HRSC-SW BULLETIN

SUBJECT: **FEDERAL LONG TERM CARE INSURANCE PROGRAM (FLTCIP)**

# 15	**Date Issued: 25 February 2002**
INTENDED AUDIENCE: **HRSC SERVICED EMPLOYEES**	

FLTCIP is one of the newest benefits for federal employees. Below are some frequently asked questions about FLTCIP from the Office of Personnel Management homepage at http://opm.gov/insure/ltc/.

FLTCIP Enrollment Period. There will be an early enrollment period from 25 March to 15 May 2002. Early Enrollment is specifically for those individuals who have already done their homework in educating themselves about long term care. We expect just a small number of people to apply at this time. There will also be an open season from 1 July to 31 December 2002. There will be staggered 60-day enrollment periods. We expect most individuals to apply during Open Season, after they've had the advantage of learning more about long term care.

FREE MONTHLY FLTCIP BULLETIN. You can sign up for the free monthly bulletin "Get Smart About Your Future". You can subscribe to the bulletin:

- At the LTC Partners Web site at http://www.LTCFEDS.com
- By calling at 1-800-LTC-FEDS (1-800-582-3337).
- By completing and mailing a subscription post card that will be distributed in March to your activity

Questions on FLTCIP can be directed to 1-800-LTC-FEDS (1-800-582-3337) or www.LTCFEDS.com.

FREQUENTLY ASKED QUESTIONS ABOUT FLTCIP

The Basics

What is long term care insurance?
It is insurance that helps you pay for your needs if you can't take care of yourself because of an illness, injury or aging. For example, you may develop Alzheimer's disease or have an accident leaving you unable to get out of bed and feed yourself.

I'm healthy. I won't need long term care. Or, will I?
The odds are that you WILL need long term care at some point in your life. Well over half of us will. And it's not just seniors either. About 40% of people needing long term care are adults ages 18-64. They may have had an accident, a stroke, develop multiple sclerosis, etc. While we hope you never need it, everyone should have a plan for meeting their long term care needs. Many will do so through long term care insurance.

Is long term care expensive?
Yes it can be very expensive. It can easily exhaust your savings which is one reason you might decide to buy long term care insurance.

But doesn’t my health plan already cover long term care?
No, in most cases it does not. Health plans may cover some of the skilled medical services you may need when you can’t care for yourself after an illness or injury, but usually for a limited period and only as long as you are showing improvement. Health plans typically do not cover ongoing chronic care such as an extended stay in an assisted living facility or a continuing need for a home health aide to help you in and out of bed. No health plan that we know of will cover all of your long term care needs.

But won’t Medicare cover long term care?
No, in most cases it will not. Medicare is a Federal health insurance program for people who are age 65 or older, some people with disabilities under age 65, people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant), and people with Lou Gehrig's disease (amyotrophic lateral sclerosis). Medicare will cover the first 100 days of care in a nursing home if: 1) you are receiving skilled care, and 2) you have a qualifying hospital stay of at least 3 days and enter the nursing home within 30 days of that hospital discharge. There are also some deductibles and copays (meaning you have to pay part of the cost). Medicare also covers limited home visits for skilled care.

It's very important to realize a few things about long term care versus Medicare's coverage:

1. most long term care is not skilled care,
2. most long term care does not take place in a nursing home,
3. most nursing home stays do not immediately follow a hospital stay,
4. most people who require care in their home usually need more or different types of care than Medicare covers, and
5. most people won't start Medicare coverage until age 65.

So don't count on Medicare to cover your probable long term care needs.

But won’t Medicaid cover long term care?
Medicaid is a state-based program supplemented by Federal funds that acts as a safety net to provide health services to the poor and impoverished. Medicaid covers long term care services and might cover you if you meet your state's poverty criteria and receive care that meets your state's guidelines. Usually this means expending all but $2,000 of your assets and savings (except for perhaps your house and your car). It also means receiving care from a limited number of state-approved caregivers (mostly institutions like nursing homes) that are willing to accept Medicaid's payments. People that you wouldn't consider poor sometimes qualify for Medicaid by "playing the game" and "beating the system", usually with legal help. States react with more rules.

If you don't have much in the way of assets and income, Medicaid is probably your best bet for long term care. If you can afford long term care insurance, want to control the type and location of care that you receive, and aren't interested in (or don't want to count on) beating the system, the Federal Long Term Care Insurance Program deserves your attention.

When will I get more information on the new long term care insurance program that starts in 2002?
Employees will automatically get more information at their worksite before the open season in the late summer/early fall 2002. Retirees will receive information at home.

The Contract

Who are you contracting with?
We are contracting with two of the premier long term care insurance companies - MetLife and John Hancock, who have partnered to form Long Term Care Partners, LLC (also known as LTC Partners), an organization that will be devoted exclusively to the FLTCIP.

Is this like FEHB -- do we choose the company?
No, this is not like the FEHB. You do not choose which company. MetLife and John Hancock have come together as partners to provide this insurance.

How long is your contract with LTC Partners? What happens when the contract term ends?
This initial contract is for a term of 7 years. By law, we cannot automatically renew the contract with LTC Partners. We will continually evaluate their performance against annual performance goals. Before the 7 years ends, we will perform a very extensive review of their performance against that of the best performing providers of long term care insurance services. We will determine whether it is in the best interest of our enrollees to renew the current contract. If the answer is yes, we will renew the contract for another 7 years. If the answer is no, we will issue a new Request for Proposals and choose a new contractor. This process should be seamless to the enrollees. If there is a new contractor, the new contractor will automatically assume the responsibilities for the current enrollees and in the interim LTC Partners would stay on until the transition to the new contractor is complete.

