Long-Term Care Plans

Division of Retirement and Benefits

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Presentation Date: 05/19/2021

RPEA Southcentral Chapter Meeting

AlaskaCare Long-Term Care Contracting Update

The Division Published the Notice of Intent to Award the Long-Term Care contract

- DRB issued public Notice of Intent to Award the Long-Term Care Plans Administrator contract for retiree long-term care plans to CHCS Services, Inc. on Friday, April 30, 2021.
- This contract was competitively bid through a Request for Proposals (RFP) issued on March 5, 2021.
- The new CHCS contract will take effect July 1, 2021.
- The contract is for an initial three-year term.
- The terms of the plans are not changing, and members will continue to receive the same benefits they do today.
- Because the vendor is remaining the same, members should experience a seamless transition from one contract term to the next

New Long-Term Care Features Coming

CHCS to offer the following service improvements in near future:

- Creation and implementation of an enhanced online member portal to ease member's access to critical documents, correspondence, and other information.
- Broadened capacity to accept claims submitted electronically via secure email.
- Ability to issue reimbursements to members via Electronic Fund Transfers (EFT).

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AlaskaCare Long-Term Care Plans

The AlaskaCare long-term care plans are administered according to the plan booklets.

In the event that any information provided in this presentation conflicts with either the Bronze or Silver, Gold and Platinum State of Alaska Long-Term Care booklets, the booklets control.

AlaskaCare Long-Term Care Booklets

- Bronze Plan - This option is only available to benefit recipients who retired prior to February 1, 2000.

- Silver, Gold & Platinum plans - These options are available only to benefit recipients who retire after December 31, 1999, or those who applied for and were approved for coverage during the enrollment period in 2000.

Electing Coverage

- You must have elected long-term care coverage for you and your eligible spouse before appointment to your first benefit from any retirement system.
- To meet this deadline, your Retiree Health Benefits Enrollment/Waiver form must had have been postmarked or received the Division prior to your retirement.
- If you did not elect coverage at retirement, you irrevocably waived your right to elect long-term care coverage at a later date.
  - New benefit recipients who elect coverage due to appointment to survivor/death benefits may be covered on the date of their appointment - assuming premiums are paid.

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Coverage for New Spouses

- If you choose coverage for yourself only because you are not married when you retire or if you remarry following a divorce or death of your spouse, you may request to cover your new spouse under the Silver, Gold, or Platinum Option but not under the Bronze Option (it was closed to new enrollment in 2000).
- Your request must be postmarked or received by the Division within 120 days after your marriage.
- Your new spouse will be required to provide information on his or her health and will be subject to approval or denial by the claims administrator (underwriting). If your spouse's coverage is approved, he or she will be covered on the first of the month following the approval, assuming the premium is paid.

What is Long-Term Care?

- Long-term care involves a variety of services designed to meet a person's personal care needs. These services help people live as independently and safely as possible when they can no longer perform everyday activities on their own.
- The most common type of long-term care is personal care—help with everyday activities, also called "activities of daily living." Examples of these activities include bathing, dressing, using the toilet and eating.
- These activities are considered “custodial” in nature. An example of the type of assistance that may be needed by someone using their long-term care benefits is getting out of bed and into a chair.

Why Do People Buy Long-Term Care Plans?

- Medicare, the federal health insurance program primarily for adults 65 and over, pays doctor and hospital bills for “health care.” However, Medicare doesn’t cover everything.
- Custodial care expenses associated with activities of daily living are typically not covered by Medicare or the AlaskaCare Retiree Health Plan.
- The cost of custodial care for you or a loved one can be very expensive. This is where having a long-term care policy can help. Long-term care plans can help defray part of the costs of covered benefits.

