


ALASKA

LONG-TERM CARE INSURANCE CONSUMER GUIDE

2007

***STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY
AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE***



LONG-TERM CARE INSURANCE CONSUMER GUIDE 2007

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The State of Alaska, Department of Commerce, Community, and Economic Development, Division of Insurance complies with Title II of the Americans with Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the Division of Insurance's Administrative Manager at (907) 465-2597 or TDD (907) 465-5437 to make any necessary arrangements.

This is an Alaska-specific guide to long-term care. To put the information in a broader context, you will want to refer to the National Association of Insurance Commissioners *A Shopper's Guide to Long-Term Care Insurance*.

The Alaska Division of Insurance prepared this guide to assist Alaskan consumers in making decisions regarding long-term care insurance. To get the full benefit of this guide, you should have a copy of the National Association of Insurance Commissioners (NAIC) *A Shopper's Guide to Long-Term Care Insurance*. Copies of the NAIC guide are available to the public free of charge from the Division of Insurance and Division of Senior Services (see page 4).

NAIC is a national association of state insurance regulators, of which Alaska is a member. The long-term care insurance shopper's guide developed by the NAIC is a comprehensive publication on the subject. The NAIC guide contains four worksheets. Worksheet 2 was developed to help you comparison shop for long-term care insurance and can be found toward the end of the guide. The Alaska specific information presented in this guide is intended to help you make the most of worksheet 2.

Your decision to purchase long-term care insurance coverage is a very important step towards your future long-term care planning. The Division of Insurance hopes this guide is helpful to you in your search for a policy. Long-term care insurance can help maintain the independence we all desire and can provide options when long-term care services are actually needed. Long-term care is not only for seniors. When you are done with this guide, please pass it on to a friend or a relative. If you need additional copies, please call the Division of Insurance, the Division of Senior Services, or check our Internet website at: www.commerce.state.ak.us/insurance/

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550 West 7th Avenue, Ste. 1560
Anchorage, AK 99501-3567
1-800-467-8725
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State Office Building
333 Willoughby Avenue, 9th Floor
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How to Compare Long-Term Care Insurance Policies

As you work through NAIC worksheet 2, the information in this guide should provide you with additional guidance in comparing long-term care policies. Different policies can vary widely in the benefits provided, eligibility requirements and cost. The various policy features and options that are illustrated in the boxes in the guide are currently available in Alaska as of April 2007. In addition to reviewing the information in this guide, the NAIC guide, and inspecting the company's product outline of coverage (available from the insurance company or the agent), you may want to consult a professional, such as an accountant or a lawyer, to help you select a policy that best meets your needs.

General Information on Purchasing

There are several ways to locate an agent in Alaska. You can call insurance companies at the listed numbers on page 24. You can look under "Insurance" in the yellow pages of various telephone books in Alaska. Some agents have provided their names, addresses, and telephone numbers to the Alaska Division of Senior Services. The telephone number for the Division of Senior Services in Anchorage is (907) 269-3666. Their toll-free number outside of the Anchorage area is (800) 478-9996.

Agents that sell long-term care insurance are usually life and health insurance agents. All agents and brokers should be appropriately licensed in Alaska by the Division of Insurance to sell long-term care products.

Note that if your employer offers long-term care coverage, you should contact your employer's benefit administrator for more information on the long-term care coverage that your employer provides, and include it in your comparison shopping.

Long-term care products offered by an insurance company must be approved by the Division of Insurance. However, this approval does not necessarily mean that the product is a good product for you. The division's approval only means that the product met the required contract provisions and is not in violation of Alaska's insurance laws.

FREQUENTLY ASKED QUESTIONS

WHAT IS LONG-TERM CARE?

Long-Term Care (LTC) - Refers to the broad range of medical and personal services for individuals who need assistance with daily activities for an extended period of time. This includes day-to-day care that a patient receives in a nursing facility or in his or her residence following an illness or injury, or in old age, such that the patient can no longer perform at least two of the five basic activities of daily living: walking, eating, dressing, toileting, bathing, and mobility from one place to another.

WHY DO I NEED LONG TERM CARE INSURANCE?

Long-term care services are very expensive. One survey released by an insurance company showed that Alaska has the highest nursing home room rates averaging \$578 per day and \$570 per day for private and semi-private rooms respectively. There are limited amounts paid by Medicare if certain conditions are met and it is not recommended that you rely on Medicare to pay for care.



HOW MUCH WILL MEDICARE AND MEDICAID PAY?

- Medicare • Medicare does not pay for most long-term care. Medicare only pays limited amounts if certain conditions are met.
- Medicaid • Medicaid will generally pay for long-term care if you have very little income and few assets. This is a governmental program that is currently the major source of funding for long-term care services.
- Many people become eligible for Medicaid only after they have exhausted their own financial resources by paying for long-term care services.
 - When Medicaid pays for your spouse's nursing home bills, you are allowed to keep your house and furniture, a living allowance, and some of your joint assets.
 - Your choice of long-term care services may be limited if you are receiving Medicaid.

For information on Alaska's ranking nationwide with respect to Medicaid spending on nursing facility services, nursing facility resources, need for long-term care, home and community-based services, please refer to the AARP Website:

http://www.vcu.edu/vcoa/agingva/aarp_va_.pdf

For more information on other senior service assistance, contact:

Alaska Division of Senior Services & Disability Services

Frontier Building
3601 C Street, Suite 310
Anchorage, AK 99503
1-800-478-9996
In Anchorage, call 269-3666
dsdsmedicareinfo@health.state.ak.us

240 Main Street
Juneau, AK 99801
(866) 465-3165
In Juneau, call 465-3372



WHAT ARE THE SOURCES OF FUNDING FOR LONG-TERM CARE SERVICES?

Insurance
Medicaid/Medicare
Home Equity
Savings/Retirement

HOW MUCH WILL A LONG TERM CARE POLICY PAY?

The following will affect how much the policy will pay:

Riders - Check for any rider availability, e.g., inflation protection and waiver of premium. Check if the rider is guaranteed renewable, which means that companies cannot change the terms of the rider, including reduce or canceling benefits or changing the benefit limit. Note that riders generally do not cover all costs associated with long-term care incurred during the period of coverage. Carefully review all policy and rider limitations.