OPM's Timetable

What is your timetable for implementing this new program?
We will have an early enrollment opportunity starting on March 25 and running through May 15. You can apply for the insurance by submitting an early enrollment application. If you pass the underwriting, you will have the insurance. BUT, our extensive education and marketing campaign won't be in full swing by then. Thus, we anticipate that only those people who have already done their homework and know all about long term care insurance will apply during the early enrollment opportunity. Early applicants may have to acknowledge that they are purchasing coverage without benefit of reviewing the informational materials that will be available during the open season later in the year. Early applicants will also have to make premium payments directly or by bank debit since pay and annuity deduction systems will not have been put in place.

There will also be an open season starting July 1 and running through December 31. There will be staggered 60 day enrollment periods during that time. We'll have more details later. Before and during the open season our insurance partners will hold thousands of educational meetings, produce satellite broadcasts and videos, unveil an extensive new website with lots of interactive tools to learn about the insurance and calculate premiums, send information to employees and annuitants, etc.

Early Enrollment

Can you give us any details about the early enrollment?
Yes, we have some details, but certainly not all of them yet. We'll update this information as we have more details.

When will the early enrollment be held?
It will be held from March 25 to May 15, 2002.

Who should enroll during the early enrollment?
We've designed the early enrollment specifically for individuals in the groups eligible for this program who have done their homework already and know what long term care and long term care insurance are all about. By

applying early, they will waive their right to extensive education from LTC Partners. Individuals who need the education should wait to apply during the open season starting July 1.

What will the underwriting be for the early enrollment?
The underwriting requirements will be the same (meaning the same questions related to your health) as with the open season. Employees and members of the uniformed services and their spouses will be subject to short form underwriting. All other eligible groups will be subject to full (long form) underwriting.

Will all of the benefits available during the open season later in the year be available during the early enrollment?
No. The benefits available for you to choose will be less extensive during the early enrollment than the benefits available during the open season. For example, the lifetime benefit will not be available. We'll have more details on this later.

Can I change benefits once the open season starts?
Yes. We'll have more details on how to do this later.

Can I pay for my premiums with payroll deduction during the early enrollment?
No. You will have to pay by direct billing from LTC Partners or by an automatic debit from your checking account. However, you will be able to change to payroll deduction during the open season if you wish.

At what age will my premium be calculated?
Your "billing" age will be your age on the date that LTC Partners receives your early enrollment application.

If I change benefits during open season, can I preserve my "billing" age from the early enrollment?
Yes.

If I apply during the early enrollment and I pass the underwriting and my application is approved, when will my coverage become effective?
It will be effective on the later of May 1, 2002, or the 1st of the month after your application is approved.

What happens if I apply while I am in an eligible group, but then I leave the eligible group before my insurance is effective? Will my insurance still become effective?
It depends. You must be in an eligible group on the date you apply for the insurance during early enrollment and on the date the insurance is supposed to become effective (May 1 at the earliest). Generally, if you leave the eligible group during this time period, your insurance will not become effective. But there are some exceptions. If you retire from active service after you apply but before the coverage is effective, you must reapply using the long form application, as a retiree. Of course, if early enrollment has already ended, you need to wait until the open season to apply (July 1 - December 31, 2002). And, if you apply as an employee and are involuntarily separated before your coverage is effective, it will still become effective as if you hadn't separated.

Can I get an early enrollment application now?
No. It will be available on the www.ltcfeds.com website and by calling 1-800-LTC-FEDS (1-800-582-3337) by March 25.

Open Season

Can you give us any details about the open season?
Yes, we have some details, but certainly not all of them yet. We'll update this information as we have more details.

When will the open season be held?
It will be held from July 1 to December 31, 2002, with staggered 60 day enrollments within that time period. We'll have more details on this later.

Who should enroll during the open season?
Anyone in an eligible group who needs the time to become educated about long term care and long term care insurance and will take advantage of the extensive educational campaign that LTC Partners will be conducting.

What will the underwriting be for the open season?
The underwriting requirements will be the same (meaning the same questions related to your health) as with the early enrollment. Employees and members of the uniformed services and their spouses will be subject to short form underwriting. All other eligible groups will be subject to full (long form) underwriting.

Will all of the benefits be available during the open season?
Yes, all of the benefits available in the Federal Long Term Care Insurance Program will be available during the open season. Some choices may require you to answer more questions about your health than others, such as if you are an employee or member of the uniformed services and you apply for the lifetime benefit.

What choices will I have for paying my premiums?
You will be able to choose from payroll deduction, automatic debit from your checking account or direct billing from LTC Partners.

If I enrolled during the early enrollment, can I change to payroll deduction during the open season?
Yes.

At what age will my premiums be calculated?
Your "billing" age will be your age on July 1, 2002.

If I apply during the open season and I pass the underwriting and my application is approved, when will my coverage be effective?
It will be effective on the later of October 1, 2002, or the 1st of the month after your application is approved.

What happens if I apply while I am in an eligible group, but then I leave the eligible group before my insurance is effective? Will my insurance still become effective?
It depends. You must be in an eligible group on the date you apply for the insurance during the open season and on the date the insurance is supposed to become effective (October 1 at the earliest). Generally, if you leave the eligible group during this time period, your insurance will not become effective. But there are some exceptions. If you retire from active service after you apply but before the coverage is effective, you must reapply using the long form application, as a retiree. And, if you apply as an employee and are involuntarily separated before your coverage is effective, it will still become effective as if you hadn't separated.