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AlaskaCare Options for Assistance with Long-Term Care Expenses

- The State of Alaska is the plan administrator for voluntary Long-Term Care (LTC) Plans for eligible benefit recipients and their spouses. The options available provide various levels of lifetime maximum benefits.
- The Silver, Gold, and Platinum plans start at the same daily benefit level for covered expenses.
  - The Bronze plan benefits are lower than the Silver, Gold and Platinum plans.
    - Bronze & Silver – No inflation protection
    - Gold – Simple 5% interest accrues annually
    - Platinum – 5% compounded interest accrues annually
- CHCS Services, Inc. is the claims administrator.
  - You may contact them at (888) 287-7116 to ask questions, start the intake process or initiate a claim.
- CHCS has a portal available where members may view which plan they are in enrolled in, review plan documents, and obtain a claim submission packet. Members can also use the portal to view claims and receive messages from CHCS. https://www.yourcareassistant.com/alaska_landing.aspx

Long-Term Care Benefit Summary & Comparison

	Bronze Option	Silver Option	Gold Option	Platinum Option
Benefit Eligibility	Inability to perform 2 of 5 activities of daily living	Inability to perform 2 of 6 activities of daily living or severe cognitive impairment	Inability to perform 2 of 6 activities of daily living or severe cognitive impairment	Inability to perform 2 of 6 activities of daily living or severe cognitive impairment
Lifetime Maximum	$200,000 all services $50,000 home health care *(included in $200K lifetime max.)*	$400,000 all services	$300,000 all services to start	$300,000 all services to start
Inflation Protection	None	None	Simple at 5% of original benefit each year. Applies to all daily and lifetime maximums	Compound at 5% of prior year's benefit each year. Applies to all daily and lifetime maximums.
Deductible	90 days of covered long-term care	90 days of covered long-term care	90 days of covered long-term care	90 days of covered long-term care

This information is only intended to be a summary of coverages provided. Please refer to the booklet for additional information or exclusions.

Long-Term Care Benefit Summary & Comparison cont'd

	Bronze Option	Silver Option	Gold Option	Platinum Option
Nursing Care Facility Daily Benefit	$125 in Alaska $75 outside Alaska	$200	$200	$200
Assisted Living Facility Daily Benefit	Covered in lieu of other services if approved	$150	$150	$150
Home Health Care Daily Benefit	$75 in Alaska $40 outside Alaska	$125	$125	$125
Hospice Care Daily Benefit	Not covered	$125	$125	$125
Respite Care Daily Benefit	Not Covered	Up to $200, maximum of 14 days per calendar year	Up to $200, maximum of 14 days per calendar year	Up to $200, maximum of 14 days per calendar year

This information is only intended to be a summary of coverages provided. Please refer to the booklet for additional information or exclusions.

Accessing Long-Term Care Benefits

- To start the intake process, you or your representative should call the claims administrator's toll-free number and advise them that you think you need to use your long-term care benefits. CHCS Services, Inc. (888) 287-7116.
- You should identify yourself as an AlaskaCare retiree. Having your Retiree Identification Number (RIN) is helpful.
- If you are representing someone else, you will need to submit proper legal documents before the claims administrator (CHCS) or the Division of Retirement & Benefits will recognize your right to access sensitive information or make decisions.
- You should be ready to provide detailed information regarding your condition and the "Activities of Daily Living" (ADLs) that you think you need assistance with.

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Accessing Long-Term Care Benefits cont'd

- The claims administrator will need to schedule an "assessment" to help determine what ADLs you need assistance with. (During the COVID pandemic, a medical records review may be performed instead of an in-person assessment).
  - CHCS will schedule an appointment for someone to come to your home and meet with you to help assess what ADLs you need assistance with.
  - It is important to be candid regarding the type of assistance you need.

- The claims administrator will send you an intake package that both you and your doctor must fill out and return.
  - You typically have 30 days to complete the package and return it to CHCS. It's no problem if you need additional time – just call CHCS and let them know.

- If the claims administrator requires additional information, they may contact you, your representative, your physician or another person familiar with your condition. You may be required to provide access to your medical records.

How is the Benefit Administered?

- The patient's licensed healthcare practitioner must order the needed care.
- The Plan provides benefits for covered expenses for custodial care when it is received in connection with a "Covered Program of Care".
- The benefit amount is based on where services are received and the level of license the service provider/facility has.
  - For example: a facility licensed as an "Assisted Living Facility" will be reimbursed up to the daily benefit maximum for assisted living facilities.
- In order for benefits to be paid, the long-term care provider must submit documentation that services for at least two activities of daily living were provided per the "Covered Program of Care".

