

## **Long Term Care Insurance**

The need for long term care and the impact it can have on a retiree's financial security has become an issue of national concern. The Oregon Public Employees Retirement Board appreciates the seriousness of this issue and has taken steps to help our retirees understand and protect themselves against the financial risks associated with long term care.

### **What is Long-Term Care?**

Long term care is defined as the type of care received when someone needs assistance--either at home or in a facility--with activities of daily living due to an accident, an illness, or advancing age.

You can see by the definition that the need for long term care is not limited to the elderly. Anyone who cannot function independently may need the protection of long term care insurance. Accidents and unexpected illness can happen at any time, at any age. The risk may be greater than you expect. By the year 2000, it has been estimated that more than eight million individuals over age 65 will require some form of long term care.

If you needed long term care, who would provide it? Where would you receive it? How would you pay for it? These are important questions to consider.

### **How Much Does Long Term Care Cost?**

National nursing home care costs average between \$20,000 and \$60,000 per year, depending upon location and level of care. Home-based care costs vary depending on the type and frequency of care required. For most of us, this expense could have a significant impact on our financial security.

### **Who Pays For Care?**

Many people believe that health insurance or a government program will pay for long term care. Currently, personal and government-funded programs do not cover the majority of long term care costs.

Health insurance is designed to reimburse expenses associated with medical costs such as tests, medicines, doctor visits, or other specific services. It will not pay the added cost of long term care.

Government programs, at present, are restricted or limited. Medicare, for instance, is designed to provide health insurance for people over age 65 and pays only 5 % of long term care costs nationally. Medicaid pays approximately 45 % of the total spent on long term care nationally, but individuals must deplete their assets to poverty level in order to qualify for Medicaid benefits. Individuals or their families typically carry the burden of long term care expenses. In fact, consumers pay 45 % of the nation's long term care costs.

### **What Can You Do?**

The PERS Board has chosen to offer our retirees, spouses, and eligible dependents the opportunity to purchase long term care insurance at a group rate. The Board selected UNUM Life Insurance Company of America to provide this new insurance coverage.

UNUM Life Insurance Company of America, a subsidiary of UNUMProvident Corporation, is a publicly held specialty insurance company included in the Standard & Poor's 500 Index. UNUM, a pioneer in long-term-care insurance, was one of the first insurers to develop disability-based long term care insurance.

### **How Do I Apply For Long Term Care Insurance?**

Long term care insurance is offered in a different fashion than group health insurance products. Retirees deal directly with the insurer for coverage, premium payments, claims, and all other aspects of the plans. The option to purchase long term care insurance is available to all PERS retirees, spouses, and eligible dependents; however, some individuals may be denied coverage because of poor health. Premium rates will vary with the retiree's age.

If you are interested in long term care insurance, call UNUMProvident at 1-800-227-4165 directly to ask any questions you may have or to receive an enrollment packet to complete. You can also access the UNUM website at <http://w3.unumprovident.com/enroll/pers>.

Long term care insurance cannot prevent you from ever needing long term care, but it can help you protect yourself and your family from the financial impact. Please take the time to learn more about this coverage and the valuable protection it provides.