

Long Term Care Insurance Benefit

Background Information on Resolution of November 19, 2008

1. Using the Faculty Staff Benefits Committee as a representative sample of UNM employees, (when in fact the FSBC members are, as a result of their attendance at committee meetings, likely more informed about benefits than the average UNM employee), the following can be inferred:

- **Most UNM employees are not aware that they have Long Term Care Insurance coverage,**
- Most UNM employees are not aware of the benefits specific to Long Term Care Insurance coverage,
- **Most UNM employees do not fully understand the differences between Long Term Care Insurance and Long Term Disability Insurance,**
- **Most UNM employees are not aware of the cost savings made available to them upon retirement by having been automatically enrolled in a basic LTC insurance plan at a younger age.**

2. **The current Long Term Care Insurance benefit for faculty and staff at UNM (UBPPM 3600), includes** the following:

- UNM pays 100% of the premium for a Long Term Care (LTC) Insurance basic plan for all full-time employees employed for one (1) year,
 - Under the current basic plan for Long Term Care Insurance, basic coverage is guaranteed,
 - All full-time employees employed for one (1) year are automatically enrolled in the basic plan without needing to complete additional paperwork or go through medical underwriting qualifications,
 - Long term care insurance covers some or all of the costs of custodial care of an individual who is no longer capable of caring for him/herself,
 - Custodial care in a residential facility or private home is not covered by either health insurance or Medicare, and
 - Eligible faculty and staff employees retiring from the University may continue their long-term care insurance by taking over premium payments.
3. **Definition of Long Term Care Insurance** (from information distributed by the UNM Human Resources Department),
- Long Term Care is the assistance received when someone needs help with two or more Activities of Daily Living—such as dressing,

bathing, going to the bathroom, eating or moving about—OR
when someone suffers a severe cognitive impairment,

- Long Term Care can be provided in the home, in an assisted living or residential care facility, or in a skilled nursing facility, such as a nursing home,
- Long Term Care Insurance provides the covered individual with a choice of how and where care is received,
- Long Term Care Insurance helps the covered individual stay at home for as long as possible and have the flexibility to choose the care options that work best for the insured and his/her family,
- The national average for long term care is close to \$70,000 per year, and costs are expected to double by the year 2025,
- Health insurance doesn't cover most expenses related to long term care,
- Medicare provides only limited financial support for long term care,
- Medicaid covers approximately half of the nation's nursing home expenses, but an individual must first deplete the vast majority of his/her assets to qualify, and covered care is restricted to nursing homes,
- Long Term Care Insurance can help preserve independence and financial security, and

4. **Accessing LTC Insurance coverage at a more advanced age increases the cost dramatically;** according to the monthly rate schedule for UNM employees,
 - Rates for Long Term Care Insurance are ten times more expensive for a person who enrolls at age 70 than for a person who enrolls at age 30, regardless of his/her current age,
 - Rates for Long Term Care Insurance are thirty times more expensive for a person who enrolls at age 80 than for a person who enrolls at age 30, regardless of his/her current age, and
5. **Information about this existing UNM employee benefit is not available on HR's website.**
6. The UNM Human Resources Department has expressed concern to the Faculty Staff Benefits committee about the expense of paying for basic Long Term Care Insurance coverage for eligible active employees (full-time employees employed for at least one year).
7. Covering every eligible full-time faculty and staff member costs UNM less than \$700,000 per year.
8. **The Human Resources Department is moving rapidly to issue a Request for Proposals for future LTC Insurance coverage, and they are considering discontinuing key aspects of this employee benefit**

(including premium coverage by UNM and automatic enrollment in the plan).

9. Although UNM retirees must take over their LTC premium payments upon retirement, they benefit greatly from both
 - a. the large pool of insured created by the current benefit, which keeps premiums low, and from
 - b. automatic enrollment in guaranteed coverage at a younger age, this age determining their premium payments even after retirement.

10. Although usage of this benefit is relatively low by active UNM employees, the large pool of insured keeps retiree premiums low just as they enter the stages of life during which they are most likely to need such coverage.