What is a Program of Care?

- A “Covered Program of Care” is a written program of care that one or more licensed healthcare practitioners prescribe for qualified long-term care services.

- Covered Programs of Care are considered continuous even if the covered member moves from one facility or level of care to another or changes healthcare practitioners.

- The Covered Program of Care must include one or more of the following services:
  - Registered nursing;
  - Licensed practical nursing;
  - Home health aides (provided through a home health care agency);
  - Physical therapy;
  - Occupational therapy; or
  - Speech therapy.

Activities of Daily Living (ADLs)

- To qualify for benefits, the Bronze plan requires that you are incapable of performing two of the following five Activities of Daily Living (ADLs):
  - Eating – your ability to feed yourself
  - Dressing – your ability to put on or take of your clothes, fasten buttons or zippers
  - Toileting – your ability to get safely to and from the toilet and perform basic personal hygiene
  - Transferring – your ability to move in and out of a bed or chair
  - Walking – your ability to walk without someone's assistance

- The Silver, Gold and Platinum plans require that you be incapable of performing two of the following six ADLs:
  - Eating – your ability to feed yourself
  - Dressing – your ability to put on or take of your clothes, fasten buttons or zippers
  - Toileting – your ability to get safely to and from the toilet and perform basic personal hygiene
  - Transferring – your ability to move in and out of a bed or chair
  - Continence – your ability to maintain control of bowel and bladder functions or if unable, the ability to perform associated personal hygiene (i.e., caring for a catheter or colostomy bag)
  - Bathing – your ability to wash yourself in a tub, shower or by sponge bath
- The Silver, Gold, and Platinum plans also provide benefits for cognitive impairment (which includes conditions such as Alzheimer's), which requires that you be supervised in order to perform the ADLs.
- Certification of medical necessity from a physician is required under all plans.

How Long-Term Care Benefits are Paid

- When Does the Benefit Period Start: A benefit period begins on the first day of a Covered Program of Care.
  - The claims administrator will process your intake package and approve a start date for your covered program of care.
- Deductible: The deductible are the LTC expenses incurred for the first 90-days of a covered program of care.
  - You must pay for the first 90 days of covered long-term care expenses before the plan begins to pay any benefits.
  - Only one deductible period applies during any one continuous benefit period.
  - A new deductible period will apply, if additional care starts or resumes more than 30-days (Bronze) or 90-days (Silver, Gold & Platinum) following the end of a previous benefit period.
- When Do Benefit Periods End: A benefit period ends either 30-days (Bronze) or 90-days (Silver, Gold, Platinum) after the Covered Program of Care is no longer necessary.
  - A Covered Program of Care is no longer necessary when the covered member no longer meets the benefit eligibility described in the appropriate booklet
- 100% Coinsurance: The Plan pays the daily plan benefit for the plan you purchased. (After you meet the deductible)
  - The plan does not pay more than the actual charges for the covered long-term care services.

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What Types of Facilities or Providers are Covered?

- The plans cover care provided by licensed nursing homes, assisted living facilities, home health care provided by a licensed home health care agency, and adult day care.
    - The Bronze Plan added coverage for assisted living facilities in 2012.
        - The Bronze plan daily benefit for assisted living facilities is the same rate as a licensed nursing home.

- The Silver, Gold and Platinum plans cover hospice and respite care.

Note: Only care provided in the United States is covered.
This includes most U.S. territories where Medicare coverage is available.

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What is Excluded Under the Long-Term Care Plan?

The plans do not cover long-term care required due to:

- Alcohol or drug addiction
- Acts of war, declared or undeclared
- Suicide, attempted suicide or intentionally self-inflicted injuries
- Mental or nervous disorders without demonstrative organic disease
- Confinement in a government institution unless required to pay
- Services provided when you are hospitalized
- Services provided by someone who lives with you, is a member of your family, or who does not normally charge for services
- Services covered by the retiree medical plan, Medicare or any law or government program, except Medicaid
- Services provided outside the United States
- Services because of past or present service in a government armed forces

Are There Exclusions for Pre-Existing Conditions?

