

The **Federal** Long Term Care Insurance Program 3.0



BOOK TWO

Additional Information



The **Federal** Long Term Care Insurance Program™

Table of Contents

Where to find more information	2
Questions and answers	3
Benefits and Features Worksheet	4
Glossary	8

Note: Glossary terms appear in **bold** at first usage. To look up a term, see the “Glossary” section beginning on page 8.

Questions?

Visit us at **LTCFEDS.com**
or call us at **1-800-LTC-FEDS**
(1-800-582-3337) TTY 1-800-843-3557.

The Federal Long Term Care Insurance Program is sponsored by the U.S. Office of Personnel Management, insured by John Hancock Life & Health Insurance Company, and administered by Long Term Care Partners, LLC.

Where to find more information

We understand that you may have more questions about **long term care** and long term care insurance in order for you to be able to make a decision on applying for Federal Long Term Care Insurance Program (FLTCIP) coverage. To assist you, we are providing the enclosed National Association of Insurance Commissioners' (NAIC) *A Shopper's Guide to Long-Term Care Insurance*. You'll find information ranging from the basics of long term care to information about long term care insurance and even long term care insurance shopping tips.

You may also research other venues such as the U.S. Department of Health and Human Services' National Clearinghouse for Long-Term Care Information, **longtermcare.gov**, which may provide additional information and resources to help you and your family plan for future long term care needs.

Our program consultants can also direct you to more consumer information about long term care from outside resources or answer any questions you may have. You can reach us at **1-800-LTC-FEDS** (1-800-582-3337) TTY 1-800-843-3557.

You'll find a wealth of information about the FLTCIP, including answers to commonly asked questions, in the "Help" section of **LTCFEDS.com**. The entire website was developed in conjunction with and approved by the U.S. Office of Personnel Management (OPM). You can learn more about:

- ▶ eligibility
- ▶ applying for coverage
- ▶ increasing and decreasing coverage
- ▶ the basics of long term care
- ▶ plan **benefits** and features
- ▶ consumer protections
- ▶ the contract
- ▶ cost and paying for coverage
- ▶ tax benefits

Q. How and when can premiums be raised?

A. Premiums are not guaranteed. Your premium will not change because you get older or your health changes or for any other reason related solely to you. However, your premiums may increase if you are among a group of enrollees whose premium is determined to be inadequate. While the group policy is in effect, OPM must approve the change.

Q. If I cancel my coverage, can I receive a refund of all premiums I've paid since I enrolled in the FLTCIP?

A. As with other insurance products, you cannot receive a refund of FLTCIP premiums because the premiums you have paid provided insurance coverage for you all along. At any point since your original purchase, if you had been eligible for benefits and had satisfied your **waiting period**, you would have received benefits.

The *FLTCIP 3.0 Benefit Booklet* you receive when you enroll is your contractual statement of benefits. It explains when a premium refund is allowed. We will refund any premium that you paid and has not already been refunded to cover any period:

- ▶ after the date of your death
- ▶ after the effective date of your cancellation of coverage
- ▶ during which your premium is waived. Please see the “Waiver of Premium” section in the FLTCIP 3.0 Outline of Coverage in *Book One*.

For information regarding the refund of premium death benefit, available as part of the premium stabilization feature, see the “Premium Stabilization Feature” section in the FLTCIP 3.0 Outline of Coverage in *Book One*.

Q. Are there any federal tax benefits related to long term care insurance?

A. Yes. Congress passed the **Health Insurance Portability and Accountability ACT (HIPAA)** in 1996 to ensure that long term care insurance policies that meet certain standards receive favorable tax benefits. The FLTCIP is designed to be a tax-qualified plan under the Internal Revenue Code. This means that:

- ▶ Benefits (claims) are not taxable.
- ▶ You can deduct your long term care insurance premiums as medical expenses on your federal tax return to the extent that your total qualified medical expenses exceed a percentage of your annual adjusted gross income. Please consult irs.gov for the latest tax deductibility information.

