MOST COMMONLY ASKED LTC QUESTIONS

Here are some of the most commonly asked questions about UnumProvident’s long term care insurance:

Q: What is long term care?

A: Long term care is the type of care received when someone needs assistance with "daily living" due to an accident, illness or advancing age. Care may be received in a facility (like a nursing home) or at home. Long term care insurance is not just for the elderly - sudden and unexpected accidents and illnesses can happen at any age.

Examples of long term care situations include temporary or permanent injuries resulting from:
- Car accident
- Head trauma (head, back and spinal injuries)
- Disabling stroke or heart attack
- Disabling diabetes
- Multiple sclerosis
- Parkinson's disease
- Alzheimer's disease

Q: Why would an individual need Long Term Care Insurance if they already have health insurance or disability insurance?

A: Health insurance is designed to pay medical costs that may include hospitalization, tests, and physician charges.

Short and Long Term Disability insurance is essentially income or "paycheck" protection. It pays a flat percentage of income when an individual becomes disabled and can’t work. Disability insurance provides benefits that can help a person with a disability continue to meet financial obligations for such things as groceries, rent or mortgage, phone and utility bills, and loan/credit card payments.

Long Term Care insurance provides a benefit to help you pay for care, so an individual does not have to spend his or her life’s savings or assets. Other types of insurance provide little or no protection against this type of risk.

Q: Won’t the government pay for long term care?

A: There are many misconceptions about the government programs. Medicare, for example, is designed to provide health insurance for people over age 65, and in fact pays less than 5% of Long Term Care costs. When Medicare does pay for Long Term Care, there are restrictions - the care must follow a hospitalization of three or more days, and the person must be discharged within 30 days to a nursing home, and require skilled care. Less than 4% of those people who need Long
Term Care require skilled care. 96% require custodial care -- help with Activities of Daily Living (ADLs) - and Medicare won't pay for this type of care.

Medicaid pays approximately 45% of Long Term Care costs nationwide, but to qualify for Medicaid, a person must spend down personal assets to the poverty level. When Medicaid covers care, there is less choice about where the care can be provided, and by whom. Many people who want to remain independent prefer to have more alternatives for their care.

Currently about 35% of long term care services are financed directly by the elderly out of their retirement savings.*


Q: How much does this type of care cost? Why not pay it on your own?

A: Nursing home costs vary nationwide, depending on professional staff, service staff, amenities, activities and special programs, among other things, and whether rooms are private, semi-private or dormitory style. The average cost of nursing home care in the United States is $46,000 a year, though in some regions of the country it can easily reach twice that amount. Home care is less expensive, but even those expenses can run $12,000 or more annually. *

People interested in Long Term Care insurance should consider how long their assets would last if they were used to pay for a nursing home stay. When reviewing finances, it’s also important to consider whether there were other plans for those assets, and whether other family members depend on the assets.


Q: When did you underwrite your first group long-term care policy? How many group long-term care clients do you have? How many insureds?

A: UnumProvident’s first group long term care policy was issued in March, 1989. As of 12/31/03, we insured 4,333 group Long Term Care cases with a total of over 438,132 covered lives.

The most recent LIMRA results demonstrate our commitment & strong position in the LTC marketplace:

2002 Sales:
Cases – ranked #1 (74.5% marketshare)
Lives – ranked #2 (25.7% marketshare)
Premium – ranked #2 (11.1% marketshare)

2002 Inforce:
Cases – ranked #1 (74.1% marketshare)
Q: **What distinguishes your organization from other LTC carriers?**

A: UnumProvident has a clear marketing strategy and focus for the long term care marketplace. In 1987, we began marketing Long Term Care insurance to residents of senior housing facilities called Continuing Care Retirement Communities (CCRC). There were two reasons for targeting this market:

- These individuals recognized the need for protection and so were more apt to purchase; and
- Since the residents’ average age was in the late 70s, we could develop more immediate feedback about underwriting techniques, premium adequacy, claim incidents, and claim management issues.

UnumProvident’s long term care product/philosophy supports the employer’s goal of helping employees balance their work responsibilities with family demands – including elderly parents – both now and in the future.

