

FEDERAL LONG TERM CARE INSURANCE PROGRAM - FLTCIP

OPM has contracted with John Hancock and MetLife to provide this insurance. These two companies formed a company called Long Term Care Partners, LLC to administer the program.

ELIGIBILITY

Several groups are eligible to apply for coverage under the Federal Long Term Care Insurance Program (FLTCIP). This includes Federal employees and annuitants, including members and retired members of the uniformed services, and qualified relatives. Specifically, the following groups are eligible to apply for coverage:

Employees

- Federal employees in positions that convey eligibility for the Federal Employees Health Benefits Program (whether or not they are actually enrolled in FEHB)
- U.S. Postal Service (USPS) employees in positions that convey eligibility for the Federal Employees Health Benefits Program (whether or not they are actually enrolled in FEHB)
- Active Members of the Uniformed Services who are on active duty or full-time National Guard duty for more than 30 days
- Active Members of the Selected Reserve (Members of the Individual Ready Reserve are NOT eligible to apply)
- Tennessee Valley Authority employees (even though they may not be eligible for FEHB coverage)
- D.C. Government employees who were first employed by the D.C. Government before October 1, 1987
- D.C. Courts employees
- Navy Personnel Command (BUPERS) NAF employees

Annuitants

- Federal or USPS annuitants, including survivor and deferred annuitants
- Retired members of the Uniformed Services who are entitled to retired or retainer pay
- Retired "grey" reservists, even if they are not yet receiving their retired pay
- Separated employees with title to a deferred annuity, even if they are not yet receiving that annuity
- Tennessee Valley Authority annuitants
- Compensationers receiving compensation from the Department of Labor

- D.C. Government annuitants first employed by the D.C. Government before October 1, 1987
- D.C. Courts annuitants
- Navy Personnel Command (BUPERS) NAF annuitants

Qualified Relatives

If you are a qualified relative as described below, you can apply even if the person you're related to does not apply, or even if the person you're related to applies but is not approved for coverage.

- Spouses of employees listed above
- Spouses of annuitants listed above
- Surviving spouses of active and retired members of the uniformed services who are receiving a Federal survivor annuity
- Parents, parents-in-law, and stepparents of living employees listed above (Parents, parents-in-law, and stepparents of annuitants and retired members of the uniformed services are NOT eligible)
- Adult children (at least 18 years old, including adopted or step children) of living employees or annuitants listed above

ENROLLMENT

There are two different enrollment applications for the Federal Long Term Care Insurance Program: the Abbreviated Underwriting application and the Full Underwriting application. Which application you use depends on which group makes you eligible to apply for coverage under the Federal Program.

Abbreviated Underwriting

The persons listed below can apply using the abbreviated underwriting application process within 60 days of becoming eligible.

- **New or newly eligible employees, including:**
 - Federal employees in positions that convey eligibility for the Federal Employees Health Benefits Program (whether or not they are actually enrolled in FEHB).
 - U.S. Postal Service employees in positions that convey eligibility for the FEHB (whether or not they are actually enrolled in FEHB)
 - Active Members of the Uniformed Services who are on active duty or full-time National Guard duty for more than 30 days
 - Active Members of the Selected Reserve (Members of the Individual Ready Reserve are NOT eligible to apply)

- Tennessee Valley Authority employees (even though they may not be eligible for FEHB coverage)
- D.C. Courts employees
- Navy Personnel Command (BUPERS) NAF employees
- Employees who transfer from a position that does not convey eligibility for this Program to one that does
- Employees who return to an eligible position after a break in service of at least 180 days
- Spouses of Employees listed here
- **The newly married spouses of eligible persons in the groups described above (within 60 days from the date of marriage)**

Full Underwriting

All applicants, other than those listed above, must use the Full Underwriting Application process. You don't have to wait for an Open Season to apply. **This is the same level of underwriting applied to those who purchase individual policies in the private market.**

Full underwriting requires that you answer more health-related questions than with abbreviated underwriting. It may also include a review of medical records and possibly an interview with a nurse.