Deductible - Check for choices and lengths of waiting, deductible or elimination periods. Understand when the policy is going to start paying benefits. Plan to pay for your care during the waiting, deductible, or elimination period.

Daily Benefit - the policy will have generally limit daily benefits. The amount of daily benefit will depend on the amount of the premium paid and the benefit maximum amount selected,

Exclusions - Every policy has an exclusion section. Some examples of exclusions are mental and nervous disorder or diseases, alcoholism and drug addition, illnesses caused by an act of war, treatment already paid for by the government, attempted suicide or self inflicted injury.

WHAT LEVELS OF CARE ARE COVERED BY THIS POLICY?

(Refer to page 15 in the NAIC guide)

Does the policy provide benefits for the following levels of care?

- **Skilled nursing care?**

Three levels of care are commonly provided to patients needing long-term care services: skilled care, intermediate care, and unskilled or personal/custodial care. It is important not to confuse levels of care with care settings. Care settings are locations where care services are provided. Some examples of care settings are nursing homes, assisted living facilities, adult day care centers, and private residences. Any level of care can be provided in any one of the care settings. For instance, a visiting nurse coming to your home is an example of skilled nursing care provided in a home setting.

Benefits for skilled nursing care are provided in all comprehensive policies that are currently marketed in Alaska.

- **Personal/custodial care?**

State law does not allow companies to provide long-term care coverage only for skilled nursing care, or provide substantially more coverage for skilled care in a facility than for lower levels of care such as personal/custodial care.

Every policy that is currently marketed in Alaska provides benefits for personal/custodial care except for one.

The average Medicaid cost for an individual for a year for personal care is \$20,628.10 for the period July 1, 2006 through June 30, 2007.

*Does the policy pay for any **nursing home stay**, no matter what level of care you receive?*

Plans that provide benefits for nursing home stays will pay for your stay, no matter what level of care you may require as long as it is appropriate for your condition. You must meet the requirements set out in the policy for nursing home stays in order to receive benefits from the policy.

The average Medicaid cost for an individual for a year for nursing home is \$58,780.54 for the period July 1, 2006 through June 30, 2007.

Where can you receive care covered under the policy?

(Refer to pages 15–16 in the NAIC guide)

*Does the policy pay for care in any **licensed facility**?*

Facilities include nursing homes, assisted living and hospice facilities. Note that assisted living facilities and hospice facilities are not nursing homes.

Each policy's definition of a licensed facility may be different. It is possible that a particular licensed facility in Alaska may not meet an insurance contract's definition because of the facility's staff size or its capacity (number of beds or number of patients). Also, volunteer hospice facilities may not meet the policy's definition licensed facility as required in order for benefits to be paid.

Comprehensive policies cover all care settings such as nursing facilities, community-based units, assisted living facilities, adult day care centers, and home care. Limited policies may cover services provided in facilities only, skilled nursing homes only, assisted living facilities only, community-based care only, or home health care only.

Does the policy provide home care benefits for:

- **skilled nursing care?**

All comprehensive policies and some limited policies that are currently marketed in Alaska provide benefits for skilled nursing care received in the home care setting.

Skilled nursing care services that are provided in the home are normally contracted through licensed home health agencies. Home health agencies that provide skilled services in Alaska are required to be licensed by the state.

- *personal care given by **home health aides?***

Spring 2007 Definition	Current average Medicaid cost	Low	High
<p>Personal Care Assistant (PCA) Program</p> <p>These services enable functionally disabled Alaskans of all ages, and frail elderly Alaskans, to live in their own home or community, instead of being placed in a more costly and restrictive long-term care institution. The program provides services which help recipients with physical difficulties in performing activities of daily living (ADLs), including bathing, dressing and grooming; problems with instrumental activities of daily living (IADLs), such as shopping and meal preparation; and with other problems that require semi-skilled and/or, in some cases, skilled care.</p>	\$21 per hour	\$21 per hour	\$21 per hour

All comprehensive policies and some limited policies that are currently marketed in Alaska provide benefits for personal care services provided by home health aides.

Note that some companies will only pay benefits for services such as home health aides if the service is provided through a licensed home health agency. Some home health agencies in Alaska may not have home health aide service on their lists of available services.

- ***homemaker services?***

Spring 2007	Current average Medicaid cost	Low	High
<p>Respite</p> <p>Respite services provide substitute care for disabled adults to provide intermittent or temporary relief to a primary caregiver, usually a family member. Both the primary caregiver and the care recipient are considered clients of the program and benefit from the services. Services may be provided on either a planned or emergency basis in a variety of settings such as in the family or caregiver's home, the respite worker's home, a licensed adult foster home, residential care facility, hospital or nursing facility.</p>	\$20.50 per hour \$250 per day	\$15.16 per hour \$250 per day	\$26 per hour \$250 per day

Chore These services are for the provision of completing heavy household chores such as snow shoveling, house cleaning, wood hauling, etc.	\$17 per hour	\$13.40 per hour	\$20.50 per hour
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Most companies have policies that provide benefits for homemaker services. However, the policy may only pay for the homemaker service if it is provided through a licensed home health agency. Currently, homemaker and chore worker services are generally not available through licensed home health agencies in Alaska.

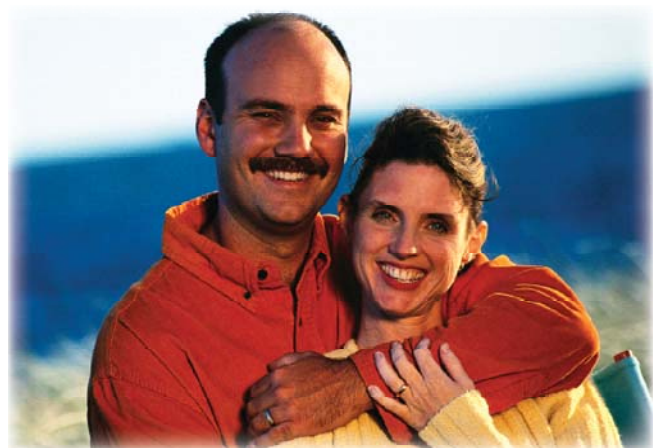
- **others?**

Other benefit features under home care coverage include care coordination or management, equipment and home modification, adult day care, respite and hospice care, emergency alert system, caregiver training, informal care from any person not residing in the home, and options for care given by family members (such as your spouse or children).

