of either:
 - 3 years, OR
 - 5 years

The Maximum Lifetime Benefit



The maximum lifetime benefit is calculated by multiplying the amount you choose for the daily benefit by the number of days in the benefit period.

For example, if you selected a daily benefit amount of \$100 and 5 year benefit period:

$\$100 \times 1,825$ (the number of days in 5 years) = \$182,500.

Your maximum lifetime benefit is \$182,500.

What is the Waiting Period?



- The waiting period is the number of days that you must be eligible for benefits and receiving covered services **before** benefits are payable.
- When you apply for coverage you can select either a 90-day or 30-day waiting period.
- You only have to complete the waiting period once.

What are the Inflation Protection options?



Enrollees will have a choice of two options:

- Automatic Compound Inflation
- or
- Future Purchase Option

What are the Inflation Protection options?



Automatic Compound Inflation Option:

- Benefits will automatically increase by 5% compounded annually for the life of the policy.
- Premiums do not increase even though your benefits do.

What are the Inflation Protection options?



Future Purchase Option:

- Increase in coverage every two years
- Based on the medical CPI
- Additional premium for the increased coverage
- You will not receive an increase if:
 - you have declined three prior increases;
or
 - you are benefit eligible
- With each increase, you will have the opportunity to switch to the Automatic Compound Inflation Option

Plan choices



- You can choose a pre-packaged plan or customize a plan.
- All pre-packaged plans are available with either the Automatic Compound Inflation Option or the Future Purchase Option.

What are some of the other features the FLTCIP offers?



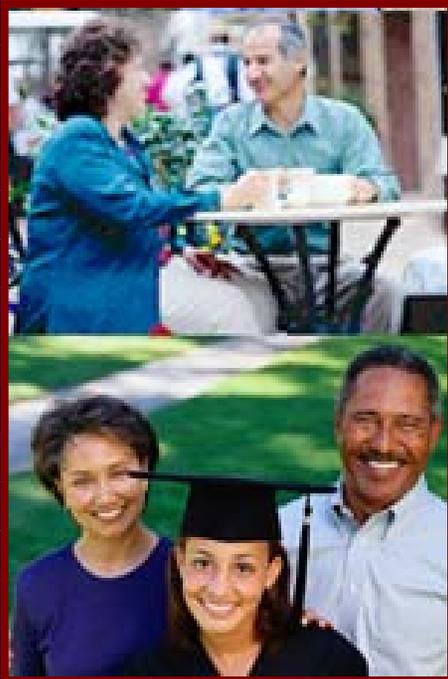
- Waiver of premium
- Portable coverage
- Provider discounts
- Bed reservation provision
- 30-day free look
- Guaranteed renewable, as long as premiums are paid
- International benefits
- Access to care coordinators for non-insured qualified relatives

What do I need to know about premiums?



- 100% enrollee paid -- no Government contribution.
- Premiums are based on your age when you apply and the benefit options you choose. They do not increase simply because you get older.
- Your premiums are designed NOT to change unless YOU decide to increase (or decrease) coverage (e.g., Future Purchase Option for inflation protection).
- Your premiums can only be changed, with OPM's approval, on a group, not an individual basis.

HOW DO I APPLY?



- You may obtain an application by calling Long Term Care Partners (1-800-LTC-FEDS) or visiting their web site (www.ltcfeds.com).
- On the application, you will
 - Answer questions about your health (this is known as “underwriting”)
 - Select the coverage you want to buy
 - Indicate your preferred payment option
- Submit your application directly to Long Term Care Partners.

What are the underwriting requirements?



- Employees, members of the uniformed services and their spouses have abbreviated underwriting.
- All other applicants will have full underwriting.

What is abbreviated underwriting?



