



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
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***CORRESPONDENCE MEMORANDUM***

**DATE:** August 11, 2008  
**TO:** Group Insurance Board  
**FROM:** Betty Wittmann, Manager  
 Optional Insurance Plans and Audits  
**SUBJECT:** Optional Long-term Care Insurance Program – Status Update

**This memo is informational only and no action is necessary.**

This memo provides an update on the status of the long-term care insurance program, with regard to enrollment levels and marketing activity, which occurred in 2007.

**Long-Term Care Insurance Program**

In the early 1990s, 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.

In 2007, there were five insurance companies with policies in force through the state long-term care insurance program. However, only John Hancock Life Insurance Company and United of Omaha Insurance Company are currently offering policies to new subscribers. Three companies, American International Group (AIG) and the Life Investors Insurance Company of America and Mutual of Omaha have existing policyholders, but no longer offer the policies to new participants.

Annually, each participating vendor is required to provide a report summarizing marketing and enrollment activities. Overall the program is growing steadily; however, there has been a decline in the number of new policies issued annually since 2002. According to the reports, the total number of policies issued since the program began in the early 1990s is nearing 7500 through 2007. The statistics show a steady increase in the number and proportion of active employees along with spouses or parents purchasing policies as compared to the annuitants; active employees make up over 80% of the issued policies in 2007 compared to 65% in 2004.

In 2007, there were 303 new applications received for coverage, which was a slight decrease from 333 in 2006 and 376 in 2005. Of these, 98 were denied. The most common reasons for denial of coverage were due to depression, diabetes, stroke 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.	
_____ Signature	_____ Date

Board	Mtg Date	Item #
GIB	8/26/2008	7

The following charts highlight some of the information gathered for the year 2007.

Marketing and Enrollment Activity for Plans offered	SeniorCare	HealthChoice		
	John Hancock	Mutual of Omaha	United of Omaha	John Hancock
Applications received	162	0	293	0
Policies denied	20	0	78	0
Policies issued to state annuitants (retirees)	48	0	2	0
Policies issued to state employees	73	0	104	1
Policies issued to spouses or parents of state employees	16	0	58	1
Phone calls received from state eligibles	174	1	84	0
Reply cards received from state eligibles	234	8	1323	0

Total Long-Term Care Membership By Plan					
Product	AIG	Life Investors	John Hancock	Mutual of Omaha	United of Omaha
Cumulative Total Membership Since Inception	229	1135	5458	111	193