Commonly, the maximum benefits payable under some of the above benefit features are based on your selection of the daily benefit amount for nursing care. If the daily benefit amount selected for nursing care is \$200 and the maximum benefit amount for informal caregiver training is 5 times the daily benefit amount for nursing care, the maximum benefit amount allowed for informal caregiver training would be 5 times \$200, or \$1,000. The multipliers for some of the common benefits are 20 for bed reservation, 5 for informal caregiver training, 28 for respite care, and 20 for care coordination.

Does the policy pay for care received in:

- **adult day care centers?**



All of the companies selling long-term care insurance in Alaska that have responded to the survey have policies that pay for care received in adult day care centers.

Spring 2007	Current average Medicaid cost	Low	High
<p>Adult Day Services</p> <p>Is the provision of an organized program of services during the day in a community group setting for the purpose of supporting an adult's personal independence, and promoting his or her social, physical and emotional well-being. Adult day services provide a variety of program activities designed to meet the individual needs and interests of the participants, and referral to and assistance in using appropriate community resources. Adult day services help clients remain in their communities and allows families and other caregivers to continue caring for them at home.</p>	\$79 per day	\$60 per day	\$117 per day

Be aware that long-term care contracts generally require adult day care centers to be licensed. Currently, Alaska has no licensing requirements for adult day care centers.

- ***assisted living facilities?***

Most of the listed companies have policies that would pay for care received in assisted living facilities.

Spring 2007	Current average Medicaid cost	Low	High
<p>Assisted Living Homes</p> <p>(1) assist, in a residential setting, a recipient with the activities of daily living; an (2) are designed for a recipient who can no longer live alone and who does not need 24-hour care provided by a nursing facility, but who would be placed in a nursing facility for lack of alternate placements.</p>	\$122 per day + Room and Board Costs	\$70 per day + Room and Board Costs	\$212 per day + Room and Board Costs

The monthly base charge for stays at an average assisted living home in Alaska in 2007 is about \$3,708 (or about \$122/day plus room and board costs). The charge could increase to around \$6,448/mo. plus room and board costs depending on how independent you are and the level of care you require.

- ***other settings? (list)***

Alternate plans of care may pay benefits for additional care settings such as hospice facilities, Alzheimer's facilities, and your home. If a new type of setting is developed in the future and becomes available, the policy may or may not cover your expenses for care received in such a new setting. Future improvements and changes are likely for both insurance coverage and care settings. Look for flexibility in the benefit provisions of the insurance contract.

How long are benefits paid and what amounts are covered?

(Refer to pages 14–17 in the NAIC guide)

How much will they pay per day for:

- *nursing home care?*

The amount of benefit paid depends upon the benefit option you have selected. Policy options available in Alaska for the daily benefit amount range from \$40 to \$500 in increments of \$5 or \$10. Restrictions may apply to people over age 80. For the higher ages, the daily benefit amount may be limited.

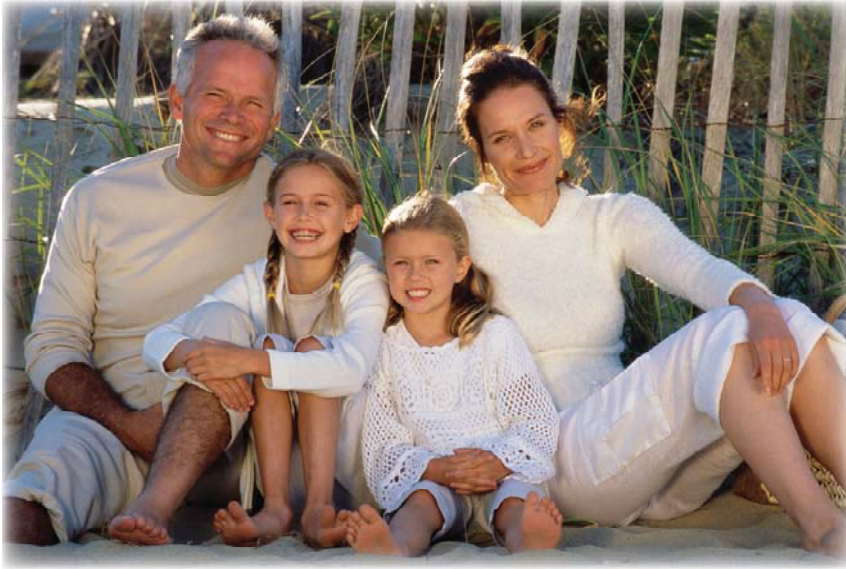
The daily rate for stays at private room in nursing homes in Alaska, in 2007, averaged \$578 per day (\$17,340 per month). Charges for other services, such as professional services from licensed therapists (about \$150 per hour), laboratory and respiratory services (up to about \$150 each), and personal and transportation services, are not included in the daily rate for nursing home stays.

- *home care?*

If selected, daily benefit amount options available in the market for home care range from \$40 to \$650, or 50% to 100% of the selected daily benefit amount for nursing home benefits. Be aware that home care may be just as expensive as institutional (nursing homes and assisted living facilities) care, if not more.

Are there limits on the number of days or visits per year for which benefits will be paid?

Some policies sold in Alaska do not have limits on the number of days or visits per year for nursing home care or home care. However, certain limits may be imposed on hospice care, respite care, adult day care, or other benefits.



Are there limits on the amounts the policy will pay during your lifetime?

Unless an unlimited benefit option is selected, limits are defined by the applicant's selection of the daily or monthly benefit amounts, maximum benefit limit, or the length of the benefit period and any inflation protection options.

What is the length of the benefit period that you are considering?

The benefit periods that are currently available in Alaska range from 1 to 9 years, and lifetime (unlimited benefits).

A policy with a benefit period specified as a certain number of years means the maximum lifetime benefit amount for the policy is the selected daily benefit amount times the number of years expressed in terms of number of days. It does not mean that the policy will terminate after a certain number of years. In fact, long-term care insurance policies are guaranteed renewable and will remain in effect for life, provided premiums are paid and the lifetime maximum benefit limit has not been depleted.

