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Large Employers Enjoying the Advantage of Group Long-Term Care

by Nancy Boari



Long-Term Care (LTC) Insurance is becoming a popular employee benefit in both small and large companies. As a long-term care specialist, I am experiencing such an advantage for the group LTC product in industries such as law firms, CPA firms, architectural companies, universities and corporate offices that have 1,000-plus employees. The advantages with the group LTC policies are unlike any other employee benefits employers can offer.

First, let's start by defining LTC insurance. Bottom line, LTC insurances are dollars specifically designated in a policy to pay for caregiving during a chronic medical diagnosis. Chronic conditions such as closed head injury, spinal cord injuries due to auto and athletic accidents, and medical conditions such as diabetes, Alzheimer's Disease, dementia, and stroke may result in the need for caregiving. The plans today offer caregiving in the home, assisted living, nursing home and adult day care.

Now let's discuss the differences between group LTC and the individual multi-life discount product. True-group LTC is a master

policy that is priced based on volume of employees, specific underwriting of the entire group with appropriate expense savings discount. A range of benefits are sometimes limited unnecessarily by the insurer. Understand there are no real reasons to limit the benefit structure between these two group methods.

The individual multi-life discount product would often (not always) require full underwriting and is priced accordingly. You will often see the individual multi-life product as an "executive carve-out" offering with the group product as a voluntary benefit for all other employees.

Employers offering group benefits have the flexibility of structuring the benefit options to best fit the employee and his or her family. Premiums are based on the issue age of the applicant. Additionally, this employee benefit is totally portable, meaning the employee takes the policy with them when they leave employment, with no change of the premium rate as they leave that employer. The group plans have a unique feature that the individual policies just can't provide; the coverage is guaranteed issue during open enrollment, one time only. Regardless of medical condition, employees can get coverage that might otherwise not be available to them. Another value the group plans offer is the group discount extension to other family members for coverage; employees, mothers, fathers, in-laws, grandparents and siblings are all eligible for the same set of premium rates but which includes the group discount. This is a true family benefit employers can offer that will last a lifetime.

With all the discussion around employee benefits and the cost of healthcare, the opportunity to be creative in ways of structuring this benefit is one of the most attractive features of this type of policy. Employers can elect to pay a portion of the premium with the employee adding out-of-pocket dollars for additional

options. Employers can also pay the premium for a certain class of employees as a “carve out,” then make it a voluntary benefit for everyone else. Lastly, the employer can make this a completely voluntary option allowing employees to choose to payroll-deduct the premium. My experience with the large companies is they typically choose a fully voluntary benefit for all employees.

As a broker working with the Group LTC insurance companies, a significant advantage is the enrollment support they provide. Worksite education, online enrollment and personalized internal marketing to the employees prior to enrollment all have tremendous value to the success of the program. I now have a team approach to work with my clients that solidifies my credibility and provides an opportunity to offer other benefits my client may want to implement.

Baby Boomers are facing caregiving concerns with their Moms and Dads, and they are realizing the exorbitant cost of care. Boomers are also expecting that at some point they too will need support. LTC insurance is just one option to preserve retirement plans. Large employers offering group LTC are looked at favorably from their employees.

Remember, discussing group LTC is a door opener for brokers and will increase sales in many different product lines.

Employers are going to continue to look for progressive, value-added, cost-effective benefits for their employees. Suggesting group LTC insurance is a sure way to help the employees and their families stay financially secure during a time in their life that caregiving often comes unexpectedly. As a broker, be proactive, open the conversation and bring a group product representative in to help solidify the need for this timely family financial peace of mind. ✱

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