

**STATE OF WISCONSIN  
DEPARTMENT OF EMPLOYEE TRUST FUNDS  
801 West Badger Road  
Madison, WI 53702**

**CORRESPONDENCE MEMORANDUM**

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**DATE:** May 20, 2002

**TO:** Group Insurance Board

**FROM:** Steve Grob, Program Manager  
Optional Insurance Plans

**SUBJECT:** Long-Term Care Insurance - Status Update

This memo provides a brief update on enrollment levels, marketing activity and the status of the long-term care insurance program.

**Background**

In the early 1990's, Wis. Stats. § 40.55 and Wis. Adm. Code Chapter ETF 41 established a program to offer state employees and annuitants, their spouses and the parents of state employees long-term care insurance.

Currently, there are four insurers participating in the state long-term care insurance program. Of these, three are offering policies to new subscribers: Banker's United Life Assurance Company, Fortis, and John Hancock. As noted at the February meeting, American International Group (AIG) has existing policyholders, but as the result of a company policy decision, is no longer offering the Board approved policy to new participants.

**Discussion**

There were two significant changes last year that affected plan participation in the long-term care program. At its June 2001 meeting, the Board approved a new policy from a new insurer, Banker's United Life Assurance Company. This policy will be offered through the HealthChoice brokerage firm, which also offers the Fortis product. Coverage for this product became available January 1, 2002. The other significant change was that AIG ceased to offer new policies effective December 18, 2001.

In addition, the Fortis policy was replaced following the Office of the Commissioner of Insurance's approval of the new form. The Board approved this change at the November 2001 meeting.

Annually each participating insurer is required to provide a report summarizing marketing and enrollment activities. According to the reports, there are now over 3500 policies issued by the three carriers. About 2200 of these are held by annuitants; the rest are active employees, spouses or parents. Last year there were 1097 applications for coverage. Of these 209 were denied. The basis for the denials remain distributed approximately the same as last year. The

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most common reasons for denial are cognitive loss, stroke, diabetes and combined medical history. The companies reported no complaints from our members.

The following chart highlights some of the information gathered for the year 2001. As in the past, annuitants purchased more policies than active State employees.

<b>Long-Term Care Application and Marketing Activity for the Year 2001</b>			
	<b>American International Group</b>	<b>John Hancock</b>	<b>Fortis</b>
How many applications were received?	79	243	775
How many policies were denied?	15	36	158
How many policies were issued to state annuitants?	44	74	315
How many policies were issued to state employees?	11	49	208
How many policies were issued to spouses or parents of state employees?	9	15	94
How many complaints did you receive?	0	0	0
How many phone calls were received from state eligibles?	8	150	613
How many reply cards were received from state eligibles?	4	25	2,772
<b>Total Long-Term Care Membership By Plan</b>			
Cumulative total membership since participation in program.	229	622	3,019