Can I get an open season application now?
No. It will be available on the www.ltcfeds.com website and by calling 1-800-LTC-FEDS (1-800-582-3337) by July 1.

Benefits

When do enrollees receive benefits?
Please read the section When Benefits Start (http://www.opm.gov/insure/ltc/design/start.htm) in our proposed product design.

What types of benefits does long term care insurance cover?
The program will offer a flexible benefits package that pays benefits toward a variety of services, including but not limited to:

- nursing home care
- home care and home health care
- assisted living facilities
- adult day care
- respite care when the primary caregiver needs a rest
- bed reservations (payments to a nursing home or assisted living facility to preserve a bed if you are a resident of that facility and need to be temporarily hospitalized or out of the facility on therapeutic leave).

What benefits can I choose?
Please read the section Benefit Choices (http://www.opm.gov/insure/ltc/design/choices.htm) in our proposed product design.

What are Activities of Daily Living (ADL)?
These are common activities that people perform every day, specifically:

- Eating
- Toileting
- Transferring (moving to/from a bed or chair)
- Bathing
- Dressing
- Bowel and bladder control (continence)

Being unable to perform the activity means you cannot perform it without active assistance, OR that you may be able to perform the ADL but you need someone standing right next to you, ready to provide help if you need it.

What is Cognitive Impairment?
It is an impairment or loss in:

- Short or long term memory; or
- Orientation as to person, place and time; or
- Deductive or abstract reasoning.

Such impairment or loss places you in jeopardy of harming yourself or others and therefore in need of substantial supervision by another person. The most common form of cognitive impairment is advanced Alzheimer's disease.

If I claim benefits, but don't use all of my pool of money, can I receive it in cash or can my survivors have the money?
No. The pool of money is not "yours" per se. It's a pool of financial resources that you have access to. You and your survivors do not have any right to unspent dollars in that pool. The pool of money is available to you if you trigger the policy (see http://www.opm.gov/insure/ltc/design/start.htm) and benefits are payable. Some policies do have a "return of premium on death" option. We aren't planning to offer a return of premium feature.

If I never use this insurance, can I get my premiums back?
This is an insurance product. Think about how homeowners insurance works. If your house never burns up, you don't get your premiums back. Your premiums paid for protection you had while you owned the house. Some long term care insurance products have a feature called "return of premium on death", or similar title. That provision would refund premiums to the enrollee's estate if the enrollee didn't file any claims and died before a certain age (e.g., 65). That is a very expensive feature because the actuaries always assume that there will be some policies that never pay out benefits -- those dollars are used to reduce everyone's premiums. Insurance by nature has many cross subsidies among enrollees.

We aren't planning to offer a return of premium feature.

Your proposed product design states that when the pool of money runs out, the coverage stops. Couldn't you ask the enrollee to increase his/her premiums before that point so the pool won't run out?
Actually, such an idea would be quite contrary to good insurance policy. It would be analogous to allowing people to increase the amount of their homeowners policy while their house was currently on fire. The insurance company would be buying a guaranteed claim. The time to buy insurance is when you are in good health, not when you are in a claim status.

What if I disagree with the insurance company's decision on my claim for benefits?
You may ask for an independent third party review of the company's decision.

If I'm a Federal employee and enroll and then become disabled later, can I retire on disability and also qualify for benefits under the long term care insurance program?
The section on "When Benefits Start" (http://www.opm.gov/insure/ltc/design/start.htm) in our proposed product design talks about how you qualify for benefits under the long term care insurance program. The long term care insurance program and the Federal disability retirement program are totally separate. Once you purchase a LTC policy, it's yours for life as long as you pay premiums. Any future eligibility for disability retirement or compensation benefits will not affect the terms of your policy, including qualifying you for benefits. You must establish your eligibility for LTC benefits separately.

Eligibility

General

Who will be eligible to apply for the insurance?
Please read the section Eligible Groups in our proposed product design.

Is there an upper age limit for who can apply for this insurance?
No, there isn't. Anyone age 18 - infinity can apply for this insurance as long as they are in one of the eligible groups. Their health will speak for itself — regardless of age, they will still have to pass the underwriting.

How many people will be eligible for this program and how many of them will sign up?
We estimate that the potential pool could exceed 20 million people. We estimate that 300,000 to 500,000 people will purchase LTC insurance policies when they are first offered.

Do I have to already have FEGLI, FEHB, Medicaid or other health or life insurance coverage to be eligible for the long term care insurance program?
No. The new long term care insurance program is totally separate and independent. Eligibility to apply for this insurance will not be tied to enrollment in the Federal Employees' Group Life Insurance (FEGLI) Program, the Federal Employees Health Benefits (FEHB) Program, TRICARE or any other program. However, someone currently receiving Medicaid assistance should probably not be purchasing long term care insurance.

I'm in an eligible group, but I live overseas. Can I apply for this insurance?
Anyone in an eligible group can apply for this insurance, even if you live overseas. As long as you meet the benefit triggers, you will be eligible for benefits under the program. However, the benefits available may differ in some respects from those available to you if you were living in the United States or its territories or possessions. We are still working out the details on the overseas benefits.

Employees

Who is included in the definition of "Federal employee"?
The long term care insurance law defines Federal employees the same way that the Federal Employees Health Benefits (FEHB) Program does, with two exceptions. Under the long term care insurance program, employees of the Tennessee Valley Authority are eligible, and employees of the DC Government are not.

