

# WHAT EVERY EMPLOYER SHOULD KNOW ABOUT LONG TERM CARE

MORE THAN

# ONE IN THREE

Americans receiving long term care  
are working-age adults<sup>1</sup>

NURSING HOME CARE

# \$74,000 PER YEAR<sup>2</sup>

LONG TERM CARE INSURANCE IS

## A VALUABLE BENEFIT

IMPORTANT TO EMPLOYEE FINANCIAL SECURITY

HOME CARE

# \$43,000 PER YEAR

(depending upon  
type of provider)<sup>3</sup>

WITHOUT LONG TERM CARE INSURANCE  
EXPENSES ARE FREQUENTLY  
PAID OUT-OF-POCKET

## FINANCIAL ADVANTAGES

Tax advantages employers can use

## AUTOMATION

Making enrollment easier than ever

## TWO IN THREE

People 65 and older will need long term care<sup>4</sup>

Only one employee benefit is specifically  
designed to cover long term care expenses.



## I N T R O D U C T I O N

*Most likely you know someone who has received long term care. So you probably know of the many difficulties that person faced, and the impact to his or her family and friends. Numerous physical, financial and emotional challenges exist each day when care is needed.*

*Fortunately, the ability to prepare for these challenges is made easier when an affordable financial resource is readily available. This is one reason why so many employers are now offering long term care insurance as part of their benefits package.*

*With most of the implementation work handled by the insurer, adding group long term care insurance to the existing benefits programs makes good business sense, providing advantages to employers and their employees.*

### LONG TERM CARE INSURANCE

## IN THE NEWS

“Experts suggest that people buy policies while in their 40s to mid-50s, mainly because premiums rise with age, roughly doubling every 10 years.”

“Employer-based plans have multiple advantages...”

**The New York Times**  
“Young workers must  
face realities of long-term care”  
October 23, 2008

“Buy through work. If you’re offered a group policy at work, consider it; it might be your best bet.”

**Forbes**  
2009 Retirement Guide  
“Making Your Money Last”  
The Long-Term Care Insurance Solution

“Purchasing Long-Term Care Insurance through the workplace is more attractive...”

“...you can get a 5% to 10% discount compared with buying insurance on your own, plus you can keep the coverage if you retire or change jobs.”

**Kiplinger’s** Personal Finance  
“Long-Term Care Insurance for Less”  
December, 2008

# THE VALUE OF GROUP LONG TERM CARE INSURANCE

*Covering the cost for care received at home, in the community, in nursing homes, and in assisted living facilities is at the heart of LTC Insurance. But that is just the start.*

## For employees:

LTC Insurance programs may help provide:

- individualized plans for care
- aids such as grab rails and wheelchair ramps
- light house cleaning and meal preparation
- training for caregivers
- listings of care providers
- wellness programs
- claim filing assistance
- automatic bill payment arrangements
- group rates, locked-in at younger ages

## For employers:

LTC Insurance programs can help provide:

- a competitive edge
- retention of valuable employees
- an attractive incentive in hiring employees
- reductions in productivity losses
- an easy implementation
- an alternative to increasing salaries
- increased morale

It's no wonder LTC Insurance is receiving a lot of attention from employers, employees, financial planners, health care practitioners, and political leaders.

**1 in 5**  
workers provide  
some level of care to  
family members.<sup>5</sup>

**12 million**  
**Americans**  
are receiving  
long term care.<sup>6</sup>

## ELIGIBILITY

All eligible participants receive group rates based on their age and selected options; and some carriers allow premium discounts for couples. For employer-paid programs, the employer contribution is typically extended only to employees. Coverage is fully portable when employment ends.

Coverage can be made available to:

- Full-time employees
- Part-time employees
- Spouses
- Domestic partners
- Mothers & fathers
- Grandparents
- Sons & daughters
- Brothers & sisters
- In-laws
- Retirees

The minimum group size is two, by state law. There are some carriers who apply additional participation requirements.

## WHY PEOPLE BUY LONG TERM CARE INSURANCE

### To have choices

Nothing makes us feel more vulnerable than losing control of basic choices. Having the ability to choose the type of care that best serves an individual's needs is just as important as having the ability to pay for that care. LTC Insurance can help provide that control.

