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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 15, 2006  
**TO:** Group Insurance Board  
**FROM:** Jeff Bogardus, Manager Optional Plans  
**SUBJECT:** Long-Term Care Proposal – Mutual of Omaha

**This memo recommends that the Board approve the Long-Term Care Insurance replacement policy from The Mutual of Omaha Insurance Company, submitted by HealthChoice™ Long-Term Care Solutions (HealthChoice), for offering to state employees, state annuitants and their spouses and parents as provided in Wis. Stats. § 40.55 and Wis. Admin. Code Chapter ETF 41.**

**Background**

The Mutual of Omaha Insurance Company is currently approved by the Board to offer long-term care insurance policies under the Board’s guidelines for optional insurance Plans and Wis. Admin. Code Chapter ETF 41. The proposal from HealthChoice™ Long-Term Care Solutions is intended to replace their current Mutual of Omaha Long-Term Care plan #LTC041-AG-TQ-WI (Long-Term Care II), with Mutual of Omaha’s United of Omaha Long-Term Care Insurance policy #LTC06UI-TQ-WI (Assured Solutions Plus). The current policy is being removed from the market and will no longer be sold.

HealthChoice has been marketing Board-approved long-term care products since 1995, and is the marketing arm for Mutual of Omaha. HealthChoice agents sell only long-term care products to state employees, annuitants and eligible family members. The replacement policy is underwritten by United of Omaha Life Insurance Company, an affiliate of Mutual of Omaha Insurance Company. Mutual of Omaha and United of Omaha currently carry A.M. Best ratings of “A” (Excellent). Mutual of Omaha, including its affiliates, is a reputable leader in the long-term care insurance industry.

With the Board’s approval of this proposal, the Assured Solutions Plus policies may be offered to state employees, state annuitants and their spouses, and parents with an effective date of September 1, 2006. All state employees, state annuitants and their spouses, and parents that have purchased the current Long-Term Care II policy will continue to hold these policies uninterrupted.

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

Board	Mtg Date	Item #
GIB	8/29/06	7

## **Discussion**

Staff forwarded the proposal to Deloitte Consulting LLP (Deloitte) for their evaluation. The Deloitte review (copy attached) indicates that the proposal meets the requirements outlined in the Board's guidelines and the Wisconsin Administrative Code. The policy has been approved by the Office of the Commissioner of Insurance.

Provisions of the Assured Solutions Plus policy provide more flexibility for the subscriber, while not diminishing benefits offered under the Long-Term Care II policy. For example, there is an ancillary five-year rate guarantee which protects the policyholder from rate increases for five years from the date of issue. Likewise, there are more benefit options and benefit amounts for the policyholder to choose from, as shown on the attached Benefits and Features table.

A cover letter from HealthChoice requesting the approval of the replacement policy, rate comparison tables, and schedule comparing the features of the current policy to the replacement policy are attached.

As illustrated in the Deloitte's review, a high level comparison of the premiums show that Mutual of Omaha premiums are reasonable in relation to the benefits provided.

## **Conclusion**

Based on staff review and the attached Deloitte evaluation, the staff recommends approval of the Mutual of Omaha proposal.