BENEFIT CHOICES AND OPTIONS

The Facilities 100 Plan

The Facilities 100 plan covers care in a nursing home, assisted living facility, and hospice facility, as well as respite services provided in a facility. This plan also includes:

- Daily Benefit Amount: \$100
- Benefit Period: 3 years
- Maximum Lifetime Benefit: \$109,500
- Waiting Period: 90 days
- Inflation Protection: Automatic Compound Inflation Option or Future Purchase Option

The Comprehensive 100 Plan

The Comprehensive 100 plan covers care in a nursing home, assisted living facility, and hospice facility, as well as respite services provided in a facility. Additionally, home care, adult day care centers, respite services at home and home hospice care are covered. This plan also includes:

- Daily Benefit Amount: \$100
- Benefit Period: 3 years
- Maximum Lifetime Benefit: \$109,500

- Waiting Period: 90 days
- Inflation Protection: Automatic Compound Inflation Option or Future Purchase Option

The Comprehensive 150 Plan

The Comprehensive 150 plan is the same as the Comprehensive 100 plan, except the Comprehensive 150 plan has a \$150 Daily Benefit Amount and a 5 Year Benefit Period. This plan includes:

- Daily Benefit Amount: \$150
- Benefit Period: 5 years
- Maximum Lifetime Benefit: \$273,750
- Waiting Period: 90 days
- Inflation Protection: Automatic Compound Inflation Option or Future Purchase Option

The Comprehensive 150+ Plan

The Comprehensive 150+ plan is the same as the Comprehensive 150 plan, except the Comprehensive 150+ plan has an Unlimited Benefit Period. This plan includes:

- Daily Benefit Amount: \$150
- Benefit Period: Unlimited
- Maximum Lifetime Benefit: No Limit
- Waiting Period: 90 days
- Inflation Protection: Automatic Compound Inflation Option or Future Purchase Option

Customizing Your Own Plan

In addition to providing four “pre-packaged” plans, the Federal Program allows you to customize a plan based on your needs.

If you choose to customize a plan, you must make a choice for each of the following five options:

- Facilities Only or Comprehensive Option
- Daily Benefit Amount (DBA)
 - Weekly Benefit Amount (Optional)
- Benefit Period
- Waiting Period
- Inflation Protection Option
 - Automatic Compound Inflation Option (ACIO)
 - Future Purchase Option (FPO)

FACILITIES ONLY OR COMPREHENSIVE OPTION

The Facilities-Only Option covers services (including respite care) provided in a nursing home, assisted living facility and hospice facility. Charges for these services are covered up to 100% of your Daily Benefit Amount (DBA).

The Comprehensive Option (Facilities plus "at home" care) covers services (including respite care) provided in a nursing home, assisted living facility, and hospice facility. Charges for these services are covered up to 100% of your DBA.

In addition, the Comprehensive Option covers home care, adult day care and respite services at home. Charges for these services are covered up to 75% of your DBA. Hospice care at home is also covered under this option up to 100% of your DBA.

Covered Services	Facilities-Only Plan	Comprehensive Plan
Charges for these services are covered up to 100% of the Daily Benefit Amount (DBA) you choose		
Nursing Home Care Nursing home care (including skilled, intermediate and custodial care) and ancillary items such as drugs and continence supplies	✓	✓
Assisted Living Facility Care Services you need in an assisted living facility which provides 24-hour maintenance or personal care services by a trained staff	✓	✓
Hospice Care in a Hospice Facility Hospice care provided in a hospice facility (there is no Waiting Period for this type of care)	✓	✓
Respite Care in a Facility Respite care provided in a nursing home, assisted living facility or hospice facility (there is no Waiting Period for this type of care)	✓	✓
Hospice Care at Home Hospice care provided at home (there is no Waiting Period for this type of care)		✓
Charges for these additional services are covered up to 75% of the Daily Benefit Amount you choose		
Care Provided at Home Home care provided by an informal caregiver, nurse, home health aide, therapist, or other authorized provider		✓
Adult Day Care Services received in a licensed adult day care center		✓
Respite Care at Home Respite care provided by a formal or informal caregiver at home or at an adult day care center (there is no Waiting Period for this type of care)		✓

