



When you ^{don't} have your health you ^{can still} have everything.

GROUP LONG TERM CARE INSURANCE

GLTC-PRIMER-1 | 04

[North Carolina Policy Form: P-FACE (2002-2)]



Get the protection you need with affordable Group Long Term Care Insurance from John Hancock.

Long term care has touched many of our lives. Perhaps you have a family member who has spent time in a nursing home. Or maybe you know someone who needs the assistance of a home health aide to get ready for work in the morning. When you have seen a long term care situation up close, you know the many issues that are involved.

These issues include available care options, service provider costs, and possible funding sources. If you're not personally familiar with long term care, you may be relying on the myths that surround it. That it's an older person's problem. That your health insurance or a government program, like Medicare or Medicaid*, will pay for it. If that's what you think about long term care, it may be time for you to learn more. Knowing the facts will help you prepare in case you ever have to face a long term care situation yourself.

*(In California, Medicaid is known as Medi-Cal.) Medicaid eligibility is complex and varies by state. Contact your local Medicaid Office for complete information.

John Hancock[®]

What is long term care?

Long term care is personal care or supervision needed by persons of all ages for an extended period of time. Although many long term care situations result from the effects of aging, many are caused by accident or illness. Some conditions that may require long term care include:

- Head injury
- Stroke
- Cancer
- Multiple sclerosis
- Heart disease
- Rheumatoid arthritis
- Parkinson's disease
- Alzheimer's disease
- Paralysis



Who needs long term care?

Although you might not like to think about a time in your life when you may need personal assistance in performing some of the basic activities of daily living, like eating or dressing, the need for long term care can happen to anyone at any time.

Of the 12.1 million Americans currently needing long term care, 41.3% are working age adults (between the ages of 18 and 64 years old).¹



How much do long term care services cost?

Long term care is expensive. The current average annual cost of nursing home care is \$66,000 but costs can be higher depending on where you live.² A visit from a home health aide averages \$18 an hour.³ Assisted living facilities cost an average of \$26,000 a year.⁴ And, like everything else, long term care expenses are expected to rise.

Doesn't my health insurance cover long term care?

No. Health insurance is designed to provide coverage for illnesses that are acute, or short-term, in nature. It will pay for hospital stays or doctor's care for conditions that you can recover from, like kidney stones or a broken leg.

Most health insurance will not generally pay for a home health aide to help you manage a chronic illness at home or for the nursing home care you might need because you have Alzheimer's disease.



¹ Kaiser Family Foundation. Kaiser Commission on Medicaid and the Uninsured. Medicaid's Role in Long Term Care. March 2001.

²Financing Long Term Care for the Elderly, Congressional Budget Office Report. April 2004.

³Ibid.

⁴Harris, Rothenberg International: Study of average costs of nursing homes and assisted living facilities in the United States. July 2002.

Doesn't my long term disability (LTD) insurance cover long term care?

No. LTD is designed to replace a portion of your income if you are unable to work. It does not cover long term care costs. In addition, LTD usually ceases at age 65 – though the need for long term care does not.

Doesn't Medicare pay for long term care?

Like most health insurance, Medicare is primarily meant to cover acute illnesses. It does cover some long term care expenses, but there are limitations. Some benefits are payable for the first 100 days per benefit period in a nursing home, *if you enter it within 30 days after a hospitalization of at least three days, if you are receiving skilled care, and if you're continuing to get better.*

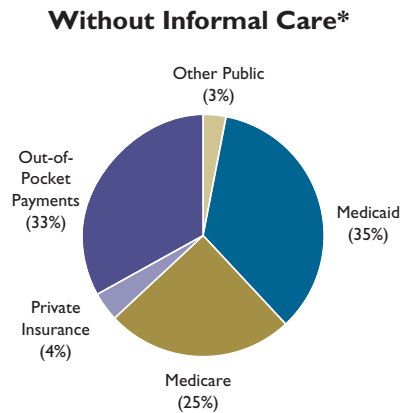
However, many conditions requiring long term care services *do not* require hospitalization. For example, you may need long term care services because of your severe arthritis or Alzheimer's disease, but you probably won't need to be hospitalized for these

conditions, so Medicare may not be an available funding option.