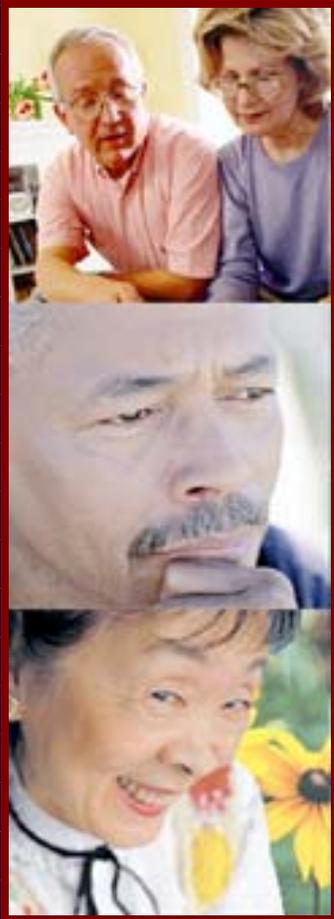
- There are seven health-related questions for employees, nine for spouses.

What is full underwriting?



- Full underwriting takes a closer look at your medical history and your current lifestyle.
- You will answer the same questions that appear on the abbreviated underwriting forms plus several additional questions.

What if I don't pass underwriting?



- You will not be able to purchase the insurance we've described.
- However, other options will be available during Open Season for people who do not pass underwriting.

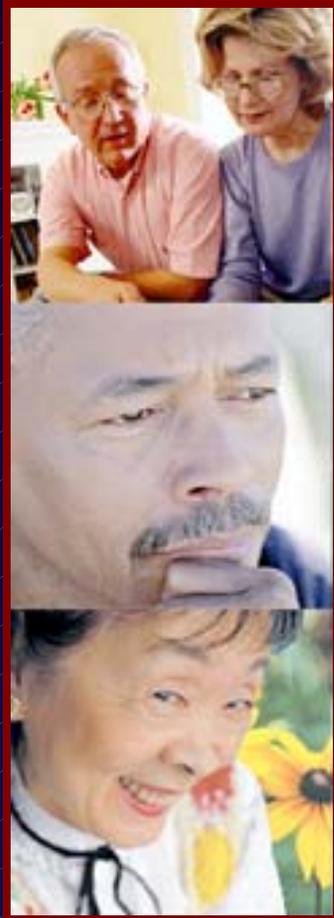
WHEN CAN I APPLY?



In 2002, there are two opportunities to apply:

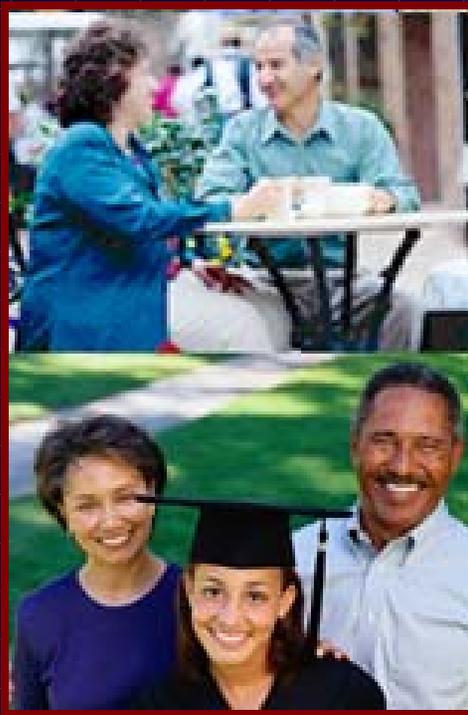
- Early Enrollment
- Open Season

Early Enrollment



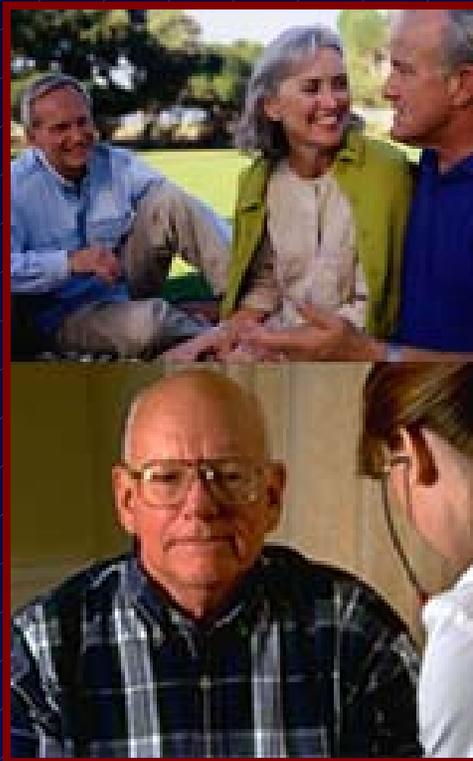
- Early Enrollment runs from March 25 to May 15, 2002.
- Fewer benefit and payment options than during Open Season.
- Designed for Federal Family members who understand long term care and long term care insurance and don't need any more education about them.

