

*An important new benefit*

# LONG-TERM CARE INSURANCE:

The Caring Part of Your Financial Plan



CARE DIRECTIONS® *Premier*

Offered through the State of Tennessee Group Insurance Program.

**MEDAmerica**  
INSURANCE COMPANY  
An Excellus Company Home Office: Pittsburgh, PA

# Long-Term Care: Risk & Need

## What is long-term care?

Long-term care is the assistance you need if you are unable to carry out the basic activities of everyday living — bathing, continence, dressing, toileting, eating, or transferring, such as from a chair or bed. The need could arise from an accident, injury, debilitating illness, or it could be simply the natural result of aging. This type of care is different from the skilled, short term care you would receive in a hospital. It is extended care you would receive at your home, in an assisted living or nursing facility, adult day care center or hospice program. You could need long-term care at any time, at any age.

In fact, one in three people who need long-term care are under age 65.<sup>1</sup> And, studies show that if you reach age 65 without having a long-term care event, your odds become greater than one in two (61%) to need extended care at some point in your life.<sup>2</sup>

Preparing for long-term care is essential for families today. Without planning, your loved ones may be faced with the burden of making decisions for you, not to mention having to provide care or pay the bills for your care themselves.

### What is LTC-TN?

LTC-TN is the State of Tennessee Employee and Retiree Group Long-Term Care Insurance Plan available to state and local government and education employees, retirees, and extended family members of those employees.

## Who pays for long-term care?

Only a small portion of the long-term care services you are likely to need are covered by health insurance, Medicare or Medicaid (TennCare). Individuals pay for most of this expense themselves with their own savings.

### How much does long-term care cost?

Long-term care is expensive and can range from \$3,000 to \$6,000 per month depending on what type of care you choose to receive. A recent study shows that the average cost of care is:<sup>3</sup>

- \$18 an hour for a home health aide
- \$100 per day for assisted living
- \$60 per day for adult day care
- \$175 per day for a semi-private room in a nursing home, \$200 per day for private room

Think about what would happen if you or your spouse was diagnosed with Alzheimer's disease. The average time span for care needed by an Alzheimer's patient is eight years, but can stretch from three to 20 years, according to the Alzheimer's Association website. Sometimes both spouses wind up needing some form of long-term care, which can greatly increase these expenses. Clearly, the financial impact of needing long-term care could be devastating. How would you pay for this care should you need it?

<sup>1</sup> Kaye, H. Stephen, Charlene Harrington, and Mitchell P. LaPlante. "Long-Term Care: Who Gets It, Who Provides It, Who Pays, and How Much?" *Health Affairs*, January 2010 29:1, p. 13.

<sup>2</sup> Odds for needing LTC: Kemper et al, "Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect?" *Inquiry* Vol. 42, Winter 2005/2006, p. 342

<sup>3</sup> Agency for Research and Quality and LTC insurance carriers cost surveys, 2010-2011

## Why consider long-term care insurance?

### Protect Your Assets

Protecting your financial future is important, and long-term care insurance is a vital component of your financial plan. It is a cost-effective way to help pay for your care while helping to protect the savings and assets you've spent a lifetime accumulating.

### Protect Your Independence

If you're like most people, you don't want to rely on others or burden your family with the unexpected responsibility of caring for you at home, or paying for your care in a facility. With long-term care insurance, you will have choices in how and where you will receive care. Long-term care insurance provides coverage for home care, nursing facility or assisted living facility and community-based expenses, offering you a full range of long-term care options that help you stay in control.

## Benefits

CareDirections Premier®, offered through the LTC-TN plan, is a tax-qualified policy that offers flexible design and quality comprehensive benefits. With CareDirections Premier, you can design the plan that's right for you.

Coverage includes:

- Home Care
- Assisted Living Facility Care
- Adult Day Care
- Nursing Facility Care
- Hospice Program Services

## ***Protect your loved ones!***

*Spouses, dependent children ages 18 to 26, parents, parents-in-law, and dependent survivors are eligible to apply for coverage under the LTC-TN Program at the same discounted rates, regardless of whether or not the employee or retiree applies.*

# Design a Plan to Fit Your Needs

## Here's How You Design a Plan:

### 1. Choose Your Daily Benefit Amount.

The daily benefit amount is the maximum benefit the policy will pay per day for covered services. You should select your daily benefit based on the estimated cost of care where you live or where you plan to retire, and a premium you are comfortable with. With the LTC-TN plan, actual charges for nursing facility, assisted living facility, bed reservation and respite care are paid at 100% of your daily benefit amount. Home care, adult day care, and hospice program benefits are paid at 60% of your daily benefit amount. Benefit options include:

- **\$100/\$60**
- **\$150/\$90**
- **\$200/\$120**

### 2. Choose Your Benefit Period.

This is the number of days for which daily benefits are payable. The LTC-TN plan offers two choices:

- **1,095 Days (3 years)**
- **1,825 Days (5 years).**

### 3. Choose Your Lifetime Benefit Amount — “Pool of Money.”

All benefit payments are deducted from a lifetime benefit amount, commonly referred to as a “pool of money.” Coverage continues until the lifetime benefit amount is exhausted. The lifetime benefit amount is determined by selecting a daily benefit amount and multiplying it by your benefit period.