Federal Long Term Care Insurance Program-FLTCIP

Bi-Weekly Rates for Individuals Age 18-80

Age	Automatic Compound Inflation Option				Future Purchase Option			
	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+
18-30	\$9.87	\$14.76	\$26.72	\$36.69	\$2.76	\$3.87	\$6.50	\$7.89
31	\$10.20	\$15.20	\$27.58	\$37.86	\$2.87	\$4.04	\$6.78	\$8.29
32	\$10.54	\$15.65	\$28.46	\$39.06	\$2.97	\$4.22	\$7.08	\$8.71
33	\$10.89	\$16.11	\$29.37	\$40.31	\$3.08	\$4.40	\$7.38	\$9.15
34	\$11.25	\$16.58	\$30.31	\$41.59	\$3.20	\$4.60	\$7.69	\$9.61
35	\$11.63	\$17.07	\$31.29	\$42.92	\$3.32	\$4.80	\$8.03	\$10.10
36	\$11.99	\$17.63	\$32.28	\$44.32	\$3.44	\$4.98	\$8.40	\$10.61
37	\$12.36	\$18.20	\$33.30	\$45.77	\$3.56	\$5.18	\$8.80	\$11.13
38	\$12.75	\$18.79	\$34.35	\$47.26	\$3.69	\$5.38	\$9.21	\$11.68
39	\$13.15	\$19.40	\$35.43	\$48.80	\$3.83	\$5.59	\$9.65	\$12.26
40	\$13.56	\$20.03	\$36.55	\$50.40	\$3.96	\$5.81	\$10.10	\$12.87
41	\$14.06	\$20.76	\$37.89	\$52.25	\$4.16	\$6.12	\$10.65	\$13.63
42	\$14.58	\$21.53	\$39.28	\$54.17	\$4.38	\$6.46	\$11.22	\$14.44
43	\$15.11	\$22.32	\$40.71	\$56.16	\$4.60	\$6.81	\$11.83	\$15.30
44	\$15.67	\$23.14	\$42.20	\$58.22	\$4.83	\$7.18	\$12.48	\$16.20
45	\$16.24	\$24.00	\$43.75	\$60.36	\$5.07	\$7.56	\$13.15	\$17.16
46	\$16.86	\$24.87	\$45.37	\$62.55	\$5.34	\$7.98	\$13.89	\$18.13
47	\$17.50	\$25.78	\$47.05	\$64.82	\$5.62	\$8.41	\$14.68	\$19.15
48	\$18.16	\$26.72	\$48.79	\$67.17	\$5.91	\$8.88	\$15.50	\$20.22
49	\$18.85	\$27.69	\$50.60	\$69.61	\$6.22	\$9.36	\$16.38	\$21.36
50	\$19.56	\$28.70	\$52.47	\$72.13	\$6.55	\$9.87	\$17.30	\$22.56
51	\$20.41	\$29.88	\$54.66	\$75.05	\$7.00	\$10.53	\$18.47	\$24.11
52	\$21.30	\$31.10	\$56.94	\$78.07	\$7.48	\$11.24	\$19.71	\$25.76
53	\$22.21	\$32.37	\$59.32	\$81.23	\$7.99	\$12.00	\$21.03	\$27.53
54	\$23.18	\$33.69	\$61.80	\$84.51	\$8.55	\$12.80	\$22.44	\$29.41
55	\$24.18	\$35.07	\$64.38	\$87.92	\$9.13	\$13.66	\$23.95	\$31.43
56	\$25.21	\$36.54	\$67.01	\$91.42	\$9.78	\$14.55	\$25.59	\$33.54
57	\$26.29	\$38.05	\$69.74	\$95.06	\$10.46	\$15.50	\$27.35	\$35.78
58	\$27.42	\$39.64	\$72.59	\$98.85	\$11.20	\$16.51	\$29.22	\$38.18
59	\$28.59	\$41.29	\$75.56	\$102.79	\$11.99	\$17.58	\$31.22	\$40.74

Age	Automatic Compound Inflation Option					Future Purchase Option					
	Facilities 100		Comprehensive 100		Comprehensive 150+	Facilities 100		Comprehensive 100		Comprehensive 150	Comprehensive 150+
60	\$29.81	\$43.01	\$78.64	\$106.89	\$12.83	\$18.73	\$33.36	\$43.47			
61	\$31.42	\$45.12	\$82.49	\$111.97	\$13.92	\$20.17	\$35.93	\$46.74			
62	\$33.11	\$47.33	\$86.52	\$117.30	\$15.10	\$21.72	\$38.69	\$50.25			
63	\$34.90	\$49.65	\$90.74	\$122.88	\$16.38	\$23.40	\$41.67	\$54.02			
64	\$36.78	\$52.09	\$95.17	\$128.73	\$17.78	\$25.20	\$44.87	\$58.08			
65	\$38.76	\$54.64	\$99.83	\$134.86	\$19.29	\$27.13	\$48.32	\$62.44			
66	\$41.00	\$57.62	\$105.24	\$142.07	\$20.95	\$29.33	\$52.23	\$67.56			
67	\$43.37	\$60.76	\$110.95	\$149.68	\$22.76	\$31.71	\$56.46	\$73.11			
68	\$45.87	\$64.08	\$116.97	\$157.68	\$24.72	\$34.28	\$61.02	\$79.11			
69	\$48.52	\$67.57	\$123.32	\$166.12	\$26.85	\$37.06	\$65.96	\$85.60			
70	\$51.32	\$71.26	\$130.01	\$175.01	\$29.16	\$40.06	\$71.30	\$92.63			
71	\$56.34	\$78.15	\$142.68	\$192.16	\$32.88	\$45.06	\$80.30	\$104.42			
72	\$61.86	\$85.71	\$156.59	\$210.98	\$37.06	\$50.75	\$90.44	\$117.72			
73	\$67.92	\$94.00	\$171.86	\$231.66	\$41.77	\$57.12	\$101.85	\$132.70			
74	\$74.57	\$103.10	\$188.61	\$254.35	\$47.08	\$64.29	\$114.71	\$149.59			
75	\$81.87	\$113.07	\$207.00	\$279.27	\$53.07	\$72.36	\$129.18	\$168.64			
76	\$88.89	\$122.74	\$224.67	\$303.27	\$58.73	\$79.98	\$142.80	\$186.54			
77	\$96.51	\$133.23	\$243.85	\$329.34	\$64.99	\$88.40	\$157.86	\$206.34			
78	\$104.77	\$144.62	\$264.68	\$357.64	\$71.91	\$97.70	\$174.49	\$228.24			
79	\$113.76	\$156.98	\$287.28	\$388.38	\$79.58	\$107.99	\$192.89	\$252.48			
80	\$123.50	\$170.40	\$311.81	\$421.75	\$88.06	\$119.35	\$213.23	\$279.27			

