

**SJR**

**28**

During Session, January - May:  
State Capitol, Room 115  
Juneau, Alaska 99801  
(907) 465-2095  
465-3810 FAX

During Interim, June - December:  
716 W 4th Ave, Suite 520  
Anchorage, Alaska 99501  
(907) 269-0240  
269-0242 FAX

## Senator Loren Leman

# Memorandum

**To:** Representative John Coghill, Chairman  
House State Affairs Committee

**From:** Senator Loren Leman *L. Lemman*

**Date:** February 14, 2001

**Re:** Hearing request for SJR 8: Voting Sites at Military Installations

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Please schedule a committee hearing for SJR 8 at your earliest convenience.

SJR 8 expresses the Legislature's support for voting at military installations.

I have attached a copy of the sponsor statement and the resolution. Please contact my staff aide Paul Roetman at extension 3712 if you require additional information.



# ALASKA STATE HOUSE OF REPRESENTATIVES


Interim Address:  
119 N. Cushman, Suite 211  
Fairbanks, AK 99701  
(907)-456-5081  
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Session  
(907)-465-3719  
FAX# (907)-465-3258  
State Capitol  
Room 102

## HOUSE STATE AFFAIRS COMMITTEE Representative John Coghill, Chairman

### MEMORANDUM

Date: May 4, 2001  
To: Suzi Lowell, Chief Clerk  
From: Representative John Coghill, Chairman  
House State Affairs Committee   
Re: House State Affairs Committee Schedule

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Schedule for House State Affairs Committee:

**Saturday, May 5<sup>th</sup>** at 1:30 p.m. Room 102

SJR 28 Urging dissemination of information about the costs of long-term care services and the availability of long-term care insurance for individuals.

**GARY WILKEN**

SENATOR  
West Fairbanks

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1851 Fox Ave.  
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During Session:  
State Capitol Building  
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Tel: 451-5501 (from Fbks)  
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Website: [www.garywilken.com](http://www.garywilken.com)  
E-Mail: [Senator\\_Gary\\_Wilken@legis.state.ak.us](mailto:Senator_Gary_Wilken@legis.state.ak.us)

**MEMORANDUM**

TO: Representative Fred Dyson, Chairman  
House HESS Committee

FROM: Gary Wilken  
Senator, West Fairbanks

DATE: May 4, 2001

RE: Senate Joint Resolution 28  
Long-Term Care Insurance

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I respectfully request that Senate Joint Resolution 28 "Long-Term Care Insurance" be scheduled for a hearing before the House HESS Committee.

Senate Joint Resolution 28 directs appropriate state and federal agencies to inform the public about the high cost of long-term care services and the need for families to plan, in advance, for their long-term care needs.

Alaska's high cost of providing long-term care and our rapidly growing senior population accentuates the necessity of educating Alaskans on the availability of private, long-term care insurance and the importance of planning for their health care needs in the future.

Thank you for your assistance in this request.

**GARY WILKEN**

SENATOR  
West Fairbanks

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## Sponsor Statement

### SJR 28: Long-Term Care Insurance

Senate Joint Resolution 28 directs appropriate state and federal agencies to inform the public about the high cost of long-term care services and the need for families to plan, in advance, for their long-term care needs.

The fastest growing population group in Alaska is people who are 65 years or older. The senior community is growing about 5 percent annually while the rest of the population is increasing but a slight 2 percent. This growth rate could almost triple to 12 percent by the year 2018. In less than 20 years, seniors will comprise a significant proportion of Alaska's total population.

These rapid growth rates are coupled with the high cost of providing long-term care in Alaska. At an average of over \$210 per day, Alaska's nursing home costs rank Number 1 nationwide; twice the national average cost of \$92 per day. This incredible expense can have a disastrous effect on families, wiping out a lifetime of savings before the elder becomes eligible for Medicaid.

Widespread use of private, long-term care insurance has the potential to protect families from the catastrophic costs of long-term care services while, at the same time, reduce the burden on Medicaid as Alaska ages. But most Americans, 76 percent, do not believe they will ever need long-term care and, therefore, do not explore the option of obtaining private, long-term care insurance.

Senate Joint Resolution 28 directs the beginning of an educational campaign to inform Alaskans about the realities of aging and how individuals can protect themselves for the future.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SJR 28  
 (S) Publish Date: 4/28/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
 Title: Long-Term Care Insurance BRU: \_\_\_\_\_  
 \_\_\_\_\_ Component: \_\_\_\_\_  
 Sponsor: Senator Wilken \_\_\_\_\_  
 Requester: Senate HESS Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: SENATE HEALTH, EDUCATION & SOC.AL SERVICES COMMI Phone 465-3009

Senator: /s/ SENATOR GREEN Date 4/26/01  
Committee Chair

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*LTC* **TASK FORCE**  
Long-Term Care Task Force

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FINAL REPORT  
January 1999

*Representative Con Bunde, Co-chairman*  
*Senator Gary Wilken, Co-chairman*

*State Capitol Building*  
*Juneau, Alaska 99801-1182*

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## INFORMATION ON PRIVATE LONG-TERM CARE INSURANCE

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RECOMMENDATION  
**29**

The Task Force requests the Division of Insurance compile relevant information on the need for and availability of long-term care insurance in Alaska and disseminate the information to the general public.