This is not intended to provide tax advice. Always consult your tax attorney or certified public accountant when dealing with tax deductibility considerations.

Q. Can I pay premiums through a health savings account (HSA)?

A. Yes. HSAs can be used to pay long term care insurance premiums, subject to limits based on age, which are published by the IRS and are adjusted annually. An HSA is an account established to pay for qualified medical expenses, including qualified long term care costs and long term care insurance premiums. Contributions and withdrawals are tax-free for qualified expenses.

To open an HSA, you must be covered under a high deductible health plan and meet certain other requirements.

For more information on HSAs, please visit opm.gov/healthcare-insurance/healthcare/health-savings-accounts/.

Q. Can I pay premiums through a flexible spending account (FSA)?

A. No. An FSA is an account established to pay for qualified out-of-pocket health care and dependent care expenses. According to Section 125 of the Internal Revenue Code, you cannot use it to pay FLTCIP premiums.

Benefits and Features Worksheet

For your convenience, we've included our Benefits and Features Worksheet to help you make an informed decision if you're shopping around for long term care insurance coverage. This worksheet lists FLTCIP 3.0 benefits and features with a blank column that you can use to note the benefits of another long term care insurance plan (under the Policy 2 column) for a side-by-side comparison. If you need assistance with the worksheet or want financial ratings or other information on competing long term care insurance plans, please call us at **1-800-LTC-FEDS** (1-800-582-3337) **TTY 1-800-843-3557** to speak with one of our program consultants.

You may also visit us at **LTCFEDS.com** for additional information about the FLTCIP or to use our interactive calculators. The Premium Calculator provides premium quotes based on your age and choice of benefits. The Cost of Care Tool provides the average cost of care in the city of your choice.

	Federal Long Term Care Insurance Program 3.0	Policy 2*
Insurance company information		
Company name	John Hancock Life & Health Insurance Company	
Is the company licensed in your state?	Yes**	<input type="checkbox"/> Yes <input type="checkbox"/> No
Rating by insurance rating services***	John Hancock Life & Health Insurance Company Please visit LTCFEDS.com/about for the most recent financial ratings.	
Coverage		
Reimbursement levels and covered services	Comprehensive plan <ul style="list-style-type: none"> ▶ Nursing home care and assisted living facility covered up to 100% of the daily benefit amount (DBA) ▶ Home care and adult day care covered up to 100% of DBA ▶ Informal care provided by a friend, relative, or private caregiver (as long as that person did not live in your home at the time you became eligible for benefits) is covered up to 100% of DBA. Informal care provided by family members is covered for up to 500 days. When care is provided by non-family members, it's covered for the benefit period you've selected. 	
Daily benefit amount	Choice of: ▶ \$100 ▶ \$150 ▶ \$200 ▶ \$250 ▶ \$300 ▶ \$350 ▶ \$400 ▶ \$450 DBA choices are in \$50 increments.	

* Other companies' policies may have features not included on this worksheet or use different names for their features.

** Individual retail policy options and features may vary by state or may not be available in your state. The FLTCIP is a group program regulated and managed by OPM, and because of this fact, there are no variations in the FLTCIP by states.

*** The rating refers only to the overall financial status of the company and is not a recommendation of the specific policy provisions, rates, or practices of the insurance company.