Here are the details:

INCLUDED:

- Full-time employees
- Part-time employees
- Members of Congress
- Congressional employees
- The President
- Employees of the U.S. Postal Service
- Employees of the Tennessee Valley Authority
- Employees of Gallaudet College
- An individual employed by a county committee established under section 590h(b) of title 16, United States Code;
- An individual appointed to a position on the office staff of a former President or Vice President (see section 8901, U.S.C., for details related to this category)
- Employees serving under interim appointments under the Whistleblower Act

NOT INCLUDED:

- Employees of the District of Columbia Government
- An employee of a corporation supervised by the Farm Credit Administration if private interests elect or appoint a member of the board of directors;
- An individual who is not a citizen or national of the United States <u>and</u> whose permanent duty station is outside the United States, <u>unless</u> the individual was an employee for the purpose of this chapter on September 30, 1979, by reason of service in an Executive agency, the United States Postal Service, or the Smithsonian Institution in the area which was then known as the Canal Zone;
- An employee who is serving under an appointment limited to 1 year or less AND who has not completed 1 year of current continuous employment, excluding any break in service of 5 days or less.
  - BUT the following employees ARE covered, even if they are serving on a temporary appointment: An acting postmaster, a Presidential appointee appointed to fill an unexpired term, and an appointee that meets other special conditions (see 890.102 in the regs)
- An employee who is expected to work less than 6 months in each year
  - BUT the following employees ARE covered, even if they are expected to work less than 6 months in each year: employees who are employed under an OPM approved career-related work-study program under Schedule B of at least 1 year's duration and who are expected to be in a pay status for at least one-third of the total period of time from the date of the first appointment to the completion of the work-study program
- An intermittent employee (a non-full-time employee without a prearranged regular tour of duty)
- A beneficiary or patient employee in a Government hospital or home
- An employee paid on a contract or fee basis
  - BUT, the following employees ARE covered, even if paid on a contract or fee basis: employees who are citizens of the United States and are appointed by a contract between the employee and the Federal employing authority which requires their personal service and is paid on the basis of units of time.
- An employee paid on a piecework basis, except one whose schedule provides for full-time service or part-time service with a regular tour of duty.

Can Non-appropriated Fund (NAF) employees apply for the insurance?
No, the law does not cover them.

Can DC Government employees apply for the insurance?
No, the law does not cover them.

What about DC Government employees who retire (or are already retired) and are eligible for the Federal health benefits and/or the Federal life insurance program?

They are not eligible for the long term care insurance program (unless of course they also fall into one of the other groups that are eligible, such as Federal employees or spouses of Federal employees). The definition of annuitant in the Long-Term Care Security Act refers back to the definition of employee in that Act. "Employee" as defined in the Act excludes DC Government employees. Consequently, DC Government employees who retire or who are already retired are also excluded, regardless of their eligibility for the FEHB Program or the FEGLI Program or other Federal benefits. Survivors of deceased DC Government employees and survivors of deceased DC Government retirees are also excluded.

Uniformed Services

Who will be eligible for the insurance in the Uniformed Services?

- Members on active duty or full-time National Guard duty for more than 30 days
- Members of the Selected Reserve
- Members on retirement or retainer pay

Those in the "Selected Reserve" are eligible to apply for this program. Who does that include?
The Selected Reserve consists of those uniformed services members who are required to routinely train and are the first category liable for mobilization under the statutes governing mobilization. The Selected Reserve consists of Drilling Reservists and Guardmembers assigned to Reserve Component Units; all Individual Mobilization Augmentees who are Reservists assigned to Reserve Component billets in Active Component units (they may perform duty in a pay or non-pay status); and Active Guard and Reserve members who are full-time Reserve members on full-time National Guard duty or active duty in support of the National Guard or Reserves.

Reservists who are assigned to a Voluntary Training Unit in the Naval Reserve and Category E in the Air Force Reserve (although they may perform inactive duty training (drills) in a non-pay status) are not members of the Selected Reserve and therefore are not eligible. They are members of the Individual Ready Reserve.

Annuitants and Compensationers

Are Federal deferred annuitants eligible to apply for the insurance?
Yes, they are. Deferred annuitants are eligible to apply for this program when they satisfy all requirements (age and service) for title to their annuity and have filed the application for that annuity.

Are disability annuitants eligible to apply for the insurance?
Yes, but like all annuitants, they must pass full underwriting.

Are compensationers eligible to apply for the insurance?
Yes, Federal employees or former employees who are receiving monthly compensation and whom the Secretary of Labor determines are unable to return to duty are eligible to apply for the insurance, but, like all annuitants, they must pass full underwriting.

Qualified Relatives

Who is a "qualified relative"?
There are three categories of qualified relatives under the law:

- Spouses of employees and annuitants
- Adult children (at least 18 years old, including adopted children and stepchildren) of employees and annuitants
- Parents, parents-in-law, and stepparents of employees (but not of annuitants)

See the section on Eligible groups for more details on who is included as an employee or annuitant.

Can my 10 year old son who is disabled sign up for this program?
No. Only adult children (age 18 and over) are eligible to apply for coverage. And they must pass full underwriting.

Can I sign up my eligible family members?
No. If you are a Federal employee or annuitant or a member or retired member of the uniformed services, your qualified family members can apply for the coverage. But you cannot sign them up yourself. There is no self and family coverage.

Do I have to apply in order for my spouse to be eligible?
No. Each eligible person in the "Federal Family" has an independent right to apply for the insurance. The person they are related to need not apply.

Can I enroll in self and family to cover all my qualified relatives?
No. There is no self and family coverage in this program. Each eligible person applies in his/her own right.