The maximum benefit limit is sometimes expressed as the number of days or a factor (such as 365, 730, 1,000, or 1,460) multiplied by the selected daily benefit amount. For example, a selected daily benefit amount of \$200 multiplied by a factor of 730 yields a lifetime maximum benefit limit amount of \$146,000.

The maximum benefit limit may also be expressed as a "pool of money" or a total dollar amount, such as \$25,000 or \$500,000.

While the policy is still in effect, a long-term care policy may provide that the lifetime available benefits be restored back to the maximum lifetime benefit limit level after a specified period, such as 180 days in which no qualified long-term care expenses were incurred. Such restoration of benefits is limited. A policy may only allow one or two restorations during the life of the policy and the total amount of the restored benefits may not exceed a certain dollar amount.

When are you eligible for benefits? (Refer to page 18-19 in the NAIC guide)

Which of the “benefit triggers” does the policy use to decide your eligibility for benefits? (It may have more than one.)

- *unable to do activities of daily living (ADLs)*

All policies use activities of daily living (ADLs) as benefit triggers.

Activities of daily living include: bathing, continence, dressing, eating, toileting, and transferring. The policy definitions for these terms should be similar to the definitions below.

Bathing means washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.

Continence means the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

Dressing means putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.

Eating means feeding oneself by getting food into the body from a receptacle (such as a plate, cup, or table) or by a feeding tube or intravenously.

Toileting means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

Transferring means moving into or out of a bed, chair, or wheelchair.

- *cognitive impairment (older policies may discriminate against Alzheimer’s; newer ones do not)*

Cognitive impairment is a benefit trigger in all policies sold in Alaska.

In the policy, cognitive impairment should mean a deficiency in a person’s short- or long-term memory, orientation as to person, place and time, deductive or abstract reasoning, or judgment as it relates to safety awareness.

By law, Alzheimer’s disease and other dementia that develop after a policy is issued must be covered under a tax qualified long-term care policy.

- *doctor certification of medical necessity*

There are a few policies sold in Alaska that still require a doctor to certify that the long-term care service is necessary for a medical necessity before a benefit will be paid under the policy. These contracts are not tax-qualified.

-
- *prior hospital stay*

State law does not allow long-term care insurance contracts to require prior hospitalization to be eligible for benefits.

When do benefits start paying? (Refer to page 19 in the NAIC guide)

Check for choices and lengths of waiting period. This term also means deductible period or elimination period. Policy starts payment after the satisfaction of the waiting period. Plan to pay for your care during the waiting period.

How long is the waiting period before benefits begin for:

- *nursing home care?*

A waiting period is also called an elimination period. It is a type of deductible. The options that are available in the market range from 0 to 365 days. If you have selected a waiting period of 60 days, the policy will not pay your covered services for the first 60 days of meeting the requirements to receive benefits. The expenses incurred by you during that 60 days are your responsibility.

Some companies offer a single elimination period, but the waiting period must be satisfied within a specified period. For example, if a 365-day waiting period is selected for the policy, benefits will not start until the 366th day of confinement in a nursing home. The long-term care expenses that you have incurred during the first 365 days of your confinement are your responsibility. If the policy has a single elimination period feature, subsequent confinements will not require any additional waiting time before benefits start. Otherwise, another complete waiting period must be satisfied before the policy pays any benefits for additional confinements.

One company uses a dollar amount deductible instead of waiting periods.

- *home health care?*

Waiting periods for home health care options are similar to the options available for nursing home care discussed above. Certain restrictions may apply for the higher age groups.

Some plans will waive the waiting period for home health care, if care coordination is used. Additional benefits may also be available if the patient uses the company recommended care coordinator. Care coordination is a service that evaluates the patient's long-term care needs and prescribes care services that are to be provided. Expenses for the initial evaluation by a care coordinator are usually paid by the company and not charged against your lifetime benefit maximum.

Are the waiting periods for home care cumulative or consecutive?

In most plans, the waiting period for home care is cumulative. If the plan's waiting period is cumulative, every day that you have received qualified home care services (whether or not there are any periods in between when services are not required) will be credited towards satisfying the waiting period. If the plan's waiting period is consecutive, you must continuously require qualified home care services during the entire waiting period before the policy starts paying benefits. Any break before the waiting period is satisfied will result in the waiting period starting over again.

Although many waiting periods are cumulative, the policy may require that the waiting period be satisfied within a certain time period, such as 365 days.

How long will it be before you are covered for a pre-existing condition?

A pre-existing condition is an illness or a disability for which you were treated or advised of within a certain time period, usually 6 months, before applying for the insurance policy. You are required to answer all questions in the insurance application completely and honestly. Any pre-existing condition that you have must be disclosed. Many companies will cover your pre-existing conditions without additional waiting period if these conditions are disclosed in the application.



How long will the company look back in your medical history to determine a pre-existing condition?

One company looks back 15 years while others look back 5-10 years in determining whether they will insure you.

Does the policy have inflation protection?

(Refer to pages 18-19 in the NAIC guide)

Are the benefits adjusted for inflation?

The daily benefit amount that you may have selected to meet today's costs may not be enough for the future when you actually need the long-term care services. Some policies include benefits that are adjusted for inflation. Most other policies will offer this feature as an option for an additional premium charge. These options may be purchased at the time of application through benefit riders that commonly offer automatic simple or compound 5% annual inflation for life. One company also offers simple 1%, 2%, 3%, 4%, and 6% annual inflation for life.

Many of the companies that offer optional riders also have periodic benefit increase offers available for purchase for those insureds who did not elect the inflation protection riders at the time of purchase. These benefit increase offers are generally based on the consumer price index and are available on certain policy anniversaries (such as every 2 or 3 years). The policyholder may accept or decline to purchase additional benefits when offered. However, in some cases if you decline the offer one or more times, depending on the plan, you will no longer be eligible to purchase additional benefit amounts in the future to cover inflation.

Are you allowed to buy more coverage?

Most plans will allow you to buy additional coverage, but you may need to provide proof of insurability. The premium charged for the additional coverage will be based on your age at that time.