Federal Long Term Care Insurance Program-FLTCIP

Monthly Rates for Individuals Age 18-80

Age	Automatic Compound Inflation Option				Future Purchase Option			
	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+
18-30	\$21.40	\$32.00	\$57.90	\$79.50	\$6.00	\$8.40	\$14.10	\$17.10
31	\$22.11	\$32.94	\$59.76	\$82.03	\$6.22	\$8.77	\$14.71	\$17.97
32	\$22.85	\$33.91	\$61.67	\$84.65	\$6.45	\$9.15	\$15.34	\$18.88
33	\$23.61	\$34.91	\$63.65	\$87.34	\$6.69	\$9.55	\$16.00	\$19.84
34	\$24.39	\$35.94	\$65.69	\$90.13	\$6.94	\$9.97	\$16.68	\$20.84
35	\$25.20	\$37.00	\$67.80	\$93.00	\$7.20	\$10.40	\$17.40	\$21.90
36	\$25.99	\$38.20	\$69.94	\$96.04	\$7.46	\$10.81	\$18.22	\$22.99
37	\$26.80	\$39.44	\$72.15	\$99.17	\$7.73	\$11.23	\$19.08	\$24.13
38	\$27.64	\$40.72	\$74.43	\$102.41	\$8.01	\$11.67	\$19.97	\$25.32
39	\$28.51	\$42.04	\$76.78	\$105.75	\$8.30	\$12.13	\$20.92	\$26.58
40	\$29.40	\$43.40	\$79.20	\$109.20	\$8.60	\$12.60	\$21.90	\$27.90
41	\$30.48	\$45.00	\$82.10	\$113.21	\$9.03	\$13.28	\$23.08	\$29.55
42	\$31.60	\$46.65	\$85.11	\$117.38	\$9.49	\$14.00	\$24.33	\$31.30
43	\$32.75	\$48.37	\$88.22	\$121.69	\$9.97	\$14.76	\$25.65	\$33.16
44	\$33.96	\$50.15	\$91.45	\$126.16	\$10.47	\$15.56	\$27.04	\$35.12
45	\$35.20	\$52.00	\$94.80	\$130.80	\$11.00	\$16.40	\$28.50	\$37.20
46	\$36.53	\$53.90	\$98.31	\$135.54	\$11.58	\$17.30	\$30.11	\$39.29
47	\$37.92	\$55.86	\$101.95	\$140.46	\$12.18	\$18.24	\$31.81	\$41.50
48	\$39.36	\$57.90	\$105.73	\$145.55	\$12.82	\$19.24	\$33.60	\$43.83
49	\$40.85	\$60.01	\$109.64	\$150.83	\$13.49	\$20.29	\$35.50	\$46.30
50	\$42.40	\$62.20	\$113.70	\$156.30	\$14.20	\$21.40	\$37.50	\$48.90
51	\$44.23	\$64.74	\$118.45	\$162.61	\$15.18	\$22.83	\$40.02	\$52.25
52	\$46.15	\$67.39	\$123.39	\$169.17	\$16.22	\$24.37	\$42.71	\$55.83
53	\$48.14	\$70.15	\$128.54	\$176.00	\$17.33	\$26.00	\$45.57	\$59.65
54	\$50.23	\$73.01	\$133.91	\$183.11	\$18.53	\$27.74	\$48.63	\$63.74
55	\$52.40	\$76.00	\$139.50	\$190.50	\$19.80	\$29.60	\$51.90	\$68.10
56	\$54.64	\$79.17	\$145.20	\$198.09	\$21.19	\$31.53	\$55.46	\$72.67
57	\$56.98	\$82.46	\$151.12	\$205.98	\$22.68	\$33.59	\$59.26	\$77.54
58	\$59.41	\$85.90	\$157.29	\$214.19	\$24.27	\$35.78	\$63.32	\$82.73
59	\$61.95	\$89.47	\$163.72	\$222.73	\$25.98	\$38.11	\$67.66	\$88.28