Medicare typically pays for *skilled* nursing care, *skilled* rehabilitative care provided in a Medicare-certified skilled nursing facility, or limited forms of home care.

However, most long term care is *not* skilled care. Skilled care includes things like intravenous injections and wound care. Long term care situations usually require unskilled care. Unskilled care is help with personal tasks you can no longer manage by yourself, like bathing or getting dressed.

Estimated Percentage Shares of Spending on Long Term care for the Elderly, 2004



Source: Congressional Budget Office. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, Administration on Aging, *Informal Caregiving: Compassion in Action* (June 1998), Inflated to 2004 dollars.

*Values are calculated assuming that unpaid informal care by family or friends is unavailable.



Doesn't Medicaid pay for long term care?

Medicaid* is a state-based program that provides health care benefits for the poor. It does pay for a large portion of the nation's long term care expenses. However, most state laws require that you spend down your assets to poverty levels before you become eligible for benefits and income limits also apply. In some cases, this can jeopardize the financial security of your family members.

*(In California, Medicaid is known as Medi-Cal.) Medicaid eligibility is complex and varies by state. Contact your local Medicaid Office for complete information.

Medicaid can also limit where you receive care, as well as the type of care you receive.

Can I look to my family for care?

In the past, it was common for long term care services to be provided by family members, with women taking on most of the responsibility for caregiving. This might have been a reasonable option years ago, when grown children tended to settle near their parents and women stayed at home.

In today's society, children may live across the country or on the other side of the world. And, many more women are active in the workforce and may not be able to fulfill the traditional caregiver role.



Can't I just put money aside for my future long term care needs?

Some people feel that they can rely on their savings to pay for whatever long term care services they may need in the future, but this approach may not be the best solution. What if you find yourself in need of long term care tomorrow? Your savings or investments might not be enough to fund your care. Even if you don't need long term care services for many years, you might want to ask yourself if that's really how you want to spend your savings.

What is long term care insurance?

Long term care insurance helps protect against financial loss in the event that you need long term care services. If you become unable to care for yourself due to chronic illness, injury, or the effects of aging, this insurance can help you pay for the costs of long term care services.

Long term care insurance pays benefits for stays in a nursing home or assisted living facility*, as well as a host of other services including home health care, adult day care, hospice care, and homemaker services.

*California refers to this as Residential Care Facilities.

How else can long term care insurance help me?

The transition from independent living to a long term care situation can be difficult. In addition to the coverage itself, John Hancock provides a





toll-free telephone number to our Customer Service Center. There is no limit to the number of times you can call. We can answer any questions you may have about long term care in general, as well as questions about the insurance coverage.

The insurance plan also offers care coordination for all insured individuals. When you submit a claim for benefits you will be assigned a care coordinator.

Care coordinators are registered nurses with experience in long term care, who will work with you throughout the claims process to make sure that you're getting the care you need in the setting you desire. In addition to assisting you with your claim, they can also advise you on what community resources might be available and can provide you with access to John Hancock's list of discounted service providers.

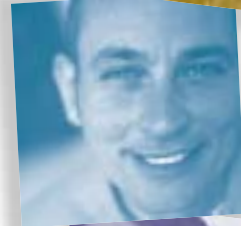
Why should I buy long term care insurance now?

You may wish to buy long term care insurance now in order to protect yourself and your family members in the event that you find yourself in need of long term care services. Especially if that need arrives suddenly.

And, because long term care coverage is based on your age when you apply, the sooner you apply, the *lower* the premiums.

It may also be wise to enroll now while you are in good health. If your health deteriorates in the future, you might not qualify for coverage. Long term care insurance fills the gaps left by your health and disability benefits. In addition, the coverage can play a role in your overall financial planning. It can help you afford the care you need in the setting that works best for you, while helping to preserve the savings you have worked so hard to acquire.

Buying long term care insurance today can help you prepare for tomorrow.





Group Long Term Care Insurance is underwritten by
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