Can survivors of Federal employees who are receiving a survivor annuity and survivors of Federal annuitants who are receiving a survivor annuity apply for the insurance?
Yes, they can.

I'm a widow(er) of a Federal annuitant who never elected a survivor annuity. Am I eligible to apply for this insurance?
Unfortunately, no you are not eligible to apply. In order for a surviving spouse of a Federal employee or a surviving spouse of a Federal annuitant to be eligible to apply for this insurance, he/she must be receiving a Federal survivor annuity. We are updating our CSRS and FERS retirement applications to make it clear that this is another item to consider when deciding whether to elect a Federal survivor annuity.

Of course, if you had enrolled while your spouse was alive, you would keep the coverage as long as you continued to pay premiums - even if your Federal annuitant spouse later died without electing a survivor annuity.

Is OPM considering adding any additional qualified relative groups other than those mentioned in the law (for example, grandparents, brothers and sisters, foster children, etc)?
No. In order to focus our efforts on a successful rollout, we have decided to offer coverage to only those groups specifically provided for in the law itself. The law makes a limited set of qualified relatives eligible to apply for the long term care insurance (spouses and adult children of both employee and retiree groups, and parents/parents-in-law/stepparents of the employee groups). While the law provides us with a limited amount of discretionary authority to designate other groups as qualified relatives, we decided not to add any additional groups beyond those specified by Congress. Given the size of the program and the education and communication challenges before us, we did not want to increase the risk of a successful program launch by making coverage provisions more complex.

We are certain as we move to full implementation of this exciting new program, we will identify areas that could be improved for the future. We will carefully review all areas that come to our attention with an eye toward making the program even more successful.

Continuing the Insurance After Leaving a Qualified Group

If I've already enrolled and my insurance coverage is effective, what happens to it if I leave my eligible group (e.g., I move from the Selected Reserve to the Individual Ready Reserve, or I resign from the Federal Government, or I divorce my Federal spouse)?
Your insurance coverage continues. It is fully portable. As long as you continue paying premiums, your insurance coverage will continue. If you were paying premiums by payroll deduction and you leave the Government, you'll have to make arrangements with LTC Partners to start paying premiums directly or by automatic debit from your checking account. But you get to keep the insurance at the same premiums as if you never left the eligible group.

I understand that my qualified relatives are eligible to apply for this insurance while I am a Federal/Postal employee or annuitant, or member or retired member of the uniformed services. But what happens to their eligibility if I am no longer in an eligible group?
They are qualified relatives as long as you are in one of the groups eligible to apply for this insurance. And if they enroll while you are eligible (whether you enroll or not), they will keep the coverage even if you leave an eligible group. However, once you leave an eligible group, they can no longer apply for the insurance.

For example, when you are a Federal employee, your mother is eligible to apply for this program. If she applies, and gets coverage, she'll keep the insurance even if you quit working for the Federal government. BUT, if she does not apply while you are a Federal employee, she is NOT eligible to apply after you quit working for the Federal government. And remember that parents of retirees are not qualified relatives.

Let's say I apply for this insurance as a member of one of the eligible groups, and I get the insurance coverage. I understand my coverage will continue (is portable) after I leave the eligible group. But does this portability extend to my qualified relatives' eligibility too? As long as I have the coverage and leave an eligible group, do I also retain their eligibility to apply?
No. Please see the answer to the previous question. If you are no longer in any of the eligible groups, your qualified relatives are no longer eligible to apply for this insurance. But if they had the insurance before you left the eligible group, they get to keep it as long as they continue paying premiums.

What happens if I apply while I am in an eligible group, but then I leave the eligible group before my insurance is effective? Will my insurance still become effective?
It depends. You must be in an eligible group on the date you apply for the insurance and on the date the insurance is supposed to become effective. Generally, if you leave the eligible group during this time period, your insurance will not become effective. But there are some exceptions. If you retire from active service after you apply but before the coverage is effective, you must reapply using the long form application, as a retiree. And, if you apply as an employee and are involuntarily separated before your coverage is effective, it will still become effective as if you hadn't separated.

Are grey reservists eligible to apply for this insurance?
They are eligible to apply for this insurance at any time after they reach age 60, when they start to receive retired pay from the uniformed services. They are not eligible to apply during the "grey" period after separation from active duty and before age 60.

Are surviving spouses of deceased members or retired members of the uniformed services eligible to apply for this insurance?
Yes, they will be eligible if they are receiving a survivor annuity.

I'm a surviving spouse of a deceased member or retired member of the uniformed services and I'm NOT receiving a survivor annuity. Am I eligible?
No, you are not eligible because you are not receiving a survivor annuity.

I'm a surviving spouse of a deceased member or retired member of the uniformed services, am NOT receiving a survivor annuity, but I AM eligible for military health benefits. Am I eligible?
No, you are not eligible because you are not receiving a survivor annuity.

Enrollment

Can I enroll now?
We will have an early enrollment opportunity starting on March 25 and running through May 15. You can apply for the insurance by submitting an early enrollment application. If you pass the underwriting, you will have the insurance. BUT, our extensive education and marketing campaign won't be in full swing by then. Thus, we anticipate that only those people who have already done their homework and know all about long term care insurance will apply during the early enrollment opportunity. Early applicants may have to acknowledge that they are purchasing coverage without benefit of reviewing the informational materials that will be available during the open season later in the year. Early applicants will also have to make premium payments directly or by bank debit since pay and annuity deduction systems will not have been put in place.