Benefits and Features Worksheet

	Federal Long Term Care Insurance Program 3.0	Policy 2*
Coverage		
Benefit period	Choice of: <ul style="list-style-type: none"> ▶ 2 years (730 days) ▶ 3 years (1,095 days) ▶ 5 years (1,825 days) 	
Inflation protection options	Choice of: <p>Automatic compound inflation option 3% compounded annually</p> <ul style="list-style-type: none"> ▶ On each anniversary date of your original effective date (or the effective date you change to this option), your DBA and the remaining portion of your maximum lifetime benefit (MLB) will automatically increase at a rate of 3%. <p style="text-align: center;"><i>or</i></p> <p>Future purchase option</p> <ul style="list-style-type: none"> ▶ Every two years, benefits increase with a corresponding increase in premium. The increase in benefits is based on the change in the U.S. Department of Labor's Consumer Price Index for All Urban Consumers. You may decline the increase a maximum of three times before you stop receiving offers. 	
Stay-at-home benefit	The stay-at-home benefit is payable up to 30 times the DBA. Stay-at-home services include: <ul style="list-style-type: none"> ▶ caregiver training payable up to seven times the DBA ▶ care planning visits ▶ home modifications ▶ emergency medical response system ▶ durable medical equipment ▶ home safety checks The stay-at-home benefit can be used at any time while you are meeting the benefit eligibility requirements, including during the waiting period. Any benefits paid under this provision will not reduce your MLB.	
Care coordination services	Our care coordinators are registered nurses experienced in long term care. Your care coordinator can: <ul style="list-style-type: none"> ▶ help you find care providers in your area ▶ share the results of state survey reports about service availability, quality, costs, and licensing ▶ arrange for discounted services ▶ monitor the care you are receiving ▶ assist with changing your plan of care as your needs change 	

Benefits and Features Worksheet

	Federal Long Term Care Insurance Program 3.0	Policy 2*
Coverage		
Alternate plan of care	An alternate plan of care can be established if the care coordinator approves alternatives to the current plan that are both appropriate for your care and cost-effective. It may provide benefits for services or treatment not otherwise covered under the plan. Benefits paid reduce the MLB.	
Bed reservations	Up to 60 days per calendar year	
Hospice care	Care in a hospice facility or at home covered up to 100% of your DBA No waiting period requirement	
Respite care	<ul style="list-style-type: none"> ▶ Respite care in a nursing home, assisted living facility, or hospice facility ▶ Respite care by a formal or informal caregiver at home ▶ Respite care at an adult day care center Covered up to 30 times the DBA per calendar year No waiting period requirement	
Waiting period	90 calendar days, no incurred expenses required during that time Only needs to be met once during your lifetime	
Benefit triggers	Dependencies in two or more of the six activities of daily living, including standby or hands-on assistance with bathing, continence, dressing, eating, toileting, and transferring due to a loss of functional capacity that is expected to continue for at least 90 days or separate cognitive impairment trigger.	
Waiver of premium	You will not have to pay your premium if you are eligible for benefits and have satisfied the waiting period requirement. We will also waive your premium if you are eligible for benefits and receiving hospice care.	
Refund of premium death benefit	If your FLTCIP coverage is in force on your date of death, a refund of premium death benefit may be payable. Other rules and restrictions may apply.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Independent third-party claims appeal	Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
Nonforfeiture feature	A contingent nonforfeiture feature that 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.	
Portability	Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
Guaranteed renewable	Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No

Benefits and Features Worksheet

	Federal Long Term Care Insurance Program 3.0	Policy 2*
Coverage		
International benefits	We will pay benefits for covered services you receive outside the United States . When you receive such services, we will pay benefits up to the benefit amounts shown on your schedule of benefits for those covered services.	
Benefits payable for preexisting conditions	Once you are enrolled and you become eligible for benefits, benefits are payable even if the need for services results from a preexisting condition. There are, however, requirements about when a preexisting condition must be disclosed during the application process.	
Payment options	<ul style="list-style-type: none"> ▶ Payroll or annuity/pension deduction ▶ Automatic bank withdrawal ▶ Direct bill 	
Premium guarantee	Premiums are not guaranteed. Your premium will not change because you get older or your health changes or for any other reason related solely to you. We may only increase your premium if you are among a group of enrollees whose premium is determined to be inadequate. While the group policy is in effect, OPM must approve the change.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Premium stabilization feature	This feature is designed to reduce the potential need for future premium increases. Under certain conditions, this amount may be used to offset your future premium payments or provide a refund of premium death benefit.	
Premium offset	As part of the premium stabilization feature (PSF), if you have been enrolled in FLTCIP 3.0 for 10 years, you may be eligible to use your PSF amount to offset 50% of your monthly FLTCIP 3.0 premium going forward. Other rules and restrictions may apply.	
Tax-qualified	Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
Spousal benefits	A spousal discount is built into the group rates to benefit all enrollees; however, the FLTCIP does not offer a shared care benefit or separate discount for spouses.	<input type="checkbox"/> Yes <input type="checkbox"/> No
No war exclusion	Coverage under the FLTCIP does not have a war exclusion. As a result, benefits may be payable for conditions due to war or acts of war, declared or undeclared, or service in the armed forces or auxiliary units. There is also no catastrophic coverage limitation.	

