

## From the November 14, 2012, PHBC Proposed 2013 Benefit Design CalPERS Long-Term Care Program

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### ***New to Comprehensive Base Plan***

#### **Assisted Living/Residential Care Facility Benefit:**

Covers up to 100 percent of DBA

*Note: This benefit was previously:*

*LTC1 (plans sold 1995-2002) 50 percent of DBA*

*LTC2 (plans sold 2003-2004) 70 percent of DBA*

*LTC3 (plans sold 2005-2008) 70 percent of DBA*

Assisted Living Facility/Residential Care Facility means a licensed facility engaged primarily in providing ongoing care and related services that meets all of the following criteria:

- Provides 24-hour a day care and services sufficient to support needs resulting from inability to perform Activities of Daily Living or Severe Cognitive Impairment;
- Has an awake, trained and ready-to-respond employee on duty in the facility at all times to provide care;
- Provides three (3) meals a day and accommodates special dietary needs;
- Has written contractual arrangements or otherwise ensures that residents receive the medical care services of a Physician or nurse in case of emergency; and
- Has appropriate methods and procedures to assist residents in self-administration of prescribed medications.

#### **Home and Community Care Benefit:**

Covers up to 100 percent of DBA

*Note: This benefit was previously:*

*LTC1 (plans sold 1995-2002) 50 percent of DBA*

*LTC2 (plans sold 2003-2004) 50 percent of DBA*

*LTC3 (plans sold 2005-2008) 70 percent of DBA*

Includes the following benefits:

- Home Health Care Services;
- Personal Care Services: covers assistance for activities of daily living (ADL) including: bathing, dressing, eating, toileting, transferring and continence;
- Homemaker Services Incidental to Personal Care: means the insured would be eligible to receive homemaker services if personal care services are being received by the insured on a regular basis; and
- Adult Day Health/Social Care: pays benefits for a structured, comprehensive program which provides a variety of community-based services including health, social and related supportive services in a protective setting on a less than 24-hours basis.

### **Daily Benefit Amounts (DBA):**

Will be expanded to include amounts from \$200 to \$400, in \$50 increments. This is the maximum amount the insurance will pay for a single day of long-term care services.

### **10-year Benefit Period:**

The length of time the insurance will last if the insured receives care every day that is reimbursed at a level equal to the DBA. If the reimbursement is less than the DBA, the insurance will last longer than the benefit duration period. The benefit period is used together with the DBA to calculate the maximum lifetime benefit.

### **Independent Providers:**

Allows an individual hired by the insured to provide home health care services to the insured with assistance with ADLs and who is not employed by a home health care agency and who may not be licensed as a nurse aide or a home health aide, nor is bonded or holds appropriate liability insurance. Independent Providers cannot be persons who are the family members or the legal representative of the insured. Use of an Independent Provider must be pre-approved by CalPERS Long-Term Care Program. *Note: This benefit was previously allowed only as an exception.*

### **Stay-At-Home Benefit:**

The stay-at-home benefit pays up to a lifetime limit equal to 30 times your Daily Benefit Amount. The Stay-at-home services include:

- Caregiver training payable up to 7 times the DBA
- Care planning visits
- Emergency medical response system
- Durable medical equipment
- Home modification
- Assisted devices

The stay-at-home benefit could be used at any time while the insured is meeting the benefit eligibility requirements, including during the waiting period. Any benefits paid under this provision will not reduce the insured's maximum lifetime benefit.

### **30 Day and 180 Day Deductible Period:**

Means the total number of consecutive calendar days that must elapse before the benefits covered by this agreement are payable. The deductible period begins on the first day the insured receives covered formal long-term care services after the insured has become a chronically ill individual and has met the conditions for receiving benefits. The insured is not required to continue to receive covered services to satisfy the deductible period, but the insured must continue to be a chronically ill Individual and to meet the conditions for receiving benefits for each consecutive day following the first day of the deductible period in order to satisfy the deductible period.

### **Spousal Discount:**

A spousal discount will be applied when both the member and member's spouse have active coverage. A lower discount rate will be applied when one member of a couple has active coverage.

## ***New Riders***

### **Automatic Compound Inflation Protection Rider:**

This policy is intended to be a qualified long-term care insurance contract as defined by the Internal Revenue Code of 1986, Section 7702B(b). Under a tax-qualified Long Term Care insurance policy, at the time of application, a 5 percent automatic compound inflation feature must be offered to the consumer. All California Partnership policies must include built-in 5 percent compound inflation protection benefit.

3 percent compound, 4 percent compound or 5 percent compound: increases unused balance remaining in the insured's total coverage amount by 3 percent, 4 percent or 5 percent per year on a compound basis for the life of the policy, even while the insured is receiving benefits.

3 percent simple, 4 percent simple or 5 percent simple: increases the insured's daily benefit annually by 3 percent, 4 percent or 5 percent of the original daily benefit for the life of the policy, with a proportional increase in the remaining total coverage amount, even while the insured is receiving benefits.