If yes,

- *When can you buy more coverage?*

Usually, you may buy more coverage at anytime or at certain policy anniversaries (such as every 2 or 3 years).

-
- *How much can you buy?*

Some plans will allow you to buy additional coverage equivalent to 5% of the previous year's daily benefit level, or 15% of the previous year's daily benefit level if the company only offers increase options once every 3 years. A few companies will base the increase offers on the consumer price index.

- *When can you no longer buy more coverage?*

You will no longer be permitted to buy additional coverage when the maximum daily benefit amount allowable under the policy form is reached, or a certain number of periodic increase offers (such as 2 or 3 offers) have been declined, or you have reached a certain age (such as age 80).

Do the benefits increase automatically?

Some policies will have the inflation protection feature built into the base policy. If inflation protection is included in the policy, benefits will increase automatically as defined in the policy. However, inflation protection is usually available only as a separate optional rider to the policy.

If yes,

If you buy inflation coverage, what daily benefit would you receive for:

Nursing home care:

- *5 years from now?*
- *10 years from now?*

The maximum daily benefit amount 5 years or 10 years from now depends on the benefit amount and the inflation protection option that you have chosen.



- *What is the rate of increase?*

Five percent is a common rate of inflation used in the policies. Lower rates (such as 3% and 4%) are offered by some companies.

- *Is it a simple or compound increase?*

Usually, you have the option to select either the simple or compound method. Under the simple interest rate method, each annual increase is calculated using the original benefit amount. For an initial \$100 benefit amount, each annual increase will be \$5 if 5% simple interest is selected. Under the compound method, the annual increase is calculated using the previous year benefit amount level. For example, an initial \$100 benefit amount would increase to \$105 in the second year and to \$110.25 (105 x 1.05) in the third year if 5% compound interest is selected. Currently, Alaska allows both the simple and compound increase methods. Be aware that the simple interest method may not provide you with a sufficient benefit level when you need long-term care services in the future, especially if you are buying the insurance coverage at a young age.

- *When do automatic increases stop?*

Most plans will continue the automatic increases as long as the policy is in effect. Other plans set limits for when the increase stops, such as when the policy reaches its 20th anniversary, or the insured reaches a certain age (such as age 84 or 85). One company stops the simple automatic increases if the total increase has doubled the original benefit amount level. Another company stops the automatic increases once benefit payments begin.

For example, if the maximum daily benefit amount selected for nursing home care is \$100.00, then the benefit amount 5 years and 10 years from now will be the corresponding amount for the inflation option chosen in the chart below:

Inflation Option	Amount In 5 Years	Amount In 10 Years
Not Selected	\$100.00	\$100.00
5% Compound	\$127.63	\$162.89
1% Simple	\$105.00	\$110.00
2% Simple	\$110.00	\$120.00
3% Simple	\$115.00	\$130.00
4% Simple	\$120.00	\$140.00
5% Simple	\$125.00	\$150.00
6% Simple	\$130.00	\$160.00

Increase Offers Amounts in 5 years or 10 years from now will depend on the percentage and the frequency the offers are made, and whether or not each offer is accepted.

Home health care:

- *5 years from now?*
- *10 years from now?*

Home health care benefits are sometimes expressed as a percentage (50% to 100%) of the daily benefit amount for nursing home care. In this case, the benefit amount for home health care 5 years or 10 years from now is simply the stated percentage of the nursing home benefit amount 5 or 10 years from now.

If the home health care is expressed as a dollar amount, the benefit amount 5 years or 10 years from now depends on the daily benefit amount for home health care and the inflation protection option chosen.

The average Medicaid cost for an individual for home health agency is \$2,987.13 for the period July 1, 2006 through June 30, 2007.

What other benefits are covered under the policy?

Is there a waiver of premium benefit? (Refer to page 23 in the NAIC guide)

Waiver of premium benefit is available for all of the plans currently marketed in Alaska.

If yes,

- *How long do you have to be in a nursing home before it begins?*

Most policies require the patient to be in a nursing home for 60 or 90 days before the company starts waiving the premium payments. There are also some plans that require you to wait only 12 days before the company starts waiving the premium payments. Many other policies will waive the premiums once the policy elimination period is satisfied and the company starts paying benefits.

- *Does the waiver apply when you receive home care?*

The waiver of premium benefit does not apply to home care benefits in many policies. However, some companies offer waiver of premium for home care as an option.



Does the policy have a nonforfeiture benefit? If yes, what kind? (Refer to page 23 in the NAIC guide)

A nonforfeiture benefit is usually offered as an option for an additional premium charge.

The most common types of nonforfeiture benefit are:

Benefit bank—An account called a benefit bank is set up and portions of premiums paid are added to the account. Upon policy termination, the daily benefit defined in the policy is paid until there are no more funds in the benefit bank account.

Reduced paid-up—a reduced daily benefit amount is paid over the benefit period defined in the policy.

Shortened benefit period—the daily benefit defined in the policy is paid over a shorter benefit period. The length of this shortened benefit period depends upon how long the policy had been in force. For benefits to be payable, your policy has to be in force for at least 3 years. The minimum benefit payable is at least 30 times the daily benefit amount. This type of nonforfeiture benefit is the most common one offered by the companies.

Does the policy have a return of premium benefit?

A return of premium benefit is normally available only as an option. Tax-qualified plans are not allowed to provide this option.

A return of premium benefit is a form of nonforfeiture protection in which a portion of the total premiums paid is returned if the policy is terminated. The amount returned depends upon the number of years premiums have been paid in. Typically, at least five years of premiums must be paid before any return of premium benefit is available.

Does the policy have a death benefit? If yes, are there any restrictions before the benefit is paid? (Refer to page 23 in the NAIC guide)

A death benefit is not provided in long-term care policies currently marketed in Alaska. However, some companies offer death benefit riders in which the policy must remain in force for at least five years before either premiums are waived for your surviving spouse or a percentage of the premiums paid are refunded upon death.

Will the policy cover one person or two?

About half of the long-term care policies that are marketed in Alaska will cover two individuals. At least one company in the market will cover two unrelated individuals who live in the same household under one policy.