There will also be an open season starting July 1 and running through December 31. There will be staggered 60 day enrollment periods during that time. We'll have more details later. Before and during the open season our insurance partners will hold thousands of educational meetings, produce satellite broadcasts and videos, unveil an extensive new website with lots of interactive tools to learn about the insurance and calculate premiums, send information to employees and annuitants, etc.

After 2002, when is the next open season?
We haven't scheduled future open seasons. We need to wait and see how well the first one goes.

Will eligible individuals have to pass strict health requirements (underwriting) in order to enroll in 2002?
Please read the section Underwriting (http://www.opm.gov/insure/ltc/design/underwriting.htm) in our proposed product design.

Can employees with disabilities enroll?
We anticipate that some will be able to, and some will not be able to. It will depend on whether the person can meet the underwriting requirements described at http://www.opm.gov/insure/ltc/design/underwriting.htm.
The Federal government has distinguished itself as a leader in recruiting individuals with disabilities. As a result, we have significantly more employees with disabilities than many private sector employers. Without some form of underwriting (questions about health status), we could not offer attractive and affordable long term care insurance. With underwriting, some employees will not be able to obtain standard insurance coverage. However, we are designing options to offer some variation of the insurance or a non-insurance product to employees who do not pass the underwriting.

How can you say this is an important employee benefit when not all employees can enroll in the standard insurance coverage? Why can't the Government set an example by using its purchasing power to make this insurance available to all who want it without regard to state of health - like the health insurance program?
It is a very important benefit. All employees who apply will be offered some form of benefit. However, due to health reasons, a small minority will be offered non-standard coverage or a package of services (e.g., care coordination and discount arrangements). These individuals would probably not be able to receive any long term care benefits from the private sector.

Because over 90% of eligible employees have health insurance, the added costs of those in poor health can be spread over many, many others. The percentage of employees who typically purchase long term care insurance is less than five percent. So it wouldn't take many in poor health to drive up the costs (premiums) for the others. If we guaranteed standard insurance to all employees who applied, our insurance carriers would have added the expected costs of those in poor health to the premium. With no Government contribution, many healthier employees who could pass underwriting would find less expensive premiums and purchase coverage elsewhere. Our program would then be left with only those who couldn't purchase private insurance, requiring even higher premiums to cover the risks of those remaining in our program. That kind of cycle would almost guarantee that the program would fail.

Will there be an exclusion for pre-existing conditions?
There will be underwriting (health questions) (see http://www.opm.gov/insure/ltc/design/underwriting.htm). If you meet the underwriting, it doesn't matter if you have a pre-existing condition. You will be offered the standard insurance product. But if you do not meet the underwriting, you will not be offered the standard insurance product and may not be offered any product. Employees and members of the uniformed services who do not pass underwriting will be offered a non-standard insurance product or services. But we anticipate that everyone else who does not pass underwriting will not be able to enroll at all.

What are the specific diseases or conditions that will exclude people from receiving the insurance?
Even though we've signed a contract, we don't have all of the details ironed out. This is one of the details we can't answer yet.

I'm a Federal employee caring for my mother who has Alzheimer's. How can this program help me? Her?
If you enroll, the program may be able to help you coordinate care for your mother, receive discounts on certain long term care services or supplies, and provide advice and support for you as caregiver. However, this is an insurance program and anyone who enrolls must be insurable based on the underwriting criteria for the program. Though we haven't settled on the exact underwriting requirements yet, we know that parents of employees will undergo more underwriting than employees will. So we are pretty confident that employees' qualified relatives who already need long term care services, such as your mother, will probably not qualify for this insurance.

However, as noted earlier, the care coordination program might be of substantial assistance to caregivers, such as yourself, who enroll in the program.

I've been waiting for this program ever since my father was diagnosed with dementia last year. I heard that your program will provide retroactive benefits to anyone whose need for long term care began on/after September 19, 2000, when the President signed the law. Is that true?
No, that is not true. There are no provisions for retroactive benefits. Anyone who already needs long term care services is probably not going to qualify for this insurance.

Cost

Do you guarantee that the premiums will never increase?
No, we cannot guarantee that. No one has a crystal ball. However, the premiums we accept from LTC Partners are realistically priced and follow the National Association of Insurance Commissioners rate stability guidelines. The premiums are expected to be level for life (unless of course you choose the future purchase option for inflation protection, which by definition has an increase in premium whenever your benefits increase). If LTC Partners requests an increase in premiums, we will do everything we can to come up with alternative ways to deal with the situation before agreeing to a rate increase. And we certainly do not expect a rate increase now or anytime in the future. MetLife and John Hancock have never increased their group rates for long term care insurance.

How much will Federal long term care insurance cost?
We don't have final rates and benefits yet. The cost will depend on your age and the benefits you choose.

Can employees/annuitants pay for the insurance premiums from their Federal salary/annuity?
Yes, at an employee’s or annuitant’s request, an agency can withhold premiums from the salary/annuity.

Can employees/annuitants pay for the insurance premiums from their Federal salary/annuity for qualified relatives?
Yes. But both parties must agree to this arrangement **--** the employee/annuitant and the relative who was approved for the insurance coverage.

In order to pay for the insurance premiums from my Federal salary/annuity for qualified relatives, do I also have to be enrolled?
No.

My Federal salary or annuity isn't big enough to pay for the premiums. How do I pay my premiums?
You will either authorize a debit from your bank account or pay the insurance company directly.

I'm the mother/father/spouse of a Federal employee. I don't have a Federal salary or annuity. How do I pay my premiums?
You will either authorize a debit from your bank account or pay the insurance company directly.