### **Optional Benefit Increase Rider:**

This option allows the insured to purchase additional benefits every three years without proof of insurability. This benefit lets the insured periodically increase the coverage amounts to help offset the effects of inflation.

### **Return of Premium Death Benefit Rider:**

This benefit provides a full or a possible partial return of premiums paid in the event of the insured's death if it occurs prior to age 75. Upon receiving proof of the insured's death while this agreement is in-force, we will return a percentage of the total amount of premiums paid for coverage until the date of the insured's death less any benefits that has been paid under this agreement. *Note: This benefit was previously included in the Base Plan.*

### **Restoration of Benefits Rider:**

With this rider, the insured's benefit period will be totally restored if the insured recovers and is not eligible for benefits for at least 180 consecutive days. Benefits may be restored more than once, as long as the Total Benefit Amount has not been exhausted. The maximum amount that can be restored over the life of the policy is equal to the original Total Benefit Amount.

### **Paid-up Survivor Benefit Rider:**

No further premium payments will be required for the policy after both of the following have occurred:

- The date of death of either insured; and
- The end of the 10<sup>th</sup> policy year.

### **International Benefit Rider:**

Benefits will be paid for covered services the insured receives outside the United States. When the insured receives such services, 80 percent of the insured's maximum lifetime benefit can be used for covered services the insured receives outside the United States; the remaining 20 percent will be available for covered services the insured receives in the United States.

## ***Existing Comprehensive Base Plan***

### **Nursing Home Benefit:**

All plans - Covers up to 100 percent of DBA

### **Assisted Living/Residential Care Facility Benefit:**

LTC1 (plans sold 1995-2002) covers at 50 percent of DBA

LTC2 (plans sold 2003-2004) covers at 70 percent of DBA

LTC3 (plans sold 2005-2008) covers at 70 percent of DBA

### **Home and Community Care Benefit:**

LTC1 (plans sold 1995-2002) covers at 50 percent of DBA

LTC2 (plans sold 2003-2004) covers at 50 percent of DBA

LTC3 (plans sold 2005-2008) covers at 70 percent of DBA

### **3-year and 6-year Benefit Periods:**

The length of time the insurance will last if the insured receives care every day that is reimbursed at a level equal to the DBA. If the reimbursement is less than the DBA, the insurance will last longer than the benefit duration period. The benefit period is used together with the DBA to calculate the maximum lifetime benefit.

### **Hospice Care Benefit:**

Cover services designed to provide palliative care and alleviate the insured's physical, emotional and social discomforts if the insured is terminally ill and in the last phase of life. Care in a hospice facility or at home is covered up to 100 percent of the DBA.

### **Respite Services:**

Covers the expense for the supervision and care of persons with deficiencies in ADLs, or a severe cognitive impairment, in the home or out of the home, while the family or other individuals who normally provide care on a daily basis take short-term leave or rest that provides them with temporary relief from the responsibilities of caregiving.

### **Alternate Plan of Care:**

In certain circumstances, benefits for services that are not specifically covered under a long-term care insurance plan can be authorized.

### **Care Advisory Service Benefit:**

Pay for services that identify a person's physical, cognitive, social and medical needs for care and services and can help link the person to a full range of appropriate services.

### **Bed Reservations:**

A benefit that pays a nursing home, assisted living facility, or hospice facility to hold an insured's bed during a temporary absence so that the insured may return to the facility.

### **Contingent Non-forfeiture Benefit:**

Provides paid-up long-term care insurance coverage for a shortened benefit period if coverage lapses after an increase in premiums beyond a certain level as specified by the National Association of Insurance Commissioners (NAIC).

### **Waiver of Premium:**

The payment of premium which becomes due will be waived when the coverage is in-force and the insured is receiving any benefits, except for respite care benefit or care advisory services benefit.

### **90 Day Deductible Period:**

Means the total number of consecutive calendar days that must elapse before the benefits covered by this agreement are payable. The deductible period begins on the first day the insured receives covered formal long-term care services after the insured has become a chronically ill individual and has met the conditions for receiving benefits. The insured is not required to continue to receive covered services to satisfy the deductible period, but the insured must continue to be a chronically ill Individual and to meet the conditions for receiving benefits for each consecutive day following the first day of the deductible period in order to satisfy the deductible period.

## ***Existing Riders***

### **Non-forfeiture Benefit Rider:**

This optional benefit provides a continuation of the coverage up to a specified dollar amount if the policy lapse due to nonpayment of premium before the total coverage amount has been reached. Any benefit increases will cease. The Policy needs to be in force for at least 10 years before receiving this benefit. A non-forfeiture benefit will pay up to the total amount of all premiums paid, or 90 times the daily nursing home benefit at the time your policy lapsed, whichever would be greater.