We strongly believe that coverage should provide maximum flexibility as to where care is provided, since not every family or financial situation is the same. We also believe very strongly in community-based home care as the preferred approach.

Some of the key features that differentiate UnumProvident’s product include:

**A Disability-Based approach**

UnumProvident’s benefit trigger is based on an individual’s abilities/disabilities and not on dollars spent on care (as in a pure reimbursement-based model). We believe the loss of two of the six Activities of Daily Living (ADLs) as listed in the Katz Index is an appropriate measure for Long Term Care eligibility, especially for home care.

In addition to ADL loss, we recognize cognitive impairment as a separate benefit trigger.

UnumProvident’s disability-based approach, along with a flexible benefit design, offers a choice of options and coverage levels, allowing individuals within a group to tailor a plan which best meets their family and financial needs and maximizes the use of benefit dollars.

**Total Home Care option**

One of UnumProvident’s benefit alternatives is an informal care option. More than 80% of Long Term Care is currently provided in the home or in an informal care setting. About 80% of that care is provided by family members or friends*. Most insurers won’t pay benefits when family or friends are the caregivers.
UnumProvident’s Total Home Care option allows the insured to use informal, non-professional care from sources other than a licensed home health care agency. Care can be provided by professionals, or by non-professionals such as a family member or friend. Because our coverage is not a reimbursement plan, receipts for services by these informal caregivers are not required.

One Time Elimination Period
Under UnumProvident’s plan, an elimination period of 60 days or more needs to be satisfied only once per lifetime. In other words, it does not need to be satisfied whenever a new claim is filed, so future benefits can begin on day one, without delay.

LTC Connect
LTC Connect is a professional counseling and referral service to help individuals address long term care concerns. UnumProvident contracts with LifePlans, Inc., a premier provider of long term care products and services, to provide this program. Counseling and referral services are provided at no cost to the insured. LTC Connect is different than other long term care assistance programs because counselors provide complete and impartial information without requiring the caller to use a particular provider or service. In addition, the service becomes available as soon as the policy is effective and does not require someone to be on claim in order to utilize the services.

Trained Care Coordinators staff this voluntary, confidential service.

LifePlans Long Term Care Provider Pathway
Access to the LifePlans Long Term Care Provider Pathway is offered to insureds at no charge as a part of UnumProvident’s LTC Connect customer service program. Insureds may call a toll-free number to access discounted rates nationwide at participating skilled nursing facilities, assisted living facilities, home care providers, adult day care facilities and hospice providers. Insureds may also access discounts on durable medical equipment such as wheelchairs, grab bars or ramps.

How it works.
Individuals can get answers to questions about LTC by simply calling 1-888-868-6745. LifePlans Care Coordinators are available Monday through Friday from 8 a.m. to 8 p.m. EST. During off-hours and holidays, callers may leave a voicemail message that will be returned within one business day.

Care Coordinators will listen, provide objective information and help callers explore their options and provide information relating to topics such as aging, home care, Medicare/Medicaid provisions, safety checks or the demands of caregiving.

Who can use this service?
Insureds and their family members can access the LTC connect counseling and referral services free of charge.


Q: What are Activities of Daily Living?

A: UnumProvident, the nation's leading group disability insurer, uses Dr. Sydney Katz's disability model (versus a reimbursement model) to determine long term care benefit eligibility. We assess an individual's ability to perform Activities of Daily Living (ADLs).

The Activities of Daily Living are:

- Bathing
- Dressing
- Transferring
- Toileting
- Continence
- Eating

**BATHING** - 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 with or without equipment or adaptive devices.

**DRESSING** - putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.

**TRANSFERRING** - moving into or out of a bed, chair, or wheelchair with or without equipment such as canes, quad-canines, walkers, crutches or grab bars or other support devices including mechanical or motorized devices.

**TOILETING** - getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

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

**EATING** - 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.

Sometimes assistance in these Activities is referred to as "custodial care," or, help with hygiene and maintenance. UnumProvident’s plan pays a benefit whether an insured needs custodial, intermediate or skilled care.

In addition to ADL loss, UnumProvident includes severe cognitive impairment as a separate benefit trigger.