Will the Federal government contribute a portion of the cost of long term care insurance?
No, by law there will not be any government contribution. Participants will be responsible for 100% of the cost. This is typical of private industry practice for this type of insurance.

What is the benefit to purchasing this insurance if the Government is not going to contribute toward the cost of premiums?
Please read the section OPM On Your Side (http://www.opm.gov/insure/ltc/design/features.htm) in our proposed product design.

Transferring with Credit

I already have a MetLife or John Hancock policy. Can I convert it to the Federal Long Term Care Insurance Program (FLTCIP) and/or get some credit for it?

I already have a policy from a sponsoring organization that uses MetLife or John Hancock as the underwriter (such as AARP or WAEPA). Can I convert it to the FLTCIP and/or get some credit for it?

I already have long term care insurance with a company other than MetLife or John Hancock. Can I convert it to the FLTCIP and/or get some credit for it?
Unfortunately, the answer to all of these questions is no. Existing policies (from MetLife or John Hancock or any other company) cannot be converted to the Federal program. And you also cannot get "credit" for any existing long term care insurance policy, even if your policy happens to be with MetLife or John Hancock.

The reason the answer is no is because of the way long term care insurance policies are designed and priced. When an insurance company calculates premiums for long term care insurance, it must make a number of assumptions. One important assumption is how many people will, over time, "lapse"; that is, drop their insurance and stop paying premiums. When someone lapses without ever using the benefit, the money that person has paid is used to help pay the costs of remaining insured people.

The lapse assumption used when pricing existing plans did not contemplate an insured being able to receive credit for his or her policy to convert to a different one. To allow it now would mean that the original lapse assumption would no longer be valid. This could mean that the premium rates for existing policies would need to be raised, which is contrary to the intent that long term care insurance premiums remain level.

In order for an insurer to change the pricing assumptions after a policy has been issued, it must demonstrate that the change (that is, letting insureds convert with credit to the Federal program) would not work to the disadvantage of any remaining insureds. This is a requirement of the various state insurance departments. We believe that insurers would be hard pressed to demonstrate that existing insureds would not be disadvantaged in favor of those allowed converting with credit.

In addition, insurance companies need to maintain equity between different groups of insureds. If MetLife or John Hancock were to allow eligible members of the Federal Family to somehow "transfer" to the FLTCIP with credit, they would need to allow all other insureds to do that with any other program for which they are eligible. This could result in lapse rates far different than those originally assumed, which would make it even more likely that premium rates for existing policies would need to be changed.

Of course you can always drop your current coverage in favor of the FLTCIP, even though "transferring" or receiving "credit" is not possible. BUT if you decide to apply for enrollment in the FLTCIP, we advise you not to cancel your existing insurance UNTIL you have been informed in writing that your FLTCIP application was accepted and your enrollment is effective.

BUT if John Hancock or MetLife already HAVE my premiums and the built-up reserves from the current policy I have with them, why can't they just transfer that money to this new Federal program?
Unfortunately it doesn't work that way. Current policies were priced using the assumption that the reserves built up would always remain in their original risk pool. They cannot move monies from one pool to another pool. Doing so would be contrary to the pricing assumptions, and could result in the need to raise rates on the policies left in the original risk pool.

If I apply for the Federal program, can I pay premiums using the same age I was when I bought my other long term care insurance policy (either from MetLife or John Hancock or any other company)?
No, you can't. Persons joining the Federal program will pay premiums based on their current age, even if they already have a policy with MetLife or John Hancock or other company. They cannot preserve that "original" age. The reason that you cannot preserve your "original" age when you bought another long term care insurance policy has to do with how long term care insurance is priced.

The insurance is priced with the expectation that each person will pay a level premium as long as they have the insurance, and that the sum of all of the premiums paid (together with investment income earned by the program) will be sufficient to pay claims and all other program expenses. The amount of premium varies with issue age, and is higher with increasing age. This is because, as issue age increases, the amount of time before claims are expected to occur gets shorter.

We explained in our previous response that other long term care policies cannot be "converted" to the Federal program. Therefore, even those with existing policies must pay premiums based on their current age.

If I apply for the Federal Long Term Care Insurance Program, and I just recently went through underwriting for a MetLife or John Hancock policy (or any other long term care insurance policy), do I have to pass underwriting again? Can't you just look at your records and see what I answered the last time or else ask the other company for its records? Can't I just certify that nothing has changed?
All applicants must go through the underwriting process for the Federal Long Term Care Insurance Program (FLTCIP), even if they recently applied for a MetLife or John Hancock or other long term care insurance policy. OPM, and MetLife and John Hancock together as the "LTC Partners", jointly developed the underwriting process that will be used for the FLTCIP. Because this program is u nique, the underwriting requirements will undoubtedly differ from those of any other program. To maintain fairness among participants, all that apply must go through the underwriting process that has been designed for the Federal program.

Also, an applicant must go through this process to know what plan options are available to him/her. For example, someone who requests an unlimited (lifetime) benefit must meet requirements that are different from someone who does not. In addition, the process is designed to identify those applicants who do not qualify for the standard insurance, but, depending on the eligible group, may still qualify for something else such as non-standard insurance or a service plan.

Tax Benefits

Are there any Federal tax benefits related to long term care insurance?
Yes there are because the Federal long term care insurance will be a "tax-qualified plan" under the Internal Revenue Service Code:

- benefits (claims) will not be taxable; and
- enrollees can deduct long term care insurance premiums as medical expenses to the extent that their total qualified medical expenses exceed 7.5% of their annual adjusted gross income. The amount of the deduction is also subject to other IRS limits by age.