#### Lifetime Benefit Amount Calculation Example:

<b>Benefit Period</b>	1,095 Days (3 years)	1,825 Days (5 years)
<b>x Daily Benefit</b>	\$100/Day	\$100/Day
<b>= Lifetime Benefit Amount</b>	<b>\$109,500</b>	<b>\$182,500</b>

### 4. What About Inflation Protection?

The value of the coverage you buy today should be protected from increases in long-term care costs that may occur over the years. Choosing inflation protection builds both the daily benefit amount and “pool of money” over time. You must select the 5% compound inflation option available with this plan in order for your policy to qualify for the TN Partnership (described on the next page) if you are under age 76. Applicants age 76 and older do not need to purchase inflation protection in order for their policy to be partnership-qualified. The LTC-TN Plan offers the following inflation protection options:

- **Compound Inflation 5% Annually**
- **No Inflation**

## LTC-TN qualifies for the Tennessee Long-Term Care Partnership plan.\*

Not to be confused with the State Group Health Insurance PPO Partnership Program, the Tennessee Long-Term Care Partnership Program rewards the purchase of long-term care insurance by protecting assets equal to the long-term care insurance benefits paid when Medicaid (TennCare in Tennessee) is accessed. Without a partnership-certified policy, Medicaid will pay benefits only after you have spent down most of your assets to financially qualify. Keep in mind, every dollar not paid by TennCare is a dollar that can stay in the state budget for education, public works and to fund jobs for public employees.

\* Applicants under age 76 must select the 5% compound inflation rider in order for their policy to be partnership-certified. Those age 76 and older do not need to purchase the inflation rider for partnership protection.

## Buying Now Builds Value

Issue Age	Initial Lifetime Benefit Amount	Lifetime Pay Annual Premium Rates	Total Premiums Paid to Age 80	Value of Lifetime Benefits at Age 80
40	\$164,250	\$ 872	\$34,880	\$1,277,865
50	\$164,250	\$1,318	\$39,540	\$ 764,310
60	\$164,250	\$2,101	\$42,020	\$ 457,710

*Illustrative purposes only. Premium rates based on \$150 Daily Benefit Amount, 3-year Benefit, 90 Day Elimination Period. Calculations assume 5% compound inflation. Assume need care at age 80.*

## Act now!

Remember, the younger you are when purchasing long-term care insurance, the lower your annual premium, and your premium dollars will yield a greater return. So act now and take advantage of the LTC-TN Plan's special group rates and guaranteed issue during the open enrollment period. Guaranteed issue means that you do not have to answer health questions to be issued a policy.

# Enroll Now!

If you're looking forward to the day when you can spend more time with your children, travel the globe or pursue the hobby of your youth, you should consider protecting your priorities with long-term care insurance. Keep in mind these significant reasons for enrolling in the LTC-TN Plan now:

- The risk of needing long-term care is significant, regardless of age.
- Long-term care is expensive, often causing depletion of assets.
- The ideal time to purchase long-term care insurance is now, because rates are based on your age when you apply. The younger you are, the lower your premium. Plus, the premium is designed to remain level throughout the term of payment. This means that your long-term care insurance premium will not change in the future based on your age or health. Premiums can only increase if there is a rate increase on the entire group of policyholders.
- If you buy now, you can take advantage of the lowest rate available to you under this plan.
- Also, keep in mind that once you are accepted for coverage, your coverage cannot be cancelled due to a change in health.

## Two Ways To Enroll

### **1. Visit [www.LTC-TN.com](http://www.LTC-TN.com) to enroll online!**

Employees and their family members can visit the website to access the LTC-TN rate calculator and apply online with electronic signature.

### **2. Complete a paper application.**

A paper enrollment booklet is included behind the "Enrollment Materials" tab in your self-enrollment kit. If you do not have a paper enrollment booklet, call 866-615-LTCi (5824) or e-mail [info@ltcconsultants.com](mailto:info@ltcconsultants.com) to request one.

## About MedAmerica: The State of Tennessee's Long-Term Care Insurance Carrier

MedAmerica Insurance Company has been dedicated exclusively to providing quality long-term care insurance to employer groups and individuals across the nation since its inception in 1987. MedAmerica is recognized as an industry leader for its quality products, excellent service, strong financial position and above all, total commitment to helping policyholders and their families when long-term care services are needed. We proudly point to more than 125,000 policyholders across the country as evidence of our quality, caring approach to providing long-term care insurance.

### A Heritage of Caring

#### **Our Commitment:**

**To actively improve the quality of life for those we serve.**

MedAmerica works to actively improve the quality of life for those we serve through our unique approach to benefit planning services. When policyholders choose to use our benefit planning services, they will receive assistance from a Personal Care Advisor who will help them and their family members identify providers and services to meet their needs.

Our Personal Care Advisors are a source of comfort as well as information for policyholders and their families throughout the long-term care experience.

As our customers have told us repeatedly, it's not only what we do, but also how we do it that makes MedAmerica different ... a caring company.

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**Call toll free 1-866-615-LTCi (5824)**  
**Visit our website at [www.LTC-TN.com](http://www.LTC-TN.com)**

**MEDAmerica**

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