### To stay at home

Most people prefer to stay in their own home or where they're most comfortable. LTC Insurance helps with many different types of care and services which may enable individuals to stay in their own homes.

### To protect savings and assets

No one puts away money in hopes of one day using it to pay for long term care. However, just as there is the possibility of being hospitalized or having a car accident, there is the possibility of needing long term care. Since LTC Insurance helps pay for care, it also helps protect hard-earned savings and assets.

### To protect family and friends

Family is usually the first place people turn for care, comfort, and support. But in most cases, they are not professional caregivers. Weeks, months or years of care, even with just basic daily needs, places a large burden on a family's shoulders. LTC Insurance provides services so that family members can give support in more meaningful ways.

Just 2<sup>1</sup>/<sub>2</sub> years can  
drain savings of  
**\$200,000**<sup>7</sup>

**\$200**

Nearly half of family  
caregiving members  
contribute this  
amount each month  
to help pay for care.<sup>8</sup>



## WHY OTHERS WISHED THEY HAD

### To avoid relying on the government

**Medicare** – Before Medicare can help with nursing home expenses, a hospital stay of at least 3 days is required. Then, Medicare will cover a portion of expenses for skilled care in a skilled nursing home facility only.

**Medicaid** – Intended for people without sufficient income or means to provide for themselves, Medicaid provides help only after most personal savings have been depleted. It acts largely as a safety net when there are no other options.

**Veteran's Administration** – The V.A. provides for some long term care services; however, the person must suffer from a service related injury or be indigent.

### To have insurance that covers expenses

Many people are surprised to learn that their health insurance does not pay for long term care. Health insurance is designed to cover skilled and rehabilitative services only, not care for a long period of time. Long term care is also not covered by other kinds of insurance, like disability insurance.

### To be able to afford care

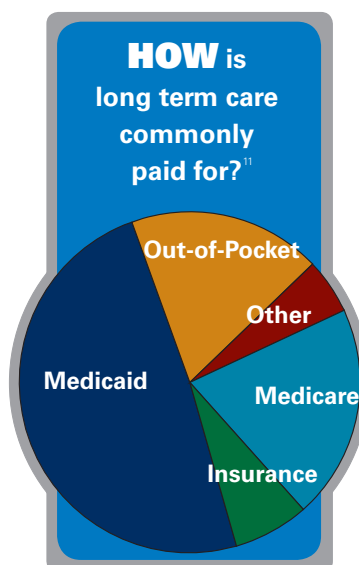
With the average length of a long term care services lasting nearly three years, the costs can quickly add-up. Savings may pay for some expense, however these assets are probably earmarked for other things. In addition, long term care may be needed before enough money has been accumulated.

### To avoid becoming a burden

While family members may want to do all they can to help, caring for a family member has many adverse financial and emotional consequences, that may place a serious strain on the family.

**1/2** of family caregivers juggle full-time jobs.<sup>9</sup>

**2 1/2** years is the average length of a long-term nursing home stay.<sup>10</sup>



**Alternatives to LTC Insurance may be unobtainable, undesirable, or unavailable.**

## WHY OFFER A LONG TERM CARE INSURANCE PROGRAM

- Retain valued employees by providing a more comprehensive benefits package
- Minimize absenteeism and productivity losses due to employee's caregiving responsibilities
- Reduce employee stress which can lead to health problems
- Gain competitive edge in attracting new employees
- As a substitute for increasing salaries
- Maintain positive morale and focus
- Receive potential tax advantages

**40%** of people receiving LTC are **under age 65.**<sup>1</sup>

## SIMPLE IMPLEMENTATION

*For employers, having a dedicated Account Manager is like having an extra employee in HR, Marketing, IT, and Operations.*

Account Managers play an indispensable role in successful LTC benefit programs by ensuring a smooth enrollment process. Expect the following from reputable carriers...