11. Pertinent information which should be included in any cost-benefit analysis is unknown by the UNM Human Resources Department,

including

- Whether increased education of UNM employees about Long Term Care Insurance would increase its usage and value to UNM employees,
- The benefit amounts paid out to UNM retirees over a significant period of time (as the overall population ages, UNM retirees could

reasonably be expected to reap the benefits of LTC insurance at a rate higher than their younger, active-employee counterparts),

- The cost savings to UNM retirees over a significant period of time, based on their lower premium payments triggered by being enrolled at a younger age and by the large pool of automatically ensured employees,
- The percentage of eligible employees who would complete the extra paperwork and pay the extra expense to enroll in a basic LTC insurance plan which is now automatically provided for them,
- The size of the insured pool which would result, as compared with the current insured pool size (it is reasonable to assume that this new pool size would be significantly smaller),
- The amount by which individuals' premiums for a basic LTC plan would rise based on a smaller pool size,
- The amount by which premiums for more comprehensive LTC plans would rise based on a smaller basic-plan pool size,
- The amount by which LTC coverage for family members would rise based on a smaller basic-plan pool size, and
- The amount by which retiree LTC premiums would rise based on a smaller active-employee basic-plan pool size.

12. The timeliness of this resolution is important. The Faculty Staff Benefits

Committee voted unanimously to approve the resolution on 11-13-

08. The UNM Staff Council was presented with a similar resolution on 11-18-08 and voted to approve the resolution in that meeting. Support from the Faculty Senate at this point in time is critical.

Resolution on Long Term Care (LTC) Insurance
UNM Faculty Senate
November 19, 2008

1. WHEREAS, the UNM Faculty Senate, as a representative body of the larger faculty population, values the benefits currently offered by the University, and
2. WHEREAS, according to UBPPM 3600,
 - The benefit of Long Term Care Insurance currently includes the following:
 - a. automatic enrollment of all full-time employees employed for one (1) year (both faculty and staff, no additional paperwork required),
 - b. guaranteed basic coverage (no medical underwriting required),
 - c. coverage of basic plan premiums by UNM, and
3. WHEREAS, according to Long Term Care Insurance information distributed by the UNM Human Resources Department,
 - Long Term Care Insurance provides the covered individual with a choice of how and where care is received, and can be provided in the home, in an assisted living or residential care facility, or in a skilled nursing facility,
 - The national average for long term care is close to \$70,000 per year, and costs are expected to double by the year 2025,

- Health insurance, Medicare, and Medicaid do not cover most expenses related to long term care, and
4. WHEREAS, according to the Benefits Survey conducted by the UNM Human Resources Department and presented at the October 8, 2008 HR Symposium, medical and health-related benefits repeatedly rank as the most important benefits to UNM faculty and staff members (based on 1,481 responses), and
 5. WHEREAS, accessing LTC Insurance coverage at a more advanced age increases the cost dramatically, and
 6. WHEREAS, UNM's continuing to automatically enroll all full-time employees employed for 1 year and continuing to cover 100% of the premium for a Long Term Care Insurance basic plan
 - guarantees a large pool of insured, the size of which directly affects premium payments (including basic plan premiums, more comprehensive "buy up" coverage premiums, family member premiums, and retiree premiums),
 - provides an indirect but perhaps even more important benefit, in that premium rates paid by UNM retirees are determined by the age at which they were initially enrolled in coverage, not by the age at which they retire,
 - would continue an existing benefit to UNM employees, and

7. WHEREAS, the UNM Human Resources Department is considering discontinuing UNM's coverage of eligible employees' premiums for basic Long Term Care Insurance, requiring employees to elect coverage for themselves, enroll themselves in the coverage, and pay their basic plan premiums out of pocket, and
8. WHEREAS, discontinuing UNM's coverage of basic plan premium payments and automatic enrollment of eligible employees would set a precedent of reducing faculty and staff benefits already in place, and
9. WHEREAS, the UNM Human Resources Department has no information about the existing Long Term Care Insurance benefit on its web page (<http://hr.unm.edu/>),
10. NOW THEREFORE, be it resolved that the UNM Faculty Senate formally requests that UNM continue the existing benefit to its eligible employees of providing basic Long Term Care Insurance coverage through automatic enrollment, and
11. BE IT FURTHER RESOLVED that any Request for Proposals regarding Long Term Care Insurance include
 - automatic enrollment of eligible employees
 - basic-plan premium coverage by UNM
 - at a minimum, the current level of basic plan benefits(guaranteed coverage, 3 years benefit duration, \$2,000 monthly

benefit amount, Long Term Care Facility Coverage, Non Forfeiture, and Professional Home Care), and

12. BE IT FURTHER RESOLVED that the UNM Human Resources Department will promptly post comprehensive information about Long Term Care Insurance coverage on its web site, and
13. BE IT FURTHER RESOLVED that the UNM Human Resources Department and the UNM Faculty Senate will take concrete steps to address the knowledge gap about Long Term Care Insurance in the UNM employee population.
14. Copies of this Resolution shall be sent to UNM President David Schmidly, President of the UNM Staff Council Loyola Chastain, Human Resources Vice President Helen Gonzales, and The UNM Board of Regents office.