Tax-qualified status

Is the policy tax-qualified? (Refer to page 13 in the NAIC guide)

Many policies are intended to be tax-qualified. Non-tax-qualified policies are available. The policy should clearly state whether it is tax-qualified or not. To determine which type of policy is best for your situation, you may want to consult a tax expert, such as an accountant. For more information on this topic, refer to pages 8–10 in the NAIC guide.

What does the policy cost? (Refer to page 27 in the NAIC guide)

What is the premium excluding all riders?

Because long-term care policies vary significantly by benefits provided and by company, premium rates vary greatly. Beware of any company that offers unusually low rates initially because the company could raise the rates later to a level which may no longer be affordable, forcing you to cancel your policy. If you are no longer healthy when you cancel your policy, you may not be able to purchase another policy. Ask your agent to give you the company's prior rate history and any information regarding the company's rating practices.

The Division of Insurance does not have premium information for long-term care products that are sold in this state. Please call the insurance company or its agent for their rates.

Is there any discount if you and your spouse both buy policies?

Companies generally offer discounts to couples if both spouses buy their long-term care policies from the same company. Some companies will offer a certain percentage, such as 15% off each spouse's premium; others may apply the discount to only one of the spouses' premiums, but with a larger percentage, such as 50%.

These spousal discounts are not available for life insurance policies and annuity contracts that offer long-term care benefits.

HOW DO I KNOW IF I HAVE THE CORRECT CHOICE OF INSURANCE COMPANY

At the time of the survey, all but two companies that responded have been rated as Excellent (A- or A) or Superior (A+ or A++) rating by the rating service. A.M. Best Company. The remaining companies have been rated Good and Very Good (B and B++) from A.M. Best.

Check with one or more rating companies to determine the insurance company's financial stability. Below are the different rating bureaus. They may or may not charge fees and may have differing rating scales and analysis of each insurance company.

A.M. Best Insurance Review	(900) 555-2378	http://www.ambest.com
Standard & Poor's	(212) 208-1527	http://www.standardandpoors.com
Weiss Research, Inc.	(800) 289-9222	http://www.WeissRatings.com
Moody's Investor's Service	(212) 553-1653	http://www.moody's.com
Fitch IBCA, Duff & Phelps Inc.	(212) 908-0800	http://www.bankwatch.com

Also, check if the company is licensed in Alaska. The companies on the list are all licensed to sell long-term care products in Alaska as of the publication date. Their agents also need to be licensed.

WHAT DO I DO IF I HAVE ANY COMPLAINT REGARDING MY COMPANY OR AGENT?

Do not hesitate to call the Division of Insurance Consumer Services Section.



Telephone: (907) 269-7910
Toll free number (800) INSURAK
800-467-8725 from the areas outside of
Anchorage but within the State of Alaska.

Things to Remember

- | | |
|--------------------------------|--|
| Accurate Information | <ul style="list-style-type: none">• Be careful in completing the application form. Companies may deny benefits if answers to questions on your application are incorrect. |
| Daily Benefits | <ul style="list-style-type: none">• Know what daily benefits are provided by the policy. This may affect the amount of premium you pay. |
| Outline of Coverage | <ul style="list-style-type: none">• Carefully check and do not rely on other sales promotional materials or the agent's presentation alone. |
| 30-Day Right to Examine Period | <ul style="list-style-type: none">• This gives you time to review the policy provisions, terms and conditions of the contract. This period would allow you to make a determination and final decision to keep the policy or return the policy at no cost to you. The company should return the premium on its return. |
| LTC Insurance | <ul style="list-style-type: none">• A long-term care insurance policy may pay most of the costs for your care in a nursing home. Many policies also pay for care at home or other community settings. |
| Premiums | <ul style="list-style-type: none">• You should not buy the insurance policy unless you can afford to pay the premiums every year. The company may increase the premiums in the future, provided it raises rates for all policies in the same class in the state.• Do not be pressured into buying a contract. Tell your agent if you need more time to think.• If a new policy is being considered to replace an older policy, do not cancel |

APPENDIX A - INSURANCE COMPANIES CURRENTLY SELLING IN ALASKA

INSURER	Plans are issued to				PHONE
	Individuals	Groups	Associations	Others	
Allianz Life Ins. Co of North America	x		x		800-950-5872
American Family Life Assurance Co of Columbus	x				800-992-3522
Assurity Life Ins. Co.	x		x	Endorsed Group	888-505-3980
Bankers Life & Casualty Co.	x				800-231-9150
Berkshire Life Ins. Co. of America	x		x	Endorsed Group	800-819-2468
Continental Casualty Co.		x			800-528-4582
Genworth Life Assurance Co.	x	x			888-436-9678
John Hancock Life Ins. Co.	x	x	x		800-272-2216
Massachusetts Mutual Life Ins. Co.	x		x	Endorsed Group	800-272-2216
MedAmerica Ins. Co.	x				800-544-0327
Minnesota Life Ins. C.	x		x	Endorsed Group	800-643-5728
Mutual of Omaha Ins. Co.	x		x		800-775-6000
New York Life Ins. Co.	x				800-224-4582
Northwestern Long Term Care Ins. Co.	x				800-890-6704
Penn Treaty Network America Insurance	x				800-222-3469
Physicians Mutual Ins. Co.	x		x		800-645-4300
Premiera Blue Cross	x	x			877-266-7827
Provident Life & Accident Ins. Co.	x				800-672-1600
Prudential Ins. Co. of America	x		x	x	800-732-0416
Prudential		x	x		800-732-0416
State Farm Mutual Automobile Ins. Co.	x				Local State Farm Agent
United American Ins. Co.	x				800-331-2512
United of Omaha Ins. Co.	x		x		800-775-6000
Unum Life Ins. Co. of America		x			800-672-1600

The above companies that are actively selling long-term care insurance in Alaska were identified through a March 2007 survey conducted by the Division of Insurance. This list may not include all companies offering long-term care insurance in Alaska and it does not represent an endorsement of a particular company by the division.

APPENDIX B – GLOSSARY OF TERMS

Activities of Daily Living (ADLs) – Most companies determine eligibility of benefits depending on insured's inability to perform a number of the ADLs. These are the routine activities that people tend to do everyday without needing assistance. There are six basic ADLs: eating, bathing, dressing, toileting, transferring (walking) and continence. An individual's ability to perform ADLs is important for determining what type of long-term care (e.g. nursing-home care or home care) and coverage the individual needs

Adult Day Care – Group supervision for elderly persons, including social and recreational services and in some cases health services, in a community facility.