* Other companies' policies may have features not included on this worksheet or use different names for their features.

Glossary

The definitions contained in this glossary are intended to assist you in understanding some of the terminology used in this information kit and online. If a defined term differs from the one used in your *FLTCIP 3.0 Benefit Booklet*, the definition in the benefit booklet supersedes.

abbreviated underwriting: when the long term care insurance application asks fewer health-related questions designed to determine who may be immediately eligible for benefits or eligible for benefits within a short period of time. In the FLTCIP, the following groups are eligible for abbreviated underwriting:

- ▶ new and newly eligible employees and their spouses applying within 60 days of their hire or eligibility date
- ▶ new spouses of eligible employees applying within 60 days of their marriage

Certain conditions, or combinations of conditions, will prevent some people from being approved for coverage.

activities of daily living (ADLs): the basic activities of caring for oneself, such as bathing, continence, dressing, eating, toileting (using the bathroom), and transferring (moving back and forth from a bed to a chair). Insurance companies use the inability to perform a specified number of ADLs to help determine eligibility for long term care benefits. The FLTCIP uses the inability to perform at least two of the ADLs listed above. See a complete definition for each ADL within this glossary.

acute care: care provided by a doctor or other health care professional designed to treat or cure an illness, wound, or condition. Long term care is not acute care.

adult day care: a program of activities and services provided to individuals in need of long term care. It is a helpful option for individuals living at home whose family caregivers work and who require someone to be with them throughout the day.

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.

Alzheimer's disease: a progressive neurological disease that affects brain functions, including short term memory loss, inability to reason, the deterioration of language, and the inability to care for oneself.

assisted living facility: a licensed residential facility under the jurisdiction in which it is located that provides room, board, and 24-hour personal care to individuals with long term care needs. It is an important care option for individuals who are not able to manage at home but do not need the level of skilled care provided in a nursing home.

automatic compound inflation option: an inflation protection feature where benefits increase by a fixed percentage each year. Premiums do not increase annually as a result. (However, premiums are not guaranteed.) Under the FLTCIP, on each anniversary of the enrollee's original effective date (or of the date the enrollee switches to the option), the daily benefit amount and the remaining portion of the maximum lifetime benefit will automatically increase at a rate of 3% compounded annually.

bathing: an activity of daily living—getting into and out of a tub or shower; and washing one's body in a tub, shower, or by sponge bath; and washing one's hair in a tub, shower, or sink.

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. The FLTCIP bed reservation benefit covers up to 60 days per calendar year.

benefits: payment an insurance company makes for a service covered under an insurance plan.

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 full daily benefit amount (DBA). If the reimbursement is less than the DBA, the insurance will last longer than the benefit period. The benefit period is used together with the DBA to calculate the maximum lifetime benefit.

care coordination: services such as information, advice, and arranging of long term care by a professional care coordinator. In the FLTCIP, care coordination services are provided by registered nurses or licensed social workers and are available to enrollees and their qualified relatives.

caregiver training: training given to an informal provider who has not received formal training or has no experience providing this type of care.

chronic care: care provided to help maintain daily function. There is no expectation that the care recipient will improve or recover. Long term care is chronic care.

community-based services: local services (such as home-delivered meals and adult day care) that allow a person to remain independent and in their own home.

continence: an activity of daily living—maintaining control of bowel and bladder function; or when unable to maintain control of bowel or bladder function, performing associated personal hygiene (including caring for catheter or colostomy bag).