Q: What is cognitive impairment?
A: Severe cognitive impairment is a deterioration or loss in intellectual capacity resulting from Alzheimer's disease or similar forms of irreversible dementia. The extent of a cognitive impairment will be determined by clinical evidence and standardized tests which reliably measure deterioration or loss in the following areas:

- Short or Long Term Memory
- Orientation as to:
  - person (such as who you are);
  - place (such as your location);
  - time (such as day, date and year); and
- Deductive or abstract reasoning.

If, because of a deterioration or loss in intellectual capacity, an insured requires continual supervision for his/her own protection or for the protection of others, UnumProvident will consider that person to have a cognitive impairment.

Q: Who is eligible to apply for this coverage?

A: UnumProvident’s eligible population includes:

- Active employees;
- Retired employees;
- Spouses;
- The natural, adoptive or step-parents of an active employee, retired employee or spouse; and
- The natural, adoptive or step-grandparents of an active employee, retired employee or spouse.

Note: As of 1/1/99, UnumProvident expanded its eligibility definition to include adult children and siblings. (In some states, this is still pending insurance department approval.)

Each person applies separately. Family members must be at least 18 and no more than 80 years of age in order to enroll in the program. Rates are based on the applicant's age, the plan design, and the options selected.

Q: Please outline your waiting period in detail.

A: UnumProvident considers this to be the “elimination period”, or the length of time during which an insured must suffer ADL loss prior to receiving benefits. The beginning of the elimination period is determined when the insured receives care, depending on where the care is provided. For example, an insured is required to be in a nursing home for 90 consecutive days to satisfy the elimination period for that level of care.
If an insured is receiving care at home from a professional caregiver, this level of care must be provided for 90 days to satisfy the elimination period. However, each calendar week that an insured receives at least one day of care will be counted as seven days towards the satisfaction of the elimination period.

If an insured has the Total Home Care Benefit, he or she is eligible for benefits 90 days after the loss of 2 of 6 ADLs or the onset of cognitive impairment, regardless of where care is provided.

Note: Under UnumProvident’s plan, an elimination period of 60 days or more needs to be satisfied only once per lifetime. In other words, it does not need to be satisfied whenever a new claim is filed, so future benefits can begin on day one, without delay. Also, only one elimination period is allowed per policy.

**Q:** When designing a plan, what are the choices as to where care is received?

**A:** There are three choices regarding the settings of care and caregivers. A policyholder may choose to offer:

- Facility Care/Assisted Living Facility (ALF)
- Facility Care/ALF and Professional Home Care
- Facility Care/ALF, Professional Home Care and Total Home Care

**Q:** What are the Benefit Amounts for each?

**A:** The minimum Facility Monthly Benefit Amount is $1000. A person may elect up to $6000 per month in increments of $1000.

The Professional Home Care benefit is 100% of the Facility Monthly Benefit Amount selected (1/30th of that amount for each day of care).

The Total Home Care benefit is a flat 50% of the Facility Monthly Benefit Amount selected (regardless of days of care).

Note: Standardly, benefit eligible employees may obtain coverage without medical underwriting providing that their plan design falls within certain limits.* All other eligible family members must submit evidence of insurability. Subsequent to the initial enrollment, employees are also medically underwritten, except for new hires enrolling during their initial waiting period.

*Medical underwriting, for employees, is required for benefit amounts over $6,000, durations greater than 6 years or over 50% Total Home Care coverage.

**Q:** What are the advantages of choosing Total Home Care?
When you meet the definition of disability (loss of two or more ADLs) or cognitive impairment, the Total Home Care option allows you to receive care from either a licensed, certified professional, from informal caregivers like family members and friends, or from a combination thereof. You do not need to incur charges to receive this benefit. This option pays a benefit equal to a flat 50% of the selected Facility Monthly Benefit. (Professional Home Care pays you 1/30th of that amount for each day you receive professional care in your home.)

Q: What are the Benefit Durations and Lifetime Maximums?

A: Benefit Duration is the length of time benefits would be paid for a covered loss. UnumProvident standardly quotes 3 year, 6 year and unlimited durations. Lifetime Maximum is the total amount of benefit dollars that your policy will pay over its lifetime.

