



Starting October 1, 2010, Unum will offer group long term care benefits to OEBB members. Unum is a leader in the group long term care marketplace.

## Long Term Care: What is it?

▶ Long term care is the type of care received either **at home or in a facility**, when someone **needs assistance with activities of daily living**, such as bathing and dressing, due to an accident, illness or advancing age, or **suffers from severe cognitive impairment**.

▶ 6 Activities of Daily Living:

- Bathing
- Dressing
- Transferring
- Toileting
- Continence
- Feeding



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Many people don't understand exactly what long term care is. So, before explaining the OEGB plan offering, we'd like to spend a minute explaining the coverage in general. Long term care is the type of care provided when someone needs assistance with activities of daily living due to: an accident, illness, advancing age, or in many cases, severe cognitive impairment, such as Alzheimer's or other forms of dementia.

This type of care can be received in the home, either formally or informally, or in a facility. The exact type of care needed varies depending on the severity of the individual's health status.

The long term care industry recognizes 6 activities of daily living, or ADL's. ADL's are used as the gauge to determine the severity of one's losses. These ADL's are bathing, dressing, transferring, toileting, continence and feeding. We've listed these ADL's in the order in which they are generally lost.

## Long Term Care is *not* just for the elderly

Claims trends for workers younger than 65<sup>1</sup>

- ▶ Nearly 57% of submitted claims for group LTC insurance are for people younger than age 65.
- ▶ The average age within this group is 54.
- ▶ More than 15% of claimants are younger than 45.

### Claims trends for workers under age 65

▶ The leading causes are:

1	Cancer
2	Trauma
3	Stroke
4	Neurological disease

<sup>1</sup> Unum claims data, 2009.



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When we look at long term care, it's easy to picture the elderly.

Unfortunately, circumstances can put even the young in a long term care situation.

Unum's internal claims data shows that nearly 57% of submitted long term care claims are for people under 65, with an average age of 54, and more than 15% of these claimants are younger than 45. Truly, it can strike at any age.

The leading causes for this younger population include: Cancer, Trauma, Stroke, and neurological disease, such as MS, ALS, Parkinson's, etc.

## The cost of long term care services is enormous

### Samples of average cost of care<sup>1</sup>:

Private Nursing Home	Daily	Annual	Assisted Living	Daily	Annual	Professional Home Care	Per Hour	Annual*
National	\$214	\$78,110	National	\$128	\$46,720	National	\$19	\$39,672
Portland, OR	236	86,213	Portland, OR	117	42,705	Portland, OR	24	50,112
Oregon (rest of state)	207	75,555	Oregon (rest of state)	111	40,515	Oregon (rest of state)	20	41,760

\*Based on 261 visits per year, lasting 8 hours per visit.

***Saving from current income may be **near zero or negative** when outlays are financed by borrowing (including borrowing financed through credit cards or home equity loans), by selling investments or other assets, or by using savings from previous periods.<sup>2</sup>***

1 Unum Cost of Long Term Care Survey, September 2009.

2 U.S. Department of Commerce, Bureau of Economic Analysis News Release, "Personal Income and Outlays," August 2007.



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Very few people are prepared for the “sticker shock” when a loved one suddenly needs long term care. Unum conducted a “cost of care” study in 2009 and, as you can see, prices vary by where you live – but there are no bargains anywhere, particularly when you consider that the national average for private nursing home care is over \$78,000 per year and home care is nearly \$40,000 per year. Specifically in Oregon, the cost of care for private nursing home care ranges between \$75,000 and \$85,000 per year and home care is \$40,000 to \$50,000 per year.

These numbers are staggering and, since the majority of Americans live paycheck to paycheck, most have no savings to fall back on when faced with these extraordinary costs.

## Other insurance doesn't cover it, so who pays for it?

### ▶ Health/medical insurance

- will not pay for long term care

### ▶ Disability insurance

- no additional help for long term care

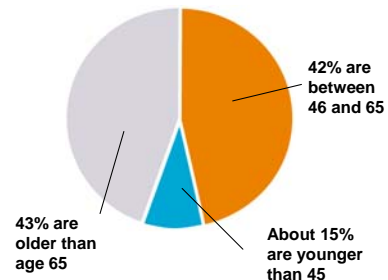
### ▶ Medicare (only over age 65)

- only in very limited situations
- full coverage for only 20 days<sup>1</sup>

### ▶ Medicaid

- will not help until financial assets are almost depleted

Ages of Unum  
GLTC claimants <sup>2</sup>



<sup>1</sup> Georgetown University, "Long-Term Care Financing Project: Fact Sheet," updated February 2007.