Age	Automatic Compound Inflation Option					Future Purchase Option						
	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+	Facilities 100	Comprehensive 100	Comprehensive 150	Comprehensive 150+
	60	\$64.60	\$93.20	\$170.40	\$231.60	\$27.80	\$40.60	\$72.30	\$94.20	\$27.80	\$40.60	\$72.30
61	\$68.08	\$97.77	\$178.73	\$242.62	\$30.16	\$43.72	\$77.86	\$101.27	\$30.16	\$43.72	\$77.86	\$101.27
62	\$71.75	\$102.56	\$187.46	\$254.16	\$32.73	\$47.08	\$83.84	\$108.88	\$32.73	\$47.08	\$83.84	\$108.88
63	\$75.62	\$107.59	\$196.62	\$266.26	\$35.51	\$50.70	\$90.29	\$117.06	\$35.51	\$50.70	\$90.29	\$117.06
64	\$79.70	\$112.87	\$206.22	\$278.93	\$38.53	\$54.60	\$97.23	\$125.85	\$38.53	\$54.60	\$97.23	\$125.85
65	\$84.00	\$118.40	\$216.30	\$292.20	\$41.80	\$58.80	\$104.70	\$135.30	\$41.80	\$58.80	\$104.70	\$135.30
66	\$88.85	\$124.86	\$228.04	\$307.83	\$45.40	\$63.56	\$113.17	\$146.40	\$45.40	\$63.56	\$113.17	\$146.40
67	\$93.97	\$131.66	\$240.41	\$324.31	\$49.32	\$68.71	\$122.33	\$158.42	\$49.32	\$68.71	\$122.33	\$158.42
68	\$99.40	\$138.84	\$253.45	\$341.66	\$53.57	\$74.28	\$132.23	\$171.41	\$53.57	\$74.28	\$132.23	\$171.41
69	\$105.13	\$146.42	\$267.20	\$359.94	\$58.18	\$80.30	\$142.93	\$185.48	\$58.18	\$80.30	\$142.93	\$185.48
70	\$111.20	\$154.40	\$281.70	\$379.20	\$63.20	\$86.80	\$154.50	\$200.70	\$63.20	\$86.80	\$154.50	\$200.70
71	\$122.09	\$169.34	\$309.16	\$416.35	\$71.24	\$97.70	\$174.00	\$226.25	\$71.24	\$97.70	\$174.00	\$226.25
72	\$134.04	\$185.72	\$339.29	\$457.14	\$80.30	\$109.96	\$195.96	\$255.06	\$80.30	\$109.96	\$195.96	\$255.06
73	\$147.17	\$203.68	\$372.37	\$501.39	\$90.51	\$123.77	\$220.69	\$287.53	\$90.51	\$123.77	\$220.69	\$287.53
74	\$161.58	\$223.39	\$408.66	\$551.11	\$102.02	\$139.31	\$248.54	\$324.13	\$102.02	\$139.31	\$248.54	\$324.13
75	\$177.40	\$245.00	\$448.50	\$605.10	\$115.00	\$156.80	\$279.90	\$365.40	\$115.00	\$156.80	\$279.90	\$365.40
76	\$192.60	\$265.94	\$486.80	\$657.10	\$127.25	\$173.30	\$309.41	\$404.19	\$127.25	\$173.30	\$309.41	\$404.19
77	\$209.11	\$288.67	\$528.36	\$713.57	\$140.82	\$191.54	\$342.03	\$447.09	\$140.82	\$191.54	\$342.03	\$447.09
78	\$227.02	\$313.35	\$573.48	\$774.89	\$155.82	\$211.70	\$378.08	\$494.54	\$155.82	\$211.70	\$378.08	\$494.54
79	\$246.48	\$340.13	\$622.45	\$841.49	\$172.43	\$233.98	\$417.94	\$547.04	\$172.43	\$233.98	\$417.94	\$547.04
80	\$267.60	\$369.20	\$675.60	\$913.80	\$190.80	\$258.60	\$462.00	\$605.10	\$190.80	\$258.60	\$462.00	\$605.10

Daily Benefit Amount (DBA)

This is the maximum amount your insurance will pay in any single day. The FLTCIP offers DBAs from \$50-\$300 in \$25 increments.