### **A Customized Marketing Strategy:**

- Preparation of enrollment materials and schedules
- Brochures, emails and literature creation
- Customized websites
- Employee meetings
- Effectiveness measures

### **Detailed Program Management:**

- One point of contact
- Creation of operation plans
- Deployment of IT systems
- Billing systems and functionality
- Quality assurance and reporting

### **Fast, Reliable Automation:**

- Customized message delivery
- Campaign and list management
- Rate calculations
- Billing and Payroll
- Policy Issue
- Online enrollment for employees and spouses

**\$34 billion** in productivity losses due to caregiving responsibilities.<sup>12</sup>

## TAX ADVANTAGES

Most group long term care insurance sold today meets the requirements for qualified long term care insurance under Section 7702B(b) of the Internal Revenue Code. There are several tax advantages for such qualified coverage.

### For Employers

Generally, employer-paid premiums are deductible to the employer the same as health insurance premiums.

### For Employees

Employer-paid premiums are not counted as taxable income. Employees who purchase coverage can deduct the premiums they pay as medical expenses, within limits under certain conditions. Benefits received by the insured are tax-free.

This is not meant as tax advice. Employers should consult with their qualified tax advisor for limitations and requirements.

**Employees who care for individuals, and who have LTC insurance, are twice as likely to stay in their job.<sup>14</sup>**

## SOURCES

- <sup>1</sup> U.S. Department of Health and Human Services. National Clearinghouse for Long Term Care Information. "Forty (40) percent of people currently receiving long-term care are adults 18 to 64 years old." [www.longtermcare.gov/LTC/Main\\_Site/Understanding\\_Long\\_Term\\_Care/Basics/Basics.aspx](http://www.longtermcare.gov/LTC/Main_Site/Understanding_Long_Term_Care/Basics/Basics.aspx). 10/22/2008.
- <sup>2</sup> Average median annual cost of private room nursing home care. Exact amount: \$74,208. Genworth Financial 2009 Cost of Care Survey conducted by CareScout for Genworth. April, 2009.
- <sup>3</sup> Long Term Care Cost Study, Research Report 2008 conducted by LifeCare for Prudential. (Home care National average for a home health aide/certified nursing assistant is \$21 per hour. Home care figures assumes a 40 hours per week.) 07/08.
- <sup>4</sup> AARP Public Policy Institute (2007) "Long Term Care Trends."
- <sup>5</sup> AARP Public Policy Institute, Research Report, *In Brief: Valuing the Invaluable: A New Look at the Economic Value of Family Caregiving*. June, 2007
- <sup>6</sup> A Workforce to Care for Our Aging. Genworth Financial. 04/29/2008.
- <sup>7</sup> Approximation based on cost of private-room nursing home care - from Genworth Financial 2009 Cost of Care Survey conducted by CareScout for Genworth, April 2009 - for a bout 3 years.
- <sup>8</sup> AARP Public Policy Institute. Long Term Care Research Report. October, 2007.
- <sup>9</sup> Caregiving in the U.S. National Alliance for Caregiving and AARP, funded by MetLife Foundation. April, 2004.
- <sup>10</sup> Centers for Disease Control and Prevention, National Center for Health Statistics. The National Nursing Home Survey. 1999.
- <sup>11</sup> National Spending for Long Term Care, by Payer [in] 2005. H. Komisar and L. Thompson, *National Spending for Long Term Care* (Washington, DC: Georgetown University Long Term Care Financing Project, February 2006). Long Term Care Financing: Policy Options for the Future, June 2007.
- <sup>12</sup> Center for American Progress, *Long Term Care by the Numbers*, 2008.
- <sup>13</sup> Prevalence of Depression in Family Caregivers. Gallagher, D. Rose, J., Rivera, P., Lovett, S., & Thompson, L. *The Gerontologist*. Vol. 29. 1989.
- <sup>14</sup> The MetLife Study of Employed Caregivers: Does Long Term Care Insurance Make a Difference? Findings from a National Study by the National Alliance for Caregiving and LifePlans, Inc. MetLife Mature Market Institute. March, 2001.

Are your employees ready for the challenges of long term care?

The likelihood of needing long term care may be one of your employees' greatest uninsured risks.

You can make a positive difference in the way employees handle a long term care event. And, offering long term care insurance program not only helps your employees, it can help you to grow and protect your business.

This educational information is provided compliments of the Genworth Financial companies.

Only one employee benefit is specifically designed to cover long term care expenses.