<sup>2</sup> Unum claims distribution query, 2009.

Once the initial price shock wears off, many people are in for an even greater surprise.

There's an incorrect assumption by workers that "some kind of insurance" they own must pay for long term care. They're not aware that neither major medical nor disability insurance pay for the type of assistance people need when they lose the ability to perform two or more ADLS, such as bathing or dressing themselves.

If someone who needs care is over age 65, they've qualified for Medicare, but Medicare provides very limited help for some skilled care. It's actually designed to cover short hospital stays, not services associated with the ADL needs of long term care patients. And a significant number of people who use their LTC policies are younger than age 65.

Medicaid *will* cover long term care costs but **ONLY** after an individual has spent down nearly everything they own, including assets they had hoped to leave behind for their loved ones.

## So what are my coverage options under the OEGB plan?

### OEGB Long Term Care Plan Offering

- ▶ Monthly benefits ranging from \$2,000 to \$9,000 in \$1000 increments
- ▶ Benefit duration options 3 years, 6 years or lifetime
- ▶ Standard benefits:
  - Facility Coverage
  - Professional Home & Community Care
  - Additional Care Benefit
  - International Benefits
  - 90 day elimination period
- ▶ Optional benefits:
  - 5% Simple Inflation protection
  - Informal Home Care (Total Choice Home Care)
- ▶ Guarantee Issue Limits for eligible employees
  - Up to \$6000 per month
  - 3 or 6 years
  - 5% Simple Inflation protection
  - Informal Home Care (Total Choice Home Care)



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So now that you're more aware of the general need for long term care, you might be wondering what your insurance options are through the OEGB long term care plan.

As an eligible employee or early retiree, you may purchase coverage under this plan. In addition, your spouse or domestic partner and certain extended family members ages 18-80 are eligible to purchase coverage through this plan. Early retirees, spouses, and extended family members will be required to submit medical evidence of insurability in order to be issued coverage under the plan. Eligible employees will be able to purchase coverage on a guarantee issue basis up to certain plan limits.

Participants will have the option to purchase a monthly benefit amount ranging from \$2,000 per month to \$9,000 per month in thousand-dollar increments. Participants can also select a benefit duration of 3 years, 6 years or lifetime (meaning an unlimited benefit duration). Participants can then purchase "basic" coverage (shown here as the "standard benefits") or choose a higher level of coverage that includes informal home care coverage and/or inflation protection.

Basic coverage includes: **Facility coverage**, such as assisted living or nursing facility coverage, **Professional home & community care coverage**, such as when a professional caregiver provides care to you in your home or if you need care in an adult day care. **An additional care benefit**, which means that once you are eligible for a benefit payment, you will have access to this benefit designed to assist you in living at home or in other residential housing. You do not need to complete your elimination period for the Additional Care Benefit payment to begin, but it is limited to a lifetime maximum of \$5,000. **An international benefit provision**, which means that if you experience a loss of ADLs or a severe cognitive impairment, Unum will pay international benefits at 75% of the home care amount for any location outside the United States, its territories or possessions or Canada for the lesser of your lifetime maximum or 72 months. **And a 90 day elimination period**, which is the length of time in which you will be required to pay for your covered care before benefit payments under this plan will begin.

In addition to this "basic" level of coverage, you will have the option to buy: **5% simple inflation protection provision**, available for an additional cost. This helps protect against inflation, since the cost of care will most likely increase with time. \$2000 might not go as far 10 years from now as it does today. If you purchase this additional protection, your pool of benefit dollars will increase by 5% of the original amount each policy anniversary for the life of the plan. For example, a policy with a monthly benefit of \$2000 effective October 1, 2010 will still be considered a \$2000 per month policy, but if you purchase inflation protection and have a payable claim on October 1, 2011 the benefit actually paid to you would be \$2100 per month. On October 1, 2012 the benefit would increase to \$2200 per month and so on. **You can also purchase informal home care coverage**, called Total Choice Home Care, which allows for benefits to be paid if the care you receive in your home is by an informal caregiver, such as a spouse, family member or friend.

The guarantee issue limits for employees include amounts up to \$6,000 per month for 6 years.

Now that we've discussed the Long Term Care Insurance program being offered to you, perhaps you've decided to purchase Long Term Care Insurance, but wonder how you would qualify for actual benefit payments.

## How do I qualify for long term care benefits?

- ▶ Suffer a chronic illness
- ▶ Loss expected to last 90 days as certified by a Licensed Health Care Practitioner
- ▶ Plan of care
- ▶ Satisfy the elimination period



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In order to qualify for long term care benefits, you must first suffer a chronic illness, which is defined as the loss of at least two of six activities of daily living (ADLs) or suffer severe cognitive impairment. The losses related to the chronic illness must occur after your effective date of coverage.