If you want your DBA to closely match the national average daily cost of nursing home care of \$183.30 you may want to choose a \$175 DBA.

If you are able to pay a portion of the cost of care out of your own pocket, (e.g., from your income) or live in an area where the cost of care is lower than the national average, you may want to choose a lower DBA.

On the other hand, you may want to choose a higher DBA if you live in an area where the cost of care is higher than the national average or you cannot pay a portion of the cost yourself. To find the average daily cost of care in your area (for home care, assisted living facilities, and nursing home care).

Weekly Benefit Amount Option

If you choose the Comprehensive Option, you can choose to have your benefits calculated on a weekly basis (seven times your DBA) for greater flexibility, at an additional cost.

Benefit Period

This is the length of time benefits will be paid if you receive benefits each and every day equal to your DBA. You can choose from either a 3 Year, 5 Year or Unlimited Benefit Period.

If you receive services which are reimbursed at less than your DBA or you don't receive services every day, your benefits will last longer than your Benefit Period.

The average length of a nursing home stay is currently 2.4 years,⁴ and many people use other forms of long term care before entering a nursing home. A 3 Year Benefit Period would likely cover many of those expenses.

However, future advances in medical care could mean longer life expectancy, and a greater chance of outliving your benefits. For this reason, you may wish to consider the 5 Year Benefit Period or the Unlimited Benefit Period.

This is the maximum amount your plan could pay. To calculate your Maximum Lifetime Benefit, multiply your DBA by your Benefit Period (in days). (The Unlimited Benefit Period has no Maximum Lifetime Benefit.)

For example, to calculate your Maximum Lifetime Benefit with a DBA of \$100 and a 3 Year Benefit Period, multiply:

DBA x 3 years = The Maximum Lifetime Benefit

Or:

$\$100 \times 1,095 \text{ days } (3 \times 365) = \$109,500$

Waiting Period

This is the number of days you would have to be eligible for benefits and receive covered services before your benefits start. During your Waiting Period, you are responsible for the cost of your care.

The FLTCIP offers two options: 30 Days and 90 Days. (If you choose the 90 Day Waiting Period, your premiums will be lower.)

The Waiting Period you choose applies to most services under the Program except for hospice care, caregiver training and respite services, which have no Waiting Period. Days applied toward satisfying the waiting period need not be consecutive, nor associated with the same episode of care.

The Waiting Period for home care and facility care is the same. Days on which you receive informal care and incur an expense also count towards the Waiting Period.

You only have to satisfy the Waiting Period once in your lifetime.

Inflation Protection Option

To help your benefits keep pace with inflation and the rising cost of care, the Federal Program provides you with two inflation protection options:

- Automatic Compound Inflation Option; or
- Future Purchase Option.

Automatic Compound Inflation Option (ACIO)

With this option, your DBA and remaining portion of your Maximum Lifetime Benefit will automatically increase by 5% compounded every year with NO corresponding increase in your premium. The increases continue even if you are eligible for benefits.

With health care costs continuing to rise almost every year, you should consider the Automatic Compound Inflation Option.

While the initial premiums are higher than Future Purchase Option premiums, you won't have to think about buying additional long term care insurance coverage or worry about whether your coverage will keep pace with inflation. Your benefits will increase year after year, without causing an increase in your premiums.

After a period of time, your premiums would be less than Future Purchase Option premiums, which increase every time you accept an inflation increase.

Future Purchase Option (FPO)

With this option, you get an automatic inflation increase every two years on January 1st, unless you decline it. Your coverage must be in effect for at least 12 months in order for you to receive your first increase under this provision.

The premiums for your additional long term care insurance coverage will be based on your age at the time the increase takes effect. (Important note: the inflation increase offers stop after you decline a total of three increases or while you are eligible for benefits.)

The increase in your DBA and the remaining amount of your Maximum Lifetime Benefit is based on increases in the Consumer Price Index for Medical Care.

With each offer, you can switch to the Automatic Compound Inflation Option without proof of good health, as long as you are not eligible for benefits at that time and have not declined three increases in the past.

As your benefits increase, your Future Purchase Option premiums increase and eventually become greater than the Automatic Compound Inflation Option premiums. Since the Future Purchase Option premiums increase steeply during normal retirement ages, you should consider whether you will be able to afford the eventual higher premiums under the Future Purchase Option.

ALTERNATIVE PLAN

Some employees, members of the uniformed services and their spouses who apply using the abbreviated underwriting application and are not approved to enroll in the insurance they originally applied for will be offered the Alternative Insurance Plan. This innovative plan, developed by OPM and Long Term Care Partners, offers nursing home coverage with a weekly benefit, a 2 year benefit period (104 weeks) and a 180 day waiting period.

