

Welfare Fund Announces New Long-Term Care Program

Over half of our entire membership will require some form of long-term care over the course of their lifetime. It may be required by injury or illness, or it may simply be due to growing old. Long-term care includes the commonly perceived institutionalization, e.g. in a skilled nursing facility. It also includes assisted living, adult day care, home care and other alternative treatment modes. Typical qualification for long-term care reviews deficiencies in “activities of daily living” such as feeding, dressing, toilet, bathing, etc. or loss of cognitive skills. Insurance coverage is in terms of the maximum amount reimbursable per day, for what type of services and over what period of time, as well as other special features. Medicare coverage for long-term care is extremely limited and Medicaid coverage usually requires a spend-down of assets.

The PSC CUNY Welfare Fund was a pioneer in making this type of coverage available nearly two decades ago. Since that time, the field of long-term care has broadened and so has the insurance product associated with it. The Welfare Fund, with the assistance of a special committee comprised of Fund and Union staff, PSC retirees and our benefit consultants worked over the past year with the John Hancock Company to design a new program to better fit the current health care landscape and particular the needs of the our membership.

What’s New

- ❖ Wider scope of employees covered
- ❖ Easier to Qualify
- ❖ Longer Coverage
- ❖ More Flexible Benefits i.e., alternate forms of care
- ❖ Better protections against less of coverage

The Program roll-out

The new insurance will be made available in two phases beginning Fall, 2007.

Phase 1: An announcement will be mailed to all members who are *not* currently enrolled in the Welfare Fund’s Long-Term Care program under John Hancock, announcing the opportunity to enroll in the new program. Active full-time employees (including adjuncts in their third consecutive semester and teaching 6 or more credit hours) who are under 70 at the

end of the year will be able to enroll without question of medical qualification. All others who are notified may be required to provide evidence in order to obtain a policy.

Phase 2: In the Spring of 2008, all people who currently have a policy with John Hancock will receive a mailing explaining that they may stay with their present coverage or elect the new program. Premiums will be calculated for the new program – on an individual basis – as a function of premiums already paid in.

The Welfare Fund's Involvement

The program is still fully participatory (self-paid premiums) and represents the optimum mix of coverage and price that could be negotiated. Premium payments are generally deducted from payroll or pension checks and forwarded to the insurance carrier. The Welfare Fund is cost-neutral in the equation, neither funding the benefit, nor receiving any subsidy or commission from the carrier. The Fund does provide resources to develop and monitor the program as well as provide informational and advocacy support to participants.

Why you should act now

Once a person elects coverage, there is a rate set which does not increase over the years (unless coverage is voluntarily increased). That rate is determined by age at enrollment. Since it – not surprisingly – increases with age, each year's delay adds to the premium, when and if selected.

More importantly, there is a one-time-only arrangement made with John Hancock that no medical evidence of insurability will be required for active full-time employees under 70 years of age – either within 60 days of initial hire or during this initial offering from October 15, 2007 through November 30, 2007. This is called “guaranteed issue” and it means the same coverage at the same premium (based on age and the benefit level chosen) will be offered to all applicants without consideration of past or current medical condition.

This does not mean that others –outside of F/T active employees under 70 – will be denied coverage. It only means only that the insurance company is entitled to evaluate “insurability”. Current employees who fit the guaranteed issue criteria will only have the opportunity to enroll during this one-time initial period -October/November 2007

Why this program has special value

In addition to providing indemnification against costs of future care, this John Hancock program has special appeal to our population:

Wide Scope of Covered Persons: This is the only program to our knowledge that affords qualified adjuncts the benefit of guaranteed issue.

Care Management : Specially-trained professionals on the John Hancock team evaluate and coordinate care when and if it becomes necessary. The company prides itself on this coordination and patient quality care monitoring.

Tax Qualification : This program (as well as certain other carriers) qualifies for special tax treatment. There is every likelihood [after you consult with your tax adviser, of course] that premium costs will be tax-deductible on Federal returns and, for New York State tax filers, premium costs may directly reduce gross adjusted income.

Return of Premium on Death For those who die prior to age 75, it also serves as a minor but substantive form of life insurance. If death is before age 65 will have 100% of their paid-in premium (net of benefit payments, if any) returned to their estate. For each year until age 75, that 100% is reduced by 10% and after 75, the benefit disappears.

We all know this is a very easy decision to delay. We urge you to think about it now. Talk to family friends and colleagues. Visit the good websites, for example, longtermcare.gov and longtermcarelink.net. Also, check the Welfare Fund's website at psccunywf.org for further information and links to John Hancock and other resources. Attend a presentation on your campus this fall.