Early Enrollment



- Coverage effective date, if you're approved:
 - Later of May 1 or first of month following LTC Partners' approval of your application
 - Premiums are based on your age on the date that LTC Partners receives your application

Early Enrollment

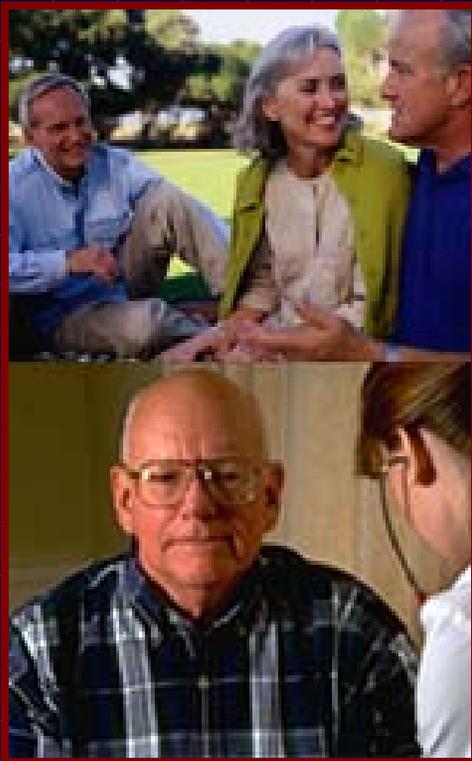


There are three pre-packaged plans during early enrollment:

- Plan A:
 - Daily Benefit Amount: \$100
 - Benefit Period: 3 years
- Plan B:
 - Daily Benefit Amount: \$150
 - Benefit Period: 3 years
- Plan C:
 - Daily benefit amount: \$150
 - Benefit Period: 5 years

All three plans include a 90 day waiting period.

Early Enrollment



■ Billing Options

- NO payroll/annuity/pension deduction

ONLY:

- Automatic bank withdrawal
- Direct billing

Open Season



- Open Season will take place July 1 through December 31, 2002.
- Launch of all benefit and payment options under the Program.
- Best time for most people to apply.

Open Season



- Coverage effective date, if approved:
 - Later of October 1, 2002 or first of month following LTC Partners' approval of your application.
 - Cost of coverage based on your age on July 1, 2002 regardless of WHEN during open season you apply.

- Billing options
 - Payroll/annuity/pension deduction
 - Automatic bank withdrawal
 - Direct billing

May I switch the coverage I chose during Early Enrollment to another offering during Open Season?



Yes. Changes may be made until December 31, 2002.

- You must fill out a new application and answer all relevant underwriting questions
- Your premiums will be based on your original issue age

Note: If you have been certified as benefit-eligible under your original coverage, you **CANNOT** switch.

What is the Educational Campaign?



- Multimedia and multiphase program.
- Information to enable informed purchase decisions.

Educational Campaign



- Bulletin series - *Get Smart About Your Future* -- 5 monthly issues
- Communication Components - e-mails, posters, brochures, benefit booklet, LTC Insurance Primer, etc.
- Workplace meetings
- Satellite broadcasts
- Web sites - www.ltcfeds.com and www.opm.gov/insure/ltc
- Call Center - 1-800-LTC-FEDS
(1-800-582-3337)

Contact Information



LTC Partners

Call Center: 1-800-LTC -FEDS (582-3337)

TDD: 1-800-843-3557

Monday through Friday

8:00 a.m. to 8:00 p.m., Eastern

Web Site: www.ltcfeds.com

OPM

Email: ltc@opm.gov

Web Site: www.opm.gov/insure/ltc

The Federal Long Term Care Insurance Program Benefit Booklet describes coverages under the policy, exclusions and limitations, what you must do to keep your coverage in force, and what would cause your coverage to be discontinued. Please contact LTC Partners for more information, costs, and complete details on coverage.

Group Policy Numbers: 900-001; 900-002