This plan is available to:

- Anyone who answered "Yes" to any of questions 4-7 in part B (and no to all of questions 1-3) of the abbreviated underwriting application.
- Spouses eligible to use the abbreviated underwriting application who answered yes to questions 8 or 9 in part B of the application, no to all of questions 1-3, and were declined for standard coverage.

Anyone who applies for insurance under the Federal Program and is eligible for the Alternative Insurance Plan will automatically receive more information from us about this option.

If you apply for and are denied the standard insurance and are not offered the Alternative Insurance Plan, you will be offered a Service Package. This is true for everyone who applies - those using the abbreviated underwriting application AND those using the full underwriting application.

NOTE: *The Alternative Insurance Plan is not available to those who must use the full underwriting application.*

FLTCIP SERVICE PACKAGE

If as a result of the underwriting process you are declined coverage, you will be offered the Service Package option.

The Service Package is a non-insurance option that provides access to care coordination services and discounts. This option is available for a membership fee of \$ 59.00 per year for a single person or married couple.

EXCLUSIONS

Like most long term care insurance plans, the Federal Program does not pay benefits for any of the following illness, treatment or medical condition arising out of:

- your participation in a felony, riot or insurrection;
- your attempted suicide, while sane or insane; or
- injuries you intentionally inflict on yourself;
- care or treatment for alcoholism or drug addiction;
- care or treatment provided in a government facility, including a Department of Defense or Department of Veterans Affairs facility, unless otherwise required by law;
- care you receive while in a hospital, except in a unit specifically designated as a nursing home or hospice facility;
- any service or supply to the extent the expense for it is reimbursable under Medicare or would be so reimbursable except for the application of a deductible, coinsurance or co-payment amount. (This exclusion will not apply in those instances where Medicare is determined to be the secondary payer under applicable law);
- services or supplies for which you are not obligated to pay in the absence of insurance; or
- services provided by any person who normally lived in your home at the time you became eligible for benefits.
- Your coverage may be reduced if a war (declared or undeclared), act of war, or act of terrorism is determined to be a "Catastrophic Event."

QUALIFYING FOR BENEFITS

If you apply for coverage and are approved, you are eligible for benefits after your coverage becomes effective and when a licensed health care practitioner certifies and we agree that either:

- You are unable to perform at least two of the six Activities of Daily Living (ADLs) without substantial assistance for a period expected to last at least 90 days;

OR

- You require substantial supervision to protect yourself due to a severe cognitive impairment, such as Alzheimer's disease.

Benefits can begin after the Waiting Period you have chosen, as long as the covered services are part of an approved plan of care developed by a licensed health care practitioner of your choice and approved by us.

Once you qualify for benefits, you'll need to initiate a claim.

LONG-TERM CARE INSURANCE-LTCI

Insurance contracts that provide coverage of long-term care (i.e., nursing home) services are relatively new insurance products; however, they are experiencing increasing popularity. Nursing home costs nationwide are currently averaging between \$100 and \$150 per day (\$36,000 to \$60,000 per year), depending on the region of the country.

DEFINITIONS

Qualified long-term care insurance is insurance that provides coverage for "long-term care services".

Long-Term Care Services

- Include necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitation and maintenance services.
- Are required by a "chronically ill person", and
- Are provided under a plan of care prescribed by a "licensed health care practitioner".

A Chronically Ill Person is One Who

- Is unable to perform (without substantial assistance) at least two "activities of daily living" for a period of at least 90 days due to a loss of functional capacity, or
- Requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment.

Activities of Daily Living for These Purposes Include

- Eating
- Toileting
- Transferring
- Bathing
- Dressing, and
- Continence

A licensed health care practitioner is defined as a physician, a registered or professional nurse, or a licensed social worker.

OTHER PROVISIONS OF QUALIFIED LONG-TERM CARE POLICIES

- The policy must be guaranteed renewable.
- The policy must not pay or reimburse expenses to the extent they are reimbursable under Medicare.
- The policy may not provide for a cash surrender value or other money that may be paid, assigned, pledged or borrowed.
- The policy must provide that all refunds of premiums and policyholder dividends may only be applied as a reduction of future premiums or as an increase in future benefits. Refunds upon the death of the insured or a complete surrender or cancellation of the policy, however, are allowed.
- Qualified long-term care benefits (other than policyholder dividends or premium funds) received under a qualified long-term care policy after 1996 are treated as amounts received for personal injury or sickness and are generally tax-free.