contingent nonforfeiture: a FLTCIP feature that 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.

custodial care: services aimed at maintaining health and/or preventing deterioration in functional status provided on an extended basis. Long term care includes custodial care.

daily benefit amount: this is the maximum amount long term care insurance will pay for a single day of long term care services. The FLTCIP offers daily benefit amounts from \$100 to \$450 in \$50 increments.

dressings: an activity of daily living—putting on and taking off any necessary item of clothing (including undergarments) and any necessary braces, fasteners, or artificial limbs.

eating: an activity of daily living—feeding yourself by getting food into your mouth from a container (such as a plate or cup), including use of utensils when appropriate (such as a spoon or fork); or when unable to feed yourself from a container, feeding yourself by a feeding tube or intravenously.

elimination period (deductible): see waiting period.

exclusions: specific conditions or circumstances for which the insurance will not provide benefits.

family members: means spouse, domestic partner, child (natural, step-, or adopted), son-in-law, daughter-in-law, parent, sibling, in-law, or grandchild for purposes of determining whether benefits are payable for formal and informal caregivers.

FLTCIP 3.0: the Federal Long Term Care Insurance Program's long term care insurance plan introduced in 2019.

formal care: care that is provided by a home health care aide or homemaker arranged or supervised by a home care agency or care that is provided by a nurse or therapist.

free look: a provision that allows the insured to return a policy to the company within 30 days of issue for a full refund.

full underwriting: when applicants will have to answer numerous health-related questions designed to determine who may be immediately eligible for benefits or eligible for benefits within a short period of time. It may also include a review of medical records and/or an interview with a nurse. This is the type of underwriting that applicants would undergo if they applied for an individual policy in the private market. FLTCIP applicants undergo full underwriting with the exception of the following groups:

- ▶ new and newly eligible employees and their spouses applying within 60 days of their hire or eligibility date
- ▶ new spouses of eligible employees applying within 60 days of their marriage

Certain conditions, or combinations of conditions, will prevent some people from being approved for coverage.

future purchase option: an inflation protection feature that allows the insured to periodically purchase additional coverage without proof of good health. Under the FLTCIP, every two years we will increase your daily benefit amount and the remaining portion of your maximum lifetime benefit based on the change in the U.S. Department of Labor's Consumer Price Index for All Urban Consumers, All Items (CPI-U). Your premium will also increase unless you decline the offer. If you decline three offers, you must provide evidence of your good health to resume receiving increases again.

guaranteed renewable: a feature of tax-qualified long term care insurance plans, including the FLTCIP, whereby an insurance company cannot cancel or fail to renew coverage because of a change in a person's health or age. As long as premiums are paid and benefits have not been exhausted, coverage will continue. When a plan is guaranteed renewable, premiums may be changed for a class or classes of enrollees only.

Health Insurance Portability and Accountability Act (HIPAA): a 1996 Federal law that specifies conditions under which certain long term care insurance policies qualify for Federal tax advantages.

Glossary

home care: services provided at home that may include nursing care; occupational, physical, respiratory, and speech therapy; personal care; and homemaker services.

homemaker services: household chores and additional incidental support services (e.g., meal preparation) performed for someone unable to do them on their own.

hospice care: services provided by hospice for the care or management of a terminal illness.

inflation protection: a feature or option that increases the value of benefits over time to keep pace with increasing costs of care.

informal care: care provided by an unlicensed caregiver whose services are not arranged and supervised by a home care agency.

intermediate care: occasional or part-time skilled care.

international benefits: benefits for covered services received outside the United States.

licensed health care practitioner: a physician, registered professional nurse, or licensed social worker.

long term care: personal care and other related services provided on an extended basis to people who need help with activities of daily living or who need supervision due to a severe cognitive impairment. It can be provided at home or in an adult day care center, assisted living facility, or nursing home.

maximum lifetime benefit: this is the maximum amount of benefits that FLTCIP coverage could pay. The maximum lifetime benefit (MLB) can also be referred to as a pool of money. The MLB is calculated by multiplying the daily benefit amount by the number of days in the benefit period. Your MLB is not reduced by any amount paid under the stay-at-home benefit.