Assisted Living Facility – Provides care for seniors who need some help with activities of daily living yet wish to remain as independent as possible. A middle ground between independent living and nursing homes,.

Cognitive Impairment – Deterioration of mental capability such as forgetfulness, concentration difficulty, confusion, disorientation, dementia, delirium, impaired thinking, disorganization due to e.g. Alzheimer's disease, stroke, multiple sclerosis, Parkinson's disease, head trauma

Copayment or Coinsurance – A cost-sharing arrangement under which the insurance company insures only part of the potential loss, and the policy owners pay the other part. The part insured pays for each medical service, outpatient hospital service or hospital stay.

Custodial Care – Level of health or medical care given to meet daily personal needs, such as dressing, bathing, getting out of bed, etc. Although custodial care does not need to be provided by trained health care professionals, it must be administered under a physician's order.

Daily Benefit Amount – Most of the policies covering long-term care services do not cover the full charge for a nursing facility or home health agency. Insured pay charges above the daily benefit amount. Each indemnity policy limits payment to a daily benefit amount, which is the dollar amount payable per day based on the type of care being provided. Many indemnity policies cover provider charges up to the daily benefit amount.

Deductible – A specified amount of expense to be paid by the insured before a health insurance policy starts paying benefits.

Durable Power of Attorney – A written document whereby the individual executing the power of attorney (the principal) authorizes another (the agent, attorney-in-fact, or proxy) to act on their behalf to manage the principal's financial affairs. The durable power of attorney survives the incapacity of the principal.

Durable Power of Attorney for Health Care – A written document allowing an individual (the principal), when competent, to authorize one or more individuals (the agents) to make decisions about medical treatment and care in the event of incapacity of the principal.

Elimination or Waiting Period – This is a form of deductible representing the number of days the insured has to wait before benefits will be paid under the policy after he receives the long-term care services. Usually, a new elimination period restarts for each period of care. The longer the elimination period of the policy, the lower the premium.

Home Health Care – Skilled or unskilled care provided in an individual's home, usually on a part-time basis.

Free Look Period – The right insured has to examine the insurance policy, and if not satisfied, to return it to the company for a full refund of the initial premium.

Guaranteed Renewable – The right of the insured to continue the policy at his option for as long as the premiums are paid on time. The insurer cannot terminate the policy if the insured's health declines. The insurer cannot make any changes in the policy while the insurance is in force without the insured's agreement. An insurer cannot change the premium charged for the policy unless change of rate applies to all members of a class covered by the policy.

Home Health Agency (AS) – Means a public agency or private organization, or a subdivision of a public agency or private organization, that primarily engages in providing skilled nursing services in combination with physical therapy, occupational therapy, speech therapy, or services provided by home health aide to an individual in the individual's home, an assisted living home, or another residential setting.

Inflation Protection Benefit Rider – This inflation protection benefit can help keep pace with inflation and increased expenses. Policy benefits may be adequate now but not later. This can be simple or compounded and increases automatically either unlimited, lifetime or until policy terminates. Most insurers offer a rate of at least 5%/annum.

Long-Term Care Insurance – An insurance policy designed to provide coverage for long-term care expenses that are not covered by general insurance plans or by government programs.

Long-Term Care Services – May include the medical, social, housekeeping, or rehabilitation services a person needs over months or years in order to improve or maintain function or health. Such services are provided not only in nursing homes, but also in patients' homes or in community-based settings such as assisted-living facilities.

You may be able to receive a service or participate in a program through your private health insurance, a managed care agency, Medicaid or Medicare - depending on whether you are financially and medically eligible and meet the criteria of the service or program you are interested in - or by paying for it yourself.

Some services are available to persons who are eligible for Medicaid, have Medicare coverage, use their own funds (“private pay”), or have private health or long term care insurance.

Some services are available only to persons who are eligible for Medicaid.

Non-Forfeiture Benefit – In case a policy lapses because of non-payment of premium after certain number of years, insured gets back a portion of the premiums paid or benefits paid either through a reduced paid-up benefit or shortened benefit period.

Reduced Paid-Up Benefit – Insured will continue to get the daily benefit at reduced amounts when the policy lapses or premiums are discontinued.

Shortened Benefit Period or Extended Term Benefit – Insured will continue to get the full daily benefit amount at a reduced period when the policy lapses or premiums are discontinued.

Nursing Home – A type of long-term care facility providing professional medical care on a 24-hour basis to people who can no longer care for themselves due to physical, emotional, or mental conditions. Nursing homes provide different levels of care, including skilled, intermediate and custodial care. A licensed physician supervises each patient’s care and a nurse or other medical professional is almost always on the premises.

Pre-existing Condition Limitation – A condition where the insured was treated or advise was given or treatment was recommended by, or received from, a licensed health care provider within a stipulated time period before making application for a long-term care policy. This limitation is the period of time after you buy the policy that benefits will not be payable for care related to the preexisting condition. Some policies apply preexisting condition to limitation only for medication conditions that are not disclosed on the application. Remember that accuracy of information provided in the application form is important. Policies covering long-term care services may not contain a preexisting condition limitation after the effective date of coverage.

Rider – Any supplemental agreement attached to, and made part of, an insurance policy that modifies the conditions of the policy by expanding or restricting its benefits or excluding certain conditions from coverage. This normally costs extra premium depending on the kind and amount of additional coverage.

Waiver of Premium – Action by an insurer canceling the premium payments by an insured who has been chronically ill for a certain time period usually after the elimination period is satisfied or after 90 days. The policy remains in force and insured continues to receive the benefits with no further premiums until insured leaves the nursing home.