- A pre-existing condition is any that was diagnosed or treated during the three months before coverage started.
- No benefits are payable for any Covered Program of Care that was begun prior to the effective date of your coverage.
- The long-term care plans exclude benefits related to a pre-existing condition during the first 12 months of coverage.
- If you have a pre-existing condition; but need care in the first 12 months of coverage due to something other than the pre-existing condition, covered benefits are available per the normal plan provisions in the appropriate plan booklet.

Filing Claims

- Claims must include documentation that services consistent with the approved “program of care”, which includes two ADLs, were provided.

- Members have the AlaskaCare appeal rights explained in the appropriate booklet if:
  - A claim is denied in whole or in part,
  - Benefits covered by the Plan have been denied; or,
  - The reimbursement is lower than the Plan provides (100% of the daily benefit or the actual charges – whichever is less).

Premiums

- Premiums are based on the plan you selected and your age at retirement.
  - The amount of the monthly premium may change due to a rate change on a class basis.

- If you elected coverage for your spouse, you pay a separate premium for your spouse.
  - Your spouse's premium was based on the plan you selected for them and their age when you retired.

- Premiums are subject to annual review. Long-term care premiums may be increased at any time if the assets in the long-term care fund are determined to be insufficient to pay the expected claim costs.

  Note: Premiums have not changed since the inception of the plan.

Bronze Premiums

Age at Enrollment	Premium
< 50	$16.10
50-54	$21.45
55-59	$26.80
60-64	$48.25
65-69	$80.45
70-74	$128.70
75-79	$193.05
80-84	$294.95
≥ 85	$412.90

http://doa.alaska.gov/drb/alaskaCare/retiree/information/ltcPremiums.html

Silver, Gold, and Platinum Premiums

Age at Enrollment	Silver Option	Gold Option	Platinum Option
≤ 40	$26	$76	$148
41	$27	$77	$150
42	$28	$78	$153
43	$30	$79	$155
44	$31	$81	$158
45	$33	$82	$161
46	$35	$84	$164
47	$37	$85	$167
48	$39	$89	$170
49	$41	$92	$172

Age at Enrollment	Silver Option	Gold Option	Platinum Option
50	$44	$96	$175
51	$46	$100	$177
52	$49	$103	$180
53	$52	$109	$184
54	$56	$114	$188
55	$60	$120	$192
56	$63	$126	$195
57	$67	$131	$199
58	$75	$143	$212
59	$84	$156	$225

Age at Enrollment	Silver Option	Gold Option	Platinum Option
60	$92	$168	$237
61	$100	$181	$250
62	$108	$193	$263
63	$123	$212	$281
64	$137	$231	$300
65	$151	$250	$319
66	$166	$269	$338
67	$180	$288	$357
68	$201	$313	$381
69	$222	$339	$404

http://doa.alaska.gov/drb/alaskaCare/retiree/information/ltcPremiums.html

Silver, Gold, and Platinum Premiums cont'd

Age at Enrollment	Silver Option	Gold Option	Platinum Option
70	$244	$364	$428
71	$265	$389	$451
72	$286	$414	$475
73	$314	$444	$502
74	$343	$474	$529
75	$371	$503	$556
76	$399	$533	$584
77	$427	$563	$611
78	$471	$609	$654
79	$515	$654	$698

Age at Enrollment	Silver Option	Gold Option	Platinum Option
80	$559	$700	$741
81	$603	$746	$784
82	$646	$791	$828
83	$731	$887	$923
84	$815	$982	$1018
≥ 85*	$900	$1078	$1113

**Inflation protection increases annually until the covered member reaches age 85.*

http://doa.alaska.gov/drb/alaskaCare/retiree/information/ltcPremiums.html

Cost of Services vs. Plan Reimbursements

- The purpose of a long-term care plan is to assist in paying for long-term care expenses for yourself or a loved one.

