



STATE OF WISCONSIN  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

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## CORRESPONDENCE MEMORANDUM

**DATE:** February 24, 2015  
**TO:** Group Insurance Board  
**FROM:** Roni Harper, Manager, Optional Insurance Plans and Audits  
Mary Statz, Director, Health Benefits and Insurance Plans Bureau  
**SUBJECT:** Updated Long-Term Care Insurance Policy from Mutual of Omaha

**This memo is for informational purposes only. No Board action is required.**

Mutual of Omaha currently offers a long-term care insurance policy, MutualCare Custom Solution, to eligible State of Wisconsin (State) employees, spouses, domestic partners and their parents. That plan was approved by the Group Insurance Board (Board) on February 19, 2014, under the requirement of Wis. Stat. 40.55, and the existing *Guidelines for Optional Group Insurance Plans*.

New *Standards for Proposing and Providing Long-Term Care Insurance* (Standards) were approved by the Board at its November 18, 2014 meeting. The newly approved Standards allow the following inflation protection options:  
(see section 3.C.2 in the attachment for item 5B)

**“a) Under Age 65:** Automatic annual compounded inflation protection must be included:

1. Level premiums, with benefits increasing at a rate of at least 3% with guaranteed annual opportunity to adjust the compound inflation rate at minimum .5% intervals up or down (within the range of 3 to 5%) with premium rates for higher amounts based on age at purchase, available until 20 years after purchase or age 76, whichever is earlier; OR
2. At a rate based on changes in the CPI; OR
3. At a rate of 5% for 20 years or until age 76, whichever is earlier

**b) At least age 65 but less than 76:** Automatic annual compounded inflation protection described above, OR additional options include:

1. At least 3% annual simple inflation protection until subscriber attains age 76 AND

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services

Electronically Signed:  
03/05/2015

Board	Mtg Date	Item #
GIB	3.25.15	5C

2. Guaranteed bi-annual purchase option of the difference between current value and 5%, for the earlier of 10 years, or until age 76, or subscriber rejects two *non-consecutive* offers

**c) At least 76:** Must offer same as above, but inflation protection is not required”

Mutual of Omaha has submitted a proposal to offer our eligible participants a broader scope of inflationary options within the MutualCare Custom Solutions plan. This change is in compliance with the limits outlined in the new Standards as outlined above. A cover letter from Mutual of Omaha is attached outlining the proposed changes for the Board’s reference. The updated plan will be made available to eligible State employees and their families through HealthChoice LLC, effective April 1, 2015.

Staff will be at the Board meeting to answer any questions.

Attachment A: Mutual of Omaha letter

MUTUAL of OMAHA INSURANCE COMPANY  
 UNITED of OMAHA LIFE INSURANCE COMPANY  
 Mutual of Omaha Plaza  
 Omaha, NE 68175  
 402 342 7600  
 mutualofomaha.com



December 01, 2014

Ms Roni Harper  
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 Department of Employee Trust Funds  
 Wisconsin Group Insurance Board  
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RE: Mutual of Omaha Long Term Care Insurance Product Offering Enhancement

Dear Ms. Harper,

This letter is to request approval from the Wisconsin Group Insurance Board (GIB) and you to begin marketing a broader scope of benefit choices within the previously approved Mutual of Omaha LTC13-AG policy form to the State of Wisconsin Employee Trust Funds (ETF) group.

These enhancements are being requested to reflect the changes to the standards for long term care insurance that were recently approved and adopted by the Wisconsin Group Insurance Board. All of the changes reflected below were part of our original LTC13-AG filing. The changes being requested are just enhancements to what is currently being marketed. There are no changes in the actuarial justification for these enhancements. Below is a comparison of the requested offering to the current offering.

Description	Current ETF Offering	Requested ETF Offering
Monthly Benefit Limits	\$1,800 - \$10,000	\$3,600 - \$10,000
Policy Limit	\$50,000 - \$500,000	\$120,000 - \$500,000
Compound Inflation Options	5% Lifetime, 20 Yrs, 15Yrs and 10 Yrs. All sales include Guaranteed Purchase Option	Minimum inflation in order to meet Wisconsin partnership regulatory requirements. Below are the inflation options to be offered: 3%-5% for Lifetime -- Ages 30 -- 79 3%-5% for 20 Yrs -- Ages 56 -- 79 3%-5% for 15 Yrs -- Ages 61 -- 79 3%-5% for 10 Yrs -- Ages 66 -- 79 No Inflation Needed -- Ages 76 -- 79 All inflation options will contain the buy-up option to buy up in 0.25% increments up to 5% with Guaranteed Purchase Option included. Inflation offerings are in 0.25% increments.

Return of Premium	None currently marketed to ETF	Optional Return of Premium Upon Death (Less claims paid) riders available for ages <65: -Three times the Maximum Monthly Benefit -If Death Occurs before age 65 -If death occurs at any age
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We believe the proposed enhancements to the currently marketed form will add even further value and benefits to your association members. If you have any further questions, please feel to contact me.

Sincerely,



Mary Swanson, FSA, MAAA  
Vice President and Actuary

CC:

HealthChoice Long-term Care for State Employees and Annuitants

Bob Pearson

Cliff Morris