Waiting Period – see Elimination Period

APPENDIX C

OTHER DIVISION OF INSURANCE PUBLICATIONS

The Division of Insurance publishes each year several guides and an annual report that you may find helpful. The following is a list and short description of each of these publications. Copies of these guides and the annual report are available on the Division of Insurance website at: www.commerce.state.ak.us/insurance/ and by contacting the Division of Insurance directly at the numbers and addresses on page 24 of this guide:

1. The *Insurance Consumer Guide* is designed to provide the consumer with a general overview helpful for anyone wishing to purchase auto insurance, homeowners insurance, life insurance, or health insurance. It is also designed to help consumers better understand their insurance rights. It explains some of the insurance basics that will be useful in determining what types of coverage may be needed periodically. This brochure is distributed to consumers as a newspaper supplement. Additional copies of this guide are available by contacting the Division of Insurance in Juneau or Anchorage.
2. The *Annual Insurance Report* is published every year. This report is a summary of all the insurance business written in the state, premium taxes collected, license statistics, consumer complaints, and disciplinary actions.
3. The *Homeowners Insurance Rating Examples* booklet explains homeowners coverage and compares the rates from various companies.
4. The *Medicare Supplement Insurance Rate Guide* explains the different types of Medicare supplement insurance and compares the rates from various companies.
5. The *Private Passenger Auto Insurance Rating Examples* booklet explains auto insurance coverage and compares the rates from various companies.
6. The *Worker's Compensation Rating Guide* explains how the premium charge for a worker's compensation insurance policy is determined and provides guidelines for settling disputes between the employers and the insurance company over the amount of the premium.

The Division of Insurance hopes that you will find these publications helpful and encourages you to call with any questions, concerns, or ideas on how to improve future issues.

APPENDIX D

After you have selected the policy you want to buy, try to answer each of the following questions to see how well you understand the policy.

1. The Policy:
 - Is it a long-term care rider to a life insurance policy or an annuity contract?
 - Is it a limited policy for home or community based care only?
 - Is it a limited policy for care received in facilities only?
 - Is it a comprehensive long-term care policy?
2. Tax Status:
 - Is the policy intended to be tax-qualified or non-tax-qualified?
 - Can I later change from tax-qualified to non-tax-qualified or vice versa?
 - Will the company amend the policy provisions in the future to maintain the tax-qualified status?
3. Exclusions and Limitations:
 - What is the longest I have to wait after the policy effective date before all of my pre-existing conditions are covered?
 - How are my benefits affected if I am eligible for Medicare benefits?
 - How are my benefits affected if I have another policy that also provides long-term care benefits?
 - Are the definitions of the various care settings in the policy consistent with the care centers or facilities actually available in Alaska, so that benefits will be paid if needed in the future?
4. Benefit Triggers:
 - Which activities of daily living (ADLs) are used in this policy?
 - Who must certify that I need long-term care?
 - What must be certified before benefits will be paid?
5. Care Coordination:
 - Is care coordination required before any benefit will be payable?
 - Who pays for the initial care coordination consultation?
 - Who pays for the subsequent care coordination consultations?
 - Are there any additional benefits available if you use the company's recommended care coordination service?
6. Elimination Period:
 - What options are available under this policy?
 - When does the company start paying benefits?
 - Do I need to satisfy a new elimination period if there is a break in my need for long-term care services?
7. Benefit Amount:
 - What options are available under this policy?
 - Is my selection reasonable for the actual benefit I want to receive?

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8. Care in Skilled Nursing Facilities:
 - Is this coverage optional or included in the policy?
 - What are the daily benefit amount options available under this policy?
 - What nursing home charges does the daily benefit amount cover?
 - What types of charges are not covered?
 - How are benefits calculated?

 9. Care in Assisted Living Facilities:
 - Is this benefit optional or included in the policy?
 - What are the daily benefit amount options available under this policy?
 - What assisted living facility charges does the daily benefit amount cover?
 - What types of charges are not covered?
 - How are benefits calculated?

 10. Care through Home Health Care Agencies:
 - Is this benefit optional or included in the policy?
 - What are the daily benefit amount options available under this policy?
 - What types of services are covered as home health care benefits?
 - What types of services are not covered?
 - Are benefits for homemaker services included in the policy?
 - Will the policy pay benefits for unskilled services, such as homemaker service, that may not be available through the home health care agencies in Alaska?
 - How are benefits calculated?

 11. Care in Adult Day Care Centers:
 - Is this benefit optional or included in the policy?
 - What are the daily benefit amount options available under this policy?
 - Will the policy pay my benefits for services received in adult day care centers, even if these centers are not required to be licensed by the state?

 12. Hospice Care:
 - Is this benefit optional or included in the policy?
 - What are the daily benefit amount options available under this policy?
 - Will the policy pay for hospice care services received in a volunteer hospice facility, even if the facility is not required to be licensed by the state?

 13. Respite Care:
 - Is this benefit optional or included in the policy?
 - What are the daily benefit amount options available under this policy?
 - How long will this benefit last?
 - How often may I use this benefit?
 - Where may I receive respite care?

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14. Caregiver Training:
 - Is this benefit optional or included in the policy?
 - What is the benefit amount for caregiver training offered under this policy?
 - How many times may I use this benefit?
 - What other restrictions are in the policy for this benefit?

 15. Inflation Protection:
 - Does this policy have an unlimited lifetime benefit amount?
 - Is the inflation protection optional for an additional premium charge?
 - What are the options available under the policy?
 - If the automatic benefit increase option is selected, how often are the offers available?
 - How many times can I decline benefit increase offers before they are no longer available to me?
 - Will the option that I am considering keep up with the future costs of long-term care services?

 16. Nonforfeiture:
 - Is this benefit optional or included in the base policy?
 - How does it work?

 17. Reinstatement:
 - Can I reactivate the policy after I have failed to pay premiums?
 - What must I do to reactivate the policy?

 18. Premium Payments:
 - Will my premiums go up as I grow older?
 - How long do I have to continue making payments?
 - What happens if I fail to pay my premiums on time?

 19. Disputes:
 - Can I appeal to the company if my policy benefits are not paid as expected?
 - What are my rights under the policy?

 20. Your Decision:
 - Will this policy help pay some of my long-term care expenses when I need long-term care?
 - Will this policy allow me to have the choices I want for my long-term care?
 - Will I be able to afford the premiums for this policy and other health related expenses, including Medicare and Medicare Supplement Insurance premiums?
 - IS THIS LONG-TERM CARE INSURANCE POLICY RIGHT FOR ME?