Could the Federal tax treatment of long term care insurance change?
Yes it could if the IRS code is amended. The Long-Term Care and Retirement Security Act of 2001, H.R. 831 and S. 627, proposes to "amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long term care needs."

Are there state tax benefits for purchasing long term care insurance?
Yes. Several states already provide tax benefits for purchasing long term care insurance. Take a look at our state tax page at www.opm.gov/insure/ltc/state_incentives/index.htm for details.

Can employees pay the long term care insurance premiums on a pre-tax basis (premium conversion)?
No. Section 125 of the Internal Revenue Code specifically excludes from the definition of qualified benefits "any product which is advertised, marketed, or offered as long term care insurance."

Consumer Protections

What consumer protections will participants have?
The Federal long term care insurance program will include numerous consumer protections, including contingent nonforfeiture provisions, the option to purchase inflation protection, complete portability, and guaranteed renewability (the insurance company can't cancel coverage except for non-payment of premiums).

We will conduct an extensive educational campaign to let eligible participants understand these protections and all other aspects of the new program.

What is a contingent nonforfeiture provision?
"Contingent nonforfeiture" means that if the insurer increases premiums beyond a specified percentage, an enrollee can choose to stop paying premiums and elect a policy with a shortened benefit period. We never expect this scenario to happen, but contingent nonforfeiture will be built-in to the coverage offered and you won't have to make any decisions about it.

What is inflation protection?
Please read the section Inflation Protection (http://www.opm.gov/insure/ltc/design/choices.htm#protection) in our proposed product design. We will conduct an extensive educational campaign to help eligible participants understand this provision and other aspects of the new program.

What does complete portability mean?
It means that once you enroll in the program, you will remain enrolled as long as you pay the premiums. It doesn't matter if you leave Federal service, divorce your Federal spouse, or otherwise lose your affiliation to the Federal Family.

Do you guarantee that the premiums will never increase?
No, we cannot guarantee that. No one has a crystal ball. However, the premiums we accept from LTC Partners are realistically priced and follow the National Association of Insurance Commissioners rate stability guidelines. The premiums are expected to be level for life (unless of course you choose the future purchase option for inflation protection, which by definition has an increase in premium whenever your benefits increase). If LTC Partners requests an increase in premiums, we will do everything we can to come up with alternative ways to deal with the situation before agreeing to a rate increase. And we certainly do not expect a rate increase now or anytime in the future. MetLife and John Hancock have never increased their group rates for long term care insurance.

Can an insurance company cancel coverage?
The only time the insurance company may cancel coverage is if the enrollee doesn't pay the premiums.

What if I disagree with the insurance company's decision on my claim for benefits?
You may ask for an independent third party review of the company's decision.

Miscellaneous

Is this program the same as the long term care insurance offered by WAEPA, USAA, or various recreation associations targeted to Federal or military personnel?
No, it is entirely separate from any other group long term care insurance program. The Federal Long Term Care Insurance Program sponsored by the U.S. Office of Personnel Management and offered by John Hancock and MetLife, is the ONLY program authorized by Congress to be officially offered to Federal employees and retirees, members and retired members of the uniformed services, and qualified family members.

Especially once our educational campaign begins in earnest, you may receive mailings from private firms offering long term care insurance. When reading solicitations or marketing materials, make sure you know if the material is officially sponsored by OPM and part of the FLTCIP. All marketing and educational materials for public use under the Federal Long Term Care Insurance Program use the OPM seal.

Should I drop my health insurance coverage (FEHB, TRICARE, etc.) when I enroll in this new long term care insurance program?
NO! The new long term care insurance program is not health insurance and does not replace health insurance coverage such as the Federal Employees Health Benefits (FEHB) Program or TRICARE. The Federal Long Term Care Insurance Program provides insurance to cover long term care needs such as nursing home care, assisted living facility care, formal and informal care in the home, adult day care, etc. -- care that is generally NOT COVERED by health insurance.

Is this new insurance the same as long term disability insurance?
No, it is different. Long term disability insurance or disability income insurance pays you a percentage of your gross income (for example, 45% or 60%) should a sickness or illness prevent you from working for an extended period of time. Policies may define "working" as working in your current occupation or perhaps doing any type of work that you're qualified to perform. Thus, the benefits are tied to your salary, and you "trigger" the benefits by being unable to work. Many such insurance policies stop paying benefits after 5 years or when you reach age 65.

The Federal Long Term Care Insurance Program (FLTCIP) provides insurance to help you pay for assistance you may need due to a chronic illness or injury (such as bathing, getting in and out of bed, etc.). There is no correlation to your job or your salary and there is no age cut-off for receiving benefits. You "trigger" benefits one of two ways -- by needing help with at least two activities of daily living with an expectation that you'll continue to need the help for at least 90 days, or by having severe cognitive impairment. It is entirely unrelated to whether you are still working. In fact, most people have retired by the time they qualify for long term care benefits.

A long term disability insurance benefit helps replace part of your lost income (salary). The FLTCIP benefits help you pay for long term care you may need because you are unable to take care of yourself. While it's possible that a given illness could trigger both benefits, less than 5 percent of the working population would ever qualify for disability benefits, but more than half of us will need some form of long term care.

How many insurance partners will participate in the program?
Two - MetLife and John Hancock working in partnership together as Long Term Care Partners, LLC.

Will the program offer discounts to spouses if both sign up?
This is a detail we don't have yet.

Can I apply my unused sick leave toward paying for the long term care insurance?
No, there is no provision to do that.