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Department of Employee Trust Funds

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**CORRESPONDENCE MEMORANDUM**

**DATE:** May 18, 2005  
**TO:** Group Insurance Board  
**FROM:** Steve Grob, Manager, Optional Plans  
**SUBJECT:** Long-Term Care Insurance Program– Status Update

This memo provides the annual update on the status of the long-term care insurance program with regard to enrollment levels and marketing activity.

**Background**

In the early 1990's, Wis. Stats. § 40.55 and Wis. Admin. 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 three insurers that have policies in force through the state long-term care insurance program. Of these, only one is offering policies to new subscribers, John Hancock Life Insurance Company. American International Group (AIG) and the Life Investors Insurance Company of America, and have existing policyholders, but as the result of a company policy decisions, are no longer offering the policies to new participants.

**Discussion**

As of March 31, 2005, the Life Investors Insurance Company of America discontinued offering new long-term care policies. Customers will see no change to the rights, or benefits, and premiums have not been increased under the existing contracts. As noted above, the decision to withdraw from the long-term care arena was a business decision made by Life Investors Insurance Company.

The program is growing steadily. Annually each participating vendor is required to provide a report summarizing marketing and enrollment activities. According to the reports, there are nearly 6,500 policies issued by the three carriers, up from nearly 6,000 last year. About 3,500 of these are annuitants; the rest are active employees, spouses or parents. Last year there were 524 applications for coverage. Of these 227 were denied. The basis for the denials remain distributed approximately the same as last year. The most common reasons for denial are cognitive loss, stroke, diabetes and combined medical history. There were no formal complaints handled by the Department's Ombuds staff.

Reviewed and approved by Tom Korpady, Division of Insurance Services.  
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Signature Date

Board	Mtg Date	Item #
GIB	06/21/2005	3

The following charts highlights some of the information gathered for the year 2004.

Long-Term Care Application and Marketing Activity for the Year 2004				
	John Hancock SeniorCare		Life Investors	John Hancock HealthChoice
Applications received	214		509	82
Policies denied	33		162	32
Policies issued to state annuitants	98		133	23
Policies issued to state employees	64		101	19
Policies issued to spouses or parents of state employees	19		60	7
Phone calls received from state eligible	198		363	71
Reply cards received from state eligibles	310		1955	534
Total Long-Term Care Membership By Plan				
Product	AIG	John Hancock SeniorCare	Life Investors HealthChoice	Fortis/Hancock HealthChoice
Cumulative total membership since inception.	229	1559	1066	3619

**Long-Term Care Program: Growth from 2000 through 2004**