The Lifetime Maximum benefit is calculated by multiplying the monthly maximum benefit (selected by the applicant at time of purchase) by the number of months in the benefit period (also selected by the applicant at time of purchase). For example, if a person selects a $3,000 monthly maximum and a three year benefit period, the lifetime maximum benefit would be calculated as follows:

$3,000/month x 3 years x 12 months/year = $108,000.

Q: When is an insured eligible for a monthly benefit?

A: UnumProvident’s contract states the following:

“You are eligible for a monthly benefit after:

- you become Disabled;
- you are receiving services in a Long Term Care Facility or Assisted Living Facility; (or Professional Home Care Services if your plan includes a Professional Home Care Services Benefit); (or Total Home Care if your plan includes a Total Home Care benefit);
- you have satisfied your Elimination Period; and
- a Physician has certified that you are unable to perform (without Substantial Assistance from another individual) two or more ADLs for a period of at least 90 days, or that you require Substantial Supervision by another individual to protect you and others from threats to health or safety due to Severe Cognitive Impairment. You will be required to submit a Physician certification every 12 months.

A Monthly Benefit will become payable once all of these requirements are met.

The treatment and services you receive for your Disability must be provided pursuant to a written plan of care developed by a Licensed Health Care Practitioner.

If you have existing loss of ADLs or Severe Cognitive Impairment on your effective date of coverage, that loss or impairment will only be eligible for
coverage if you recover from that loss or impairment. We must receive acceptable proof of your ADL or cognitive recovery, such as a physician’s statement or assessment."

Q: Do rates automatically increase as you age, or if you have a change in health?

A: No. An approved applicant will pay the rate associated with their original age (when first enrolled), for their original plan.

In the future, if rates go up or down for the group, the insured would pay whatever new rate is associated with the original age for the original plan. However, any rate change must be approved by various states and must apply to everyone in a defined class (such as state, industry type, age group etc.). Please note that LTC is fully pooled from a risk perspective and will not change rates based on an employer’s specific claims experience.

Note: If an insured chooses to elect additional coverage within their current plan design, they would retain their original age rates. However, if an insured wants to change plan design (i.e. Professional Home Care to Total Home Care) coverage is assessed at their attained age at the time of application.

Q: How are premiums paid?

A: Premiums are payroll deducted for active employees and their spouses. All others are billed at home.

Q: Is there a waiver of premium?

A: Yes. Waiver of premium is included in UnumProvident’s contract and begins on the day the claimant has completed the elimination period and benefits become payable. The claimant will be notified by a letter from our claims department, and waiver of premium will continue until benefit payment ends. Waiver of premium applies to both the facility and home care benefits.

Q: What happens to coverage if a person changes employer?

A: UnumProvident’s contract states the following:

Continuation of Coverage

“You may elect to continue the same coverage you had under the group policy on a direct billing basis, if your group coverage ends. You may not elect to continue coverage if your group coverage ended because:

- you failed to make any required premium payment when due; or
- you failed to make any contribution when due.

Election for continued coverage must be made within 31 days from:
• the date your group coverage ends; or
• the date the group policy terminates.

Your continued coverage will be on a direct billing basis, if your premium is payroll deducted. Your continued coverage:

• will be maintained under the existing group policy, if your coverage terminated because you are no longer eligible for coverage; or
• will be continued under a continuation group policy, if your existing group policy terminates.

If you are already direct billed, your coverage will automatically continue:

• under the existing group policy, if you are no longer eligible for coverage; or
• under a group continuation policy, if the existing group policy terminates.

Your continued coverage will remain in force, as long as you continue timely payment of premium when due. You must pay premium directly to Unum for continued coverage.

The premium rate schedule for continued coverage may change in the future, depending on:

• the overall use of benefits by all insured persons; or
• changes in the benefit levels or other risk factors.

Any such change will be made on a class basis according to Unum’s underwriting risk studies.

Once you have continued your coverage, you can apply at any time to change your continued coverage. To change your coverage, you must contact Unum’s home office. You will need to complete the necessary forms, which may include evidence of insurability."

NOTE: Some of the above responses may vary slightly based upon the contract situs.