Next, you must obtain your licensed health care practitioner's certification that your ADL loss is expected to last at least 90 days, or you have a severe cognitive impairment.

You must also obtain a plan of care developed by a licensed health care practitioner.

And, finally, the loss must occur after your effective date of coverage, and you must satisfy the 90 day elimination period while receiving care. The elimination period needs to be satisfied only once during the life of your plan or your lifetime.

## Why buy long term care insurance now?



- ▶ Guarantee Issue\*
- ▶ The younger you are when you sign up, the lower the premiums
- ▶ Rates will not increase because of your age
- ▶ Your plan has continuation of coverage

\*Only available for some plan designs. We reserve the right to change premiums for this policy. To do so, we must change premiums for all similar policies issued in Your state on this policy form.



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### So why should you consider buying Long Term Care Insurance now?

As employees, this coverage is being made available on a guarantee issue basis, but only during this Open Enrollment period. That simply means you do not need to answer any medical questions for a plan design with a duration of six years or less, or monthly benefit of \$6,000 or less. Any amounts over those limits will need evidence of insurability.

The rates for this coverage are age banded, so this means that the younger you are when you enroll, the lower your premium will be. Your rate will not increase because you age. You will pay the rate associated with the age when you first enrolled. For example, if you enroll as a 35-year old, years later you will still pay the rate associated with a person who is 35.

Most importantly, continuation of coverage, also known as portability. If you should leave your employer, you may take this plan with you as-is. The only change would be that we would collect your premium via a direct bill to your residence.

## Exclusions

We will not provide benefits for:

- A Chronic Illness caused by war or any act of war, whether declared or undeclared, that occurs while your coverage is in force<sup>1</sup>.
- A Chronic Illness caused by intentionally self-inflicted injuries or attempted suicide, while sane<sup>2</sup>.
- A Chronic Illness caused by the commission of a crime for which you have been convicted under law, or caused by your attempt to commit a crime under law<sup>3</sup>.
- A Chronic Illness caused by alcoholism, alcohol abuse, drug addiction or drug abuse<sup>4</sup>.
- Any period of time while you are Chronically Ill and you are confined in a hospital, other than if you are confined to a LTC facility that is a distinctly separate part of a hospital. This exclusion does not apply to those periods covered under the Bed Reservation Benefit.
- Any period of time while you are Chronically Ill and you are outside the United States, its territories or possessions or Canada for 30 consecutive days or longer if Home Care Monthly Benefits are not selected.
- A Chronic Illness resulting from an ADL loss or Severe Cognitive Impairment caused by, contributed to by, or resulting from a Pre-existing Condition. (This exclusion does not apply if you were required to apply for coverage by completing a Long Term Care Insurance Application and we approved your application.)

<sup>1</sup>OK: war or act of war while serving in the military or auxiliary unit.

<sup>2</sup>ID, KS, OH: while sane or insane.

<sup>3</sup>Also called participation in a felony, riot or insurrection.

<sup>4</sup>In some state alcohol or drug addiction.

Virginia additional exclusion: confined in a government facility except for veterans in a veterans administration or armed forces facility.



Here are the exclusions within the long term care insurance offering. You can find this information and more plan details within the long term care Outline of Coverage and Plan Highlights documents, which you can access through the OEBC website.

## Contact Information

Website: <http://www.unum.com/>

Customer Service: 1-800-227-4165



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Unum is happy to be able to offer OEGB members access to this very important benefit. If you have any questions about the coverage, you can visit us on the OEGB website, at [www.unum.com](http://www.unum.com) or by calling us at 1-800-227-4165.

This is not intended to be a complete description of the Long Term Care insurance policy and some coverage options may not be available in all states. The insurance policy has exclusions and limitations that may affect any benefits payable. For costs and complete details of coverage, refer to Policy Forms TQGLTC95, TQGLTC95ER, TQB.LTC, GLTC04 or RGLTC04 (underwritten by Unum Life Insurance Company of America) or contact your insurance agent or Unum representative.

Unum is the marketing brand.

Long Term Care insurance is underwritten by Unum Group subsidiary:

Unum Life Insurance Company of America, 2211 Congress Street, Portland, ME 04122  
Unum Life Insurance Company of America has sole financial responsibility for all claims arising from the policy forms listed above and identified by the underwriting company. Unum Corporation and its other insuring subsidiaries bear no financial liability.

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ALL STATES EXCEPT ID, NY, OK, TX, VA