- The AlaskaCare long term care maximum reimbursements are based on the plan that you selected at retirement.
  - The benefit maximums do not increase with the cost of living or the cost of goods and services over time.
  - The benefit maximums are not impacted by the patient's needs or conditions.

- The plan reimbursements are independent from the prevailing cost of long-term care expenses.
  - Members should select the best value for their anticipated needs.
    - Maximum lifetime benefit
    - Maximum daily benefit
    - Considering the potential for increased benefits available from Gold or Platinum plans with simple or compound interest

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Inflation Protection

- The Bronze and Silver plans have no inflation protection.
- The Gold plan has 5% simple inflation protection.
- The Platinum plan has 5% compound inflation protection.
- Inflation protection is automatic and associated benefit maximums (both daily and lifetime) will be adjusted annually on the anniversary of your enrollment.
- Inflation protection stops at age 85. The lifetime and daily benefit amounts reached by that date are locked in for the life of the policy.

Inflation Protection - Example

Gold Option	Platinum Option
5% Simple	5% Compound

	Nursing Facility Daily Benefit		Lifetime Maximum Benefit	
Year	**Simple (Gold)**	**Compound (Platinum)**	**Simple (Gold)**	**Compound (Platinum)**
Start	$200	$200	$300,000	$300,000
5	$250	$255	$375,000	$382,884
10	$300	$326	$450,000	$488,668
15	$350	$416	$525,000	$623,678
20	$400	$531	$600,000	$795,989
25	$450	$677	$675,000	$1,015,906
30	$500	$711	$750,000	$1,296,583

Medicare and Medicaid

- Can I use Medicare to cover Long-Term Care expenses?
  - Medicare covers some costs but the coverage is limited and approved only for short term periods.
  - Neither Medicare nor the AlaskaCare Retiree ***Medical*** plan cover lengthy nursing home stays or home care services for personal care (custodial care) needs.

- Can I use Medicaid to cover Long-Term Care expenses?
  - Yes, but you must meet Medicaid's financial eligibility criteria which requires you to spend down your assets. Under Medicaid, your choice of where you receive care may also be limited.
    - We recommend that you seek assistance from a professional (i.e., lawyer or accountant) to help you develop a plan that's right for you.

Can I Change My Long-Term Coverage?

- You may decrease your coverage, from Platinum to Gold for example, or drop coverage for your spouse at any time.
  - The subscriber cannot drop their coverage AND keep their spouse's coverage.
- You may never increase the level of coverage you elected for you or your spouse at retirement or increase it back up again if you ever decrease you or your spouse's coverage.
- You may apply for coverage for a new spouse within 120 days of the date of marriage.
- A "survivor" may apply for long-term care coverage at the time survivorship is determined.

Tax Qualification

- This Plan is intended to be a qualified long-term care plan under section 7702(B) of the Internal Revenue Code of 1986 as amended. All terms and conditions for this Plan are intended to and shall be interpreted consistent with all legal requirements of a qualified long-term care plan as that term is defined by that IRS code section.

- This means that long-term care benefits paid to you by the AlaskaCare plans are not considered taxable income.

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Tax Qualification cont'd

- To maintain the tax-qualified status of benefits under IRS rules, members must complete an annual re-assessment.

- We understand that you or your loved one's condition may be permanent, and we understand that the annual assessment requirement may be inconvenient.

- Complying with IRS rules for an annual reassessment is the only way to avoid benefit payments becoming taxable income.
  - There is no way to stay on claim if an annual reassessment is not completed.

Resources

- AlaskaCare Long-Term Care Plan booklets are located on the Division of Retirement and Benefits webpage. http://doa.alaska.gov/drb/alaskaCare/
- CHCS Services, Inc. is the claims administrator.
  - You may contact them at (888) 287-7116.
- CHCS has a member internet portal where members may view which plan they are enrolled in, review plan benefits, and obtain a claim submission packet. Members can also use the portal to view claims and receive messages from CHCS. https://www.yourcareassistant.com/alaska_landing.aspx
- Please send questions to drbtownhall@alaska.gov