Medicaid: the joint federal-state program that pays for health care services for individuals who meet their state's income and asset guidelines.

medical underwriting: the process of reviewing an individual's health status to determine eligibility for coverage under a long term care insurance plan.

Medicare: a federal health care program for most adults age 65 and older and certain disabled individuals. It pays for long term care under limited circumstances and for limited periods of time.

nonforfeiture: a feature that provides paid-up long term care insurance coverage for a shortened benefit period if coverage lapses. Contingent nonforfeiture is one type of nonforfeiture benefit and the type that is included in the FLTCIP.

nursing home: a licensed facility under the laws of the jurisdiction in which it is located that provides access to 24-hour-a-day nursing care and maintenance or personal care by a trained or certified staff member under nurse supervision. Nursing homes also provide medical care, therapy, and other health related services.

plan of care: a written plan prescribed by a licensed health care practitioner that identifies ways of meeting the insured's need for qualified long term care services and specifies the type, frequency, and providers of all the services required. The plan of care is subject to change as the insured's condition and service requirements change. No more than one plan of care may be in effect at a time.

portable coverage: even if the insured is no longer a member of an eligible group, once the insured has FLTCIP coverage, he or she can keep it as long as the required premium has been paid and the maximum lifetime benefit has not been exhausted.

preexisting condition: an illness or disability for which the insured was diagnosed, treated, or advised within a stated time period before applying for a long term care insurance policy. Under the FLTCIP, once a person is insured, benefits are not denied for a preexisting condition provided that the condition was not misrepresented during the process of applying for insurance.

premium: the money paid to an insurance company for coverage.

premium stabilization feature: an adjustable amount that is calculated as a percentage of premiums paid under the FLTCIP 3.0 group policy. This feature is designed to reduce the potential need for future premium increases. Under certain conditions, this amount may be used to offset future premium payments or provide a refund of premium death benefit.

respite care: services by a substitute caregiver, from a few hours to a few days, to give time off to the regular caregiver.

severe cognitive impairment: a deterioration or loss in intellectual capacity that results in impairment of some or all of the following: short and long term memory; orientation to people, place, and time; deductive and abstract reasoning (including judgment).

skilled care: care provided by a medical professional.

spend down: depletion of income and assets to meet eligibility requirements for Medicaid.

substantial assistance: hands-on or standby help required to perform activities of daily living.

substantial supervision: ongoing, uninterrupted monitoring of a cognitively impaired person by another person (which may include cueing by verbal prompting, gesture, or other demonstrations) to protect an individual from threats to their health and safety.

tax-qualified: conforming to federal standards that enable the enrollee in a long term care insurance plan to receive Federal tax advantages. The FLTCIP is designed to be a tax-qualified plan.

toileting: an activity of daily living—getting to and from the toilet; and getting on and off the toilet; and performing associated personal hygiene.

transferring: an activity of daily living—getting into and out of a bed, chair, or wheelchair.

United States: the United States of America and its territories and possessions.

waiting period: the time between becoming eligible for benefits and when long term care insurance actually begins paying benefits. Sometimes known as an elimination period or a deductible, it helps keep premiums affordable. The longer the waiting period, the lower the premiums. The waiting period can be measured in calendar days or days of service. FLTCIP 3.0 offers a 90-calendar day waiting period.

waiver of premium: a provision of long term care insurance plans, including the FLTCIP, that allows the insured to stop paying premiums if they are eligible for benefits and have satisfied the waiting period.



The **Federal** Long Term Care Insurance Program™

The Federal Long Term Care Insurance Program is sponsored by the U.S. Office of Personnel Management, insured by John Hancock Life & Health Insurance Company, and administered by Long Term Care Partners, LLC.

John Hancock



OPM.GOV