NOTE: *Some contracts pay a flat-rate benefit without regard to actual long-term care expenses incurred. For this type of contract, the exclusion from income is limited to a maximum of \$190 per day. This exclusion is indexed for inflation.*

Long-term care insurance provided by an employer is treated as any other accident and health plan.

NOTE: *Premiums paid by an employer for an employee, the employer excludes an employee's spouse or an employee's dependents from employment taxes and deductible. In addition, these premiums are excludable from income by the employee.*

NOTE: *An employer may discriminate in determining which employees are eligible to receive long-term care payments.*

The Health Insurance Portability and Accountability Act of 1996 specifically states that long-term care insurance may not be included as part of a cafeteria plan (8125 plan) or a flexible spending account.

DEDUCTIBILITY**Itemized Deduction**

- Qualified long-term care insurance is subject to the same limitations as other qualifying medical expenses, subject to the 7.5% of AGI limitation. The amount of insurance premium deductible as a medical expense is as follows:

AGE OF INSURED	2008 LIMIT OF DEDUCTION
40 years old or less	\$ 310
41 to 50 years old	\$ 580
51 to 60 years old	\$1,150
61 to 70 years old	\$3,080
71 years old or older	\$3,850

Self-Employed Individuals

- Because amounts paid for qualified long-term care insurance contracts meet the definition of medical care, long-term care insurance premiums are eligible for deduction from income by self-employed persons, subject to the dollar amount limitations listed above.

Employer Payment of Insurance Premiums

- Employees are not taxed on contributions to long-term care insurance premiums paid by the employer.

TAXABILITY OF LONG-TERM CARE INSURANCE PROCEEDS

Per-Diem Limits

- Qualified contracts
 - Periodic payments of benefits under a per-diem type qualified long-term care insurance contract may generally be excluded from gross income.
 - This exclusion is subject to a limit of \$190 per day/\$69,350 per year for 1999.

NOTE: *These amounts are "per person" and are indexed for inflation annually.*

Non-qualified Contracts

- Policies that do not meet the definition of a "qualified long-term care Insurance contract" are generally referred to as "non-qualified" long-term care policies. The Internal Revenue Code does not directly address the income taxation of premiums paid for or benefits received from these non-qualified policies. Some practitioners have interpreted the fact that Congress enacted favorable income tax treatment specifically for qualified long-term care insurance contracts as an indication that non-qualified policies will not receive such favorable taxation.

Tax Treatment

- A taxpayer who receives qualified payments not exceeding the per diem limits does not report payments received as income. Medical expense deductions, however, must be reduced by the amount of payment received.
- If long term care insurance proceeds received on a per diem basis exceed the limits, they may be excluded from income if long-term care expenses incurred are in excess of the cap, otherwise the excess over the dollar cap is taxable.

LONG-TERM CARE INSURANCE COST

Newer policies broaden the scope of coverage to include such things as adult day care, have more triggers for the insurance to provide coverage and offer more options, such as inflation protection. Coverage has become less expensive in recent years, but it remains costly. The average annual premium for a 65-year old ranges between \$1,000 and \$2,500 annually depending upon the deductible period, years of coverage, inflation protection and other coverage options.

Tips on Buying Long-Term Care Insurance

- Consider a policy that pays for both nursing home stays and home care. Choose home-care benefits that cover a wide range of services.
- Beware of the lowest-priced policy. It may offer inferior coverage and the premiums may increase when the insured is least able to afford increased premiums.
- Beware of the potential for unaffordable price increases. Do not buy an "attained age" policy - one with low premiums at first, but with premiums that rise rapidly with the policyholder's age.
- Avoid policies that require a hospital stay of at least three days before the company will pay nursing home benefits. Many people go straight from home to a nursing home.
- If purchasing coverage through an employer, be assured of continued coverage if there is a job change or if the employer terminates that plan.
- Inflation protection is important. Choose a company that charges a level premium for protection.
- If purchasing a home-care policy, buy one that covers aides, who primarily help patients with personal or custodial care rather than one that pays only for skilled care.
- Beware of policies requiring that care be medically necessary for sickness or injury. Look for updated policies that use a disability standard. It takes into consideration medical necessity, cognitive impairment, and an inability to perform activities of daily living. The policy should cover Alzheimer's disease.
- Obtain outlines of the major aspects of the policy to be purchased. Make sure the form numbers on the brochures and the policy match.
- Look for a policy containing a nonforfeiture clause. These policies are more expensive, but are worth it. This option typically allows an individual to collect some reduced benefit, if for any reason; the individual stops premium payments after a number of years.
- Don't buy long-term care insurance if the high premiums pose more of a financial burden than an extended nursing home stay. General rule: do not spend more than 5% to 7% of income on long-term care insurance.

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