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On March 9, 1998 Mr. Paul Willging, Ph.D., executive vice-president of the American Health Care Association, testified before the U.S. Senate Special Committee on Aging. "Most Americans (76 percent) do not believe they will ever need long-term care, but the facts are that two out of five will at some point in their lives, and that one in five over the age of 50 is at risk of needing long-term care within 12 months. None-the-less, few take any steps to plan for the possibility, believing Medicare will provide for their needs. Medicare, of course, will not. It only provides limited long-term care, so government help for most Americans comes only when they have exhausted their personal savings and are forced onto welfare."<sup>81</sup>

*"Most Americans (76%) do not believe they will ever need long-term care, but the facts are that two out of five will at some point in their lives."*

Private long-term care insurance coverage, must be considered as another option. Although the market is still small – the American Association of Retired Persons

# *ltc* TASK FORCE

The Long-Term Care Task Force

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*"In Alaska in 1997, approximately 80 percent of nursing home costs were paid by the Medicaid program."*

estimates 6 percent of older people have private policies – interest is growing. The Health Insurance Association of America (HIAA) data revealed that in 1986, fewer than 125,000 policies were in effect. Eleven years later, roughly 5 million policies had been written.<sup>82</sup>

Private long-term care insurance usually pays for skilled, intermediate, or custodial care in a nursing home. It can also cover a variety of home and community-based care services. Typically, long-term care policies pay up to a specific dollar amount for covered services per day, reimbursing policy owners for expenses they incur. Annual premiums for long-term care insurance policies can range from \$250 to over \$2,500 depending on age, waiting periods, and the duration and amount of benefits.<sup>83</sup>

According to the Health Care Financing Administration, approximately 80 percent of nursing home costs were paid by the Medicaid program in Alaska in 1997, while only 10 percent were paid by either private long-term care insurance or out-of-pocket. This federal-state welfare system cannot continue to exist unless a change is made. The private sector must begin to shoulder a greater portion of the financial burden. As shown, private long-term care insurance is affordable if purchased early in life. Unfortunately, many people believe that long-term care insurance is unnecessary and display a basic unwillingness to face up to their own future frailty.<sup>84</sup>

*"Alaskans should be encouraged to examine the options available through private long-term care insurance."*

However, this does not mean that the issue should be dropped. Indeed, Alaskans should be encouraged to examine the options available through private long-term care insurance and ultimately, if appropriate, purchase policies that meet their individual needs. Accurate, concise, and unbiased information about long-term care insurance and the alternatives available is invaluable in this decision-making process. State government, especially through its annual publications, mailings, and mass media campaigns, has the ability to inform all residents about this issue.

The Task Force requests the Division of Insurance compile relevant information on the need for and availability of long-term care insurance in Alaska and disseminate the information to the general public by January 1, 2000. ❖

THE  
FOLLOWING  
DOCUMENT(S)  
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COPIES

# Are you prepared for long-term care?

By Kristin Hilderbrand  
For the Journal

## WEALTHBUILDERS



Statistics indicate we will all feel the effects of long-term care — whether you are in need of long-term care yourself, a caregiver, an employer who experiences a loss in employee productivity, or an employee who loses valuable wages due to an obligation to provide care to a loved one.

According to the American Health Care Association, "Half of all Americans will need some form of long-term care and of that number, 40 percent will be under the age of 65."

It is important to understand what defines long-term care. LTC is the assistance you need with a lengthy illness, disability, or cognitive disorder. You might receive care in your home, in an extended care facility or a nursing home.

The type of care and the cost of that care will range from region to region. In 1999, the average cost for LTC in the Lower 48 was \$50,000 a year, while in Alaska, it runs \$143,000 a year. If you take into consideration that the average stay in a nursing home is more than two years, this is a costly proposition.

Of the \$82.8 billion spent on LTC in 1997, the federal government paid for 60 percent,

with individuals assuming 31 percent, insurance companies covering 5 percent, and other sources accounting for the remaining 4 percent. The federal government can not afford this financial burden and has responded by providing tax incentives for employers and individuals to assume more of the risk.

With the passage in 1996 of the Health Insurance Portability and Accountability Act, C-corporations can deduct 100 percent of the premium expense for LTC premiums paid on officers, owners and employees for qualified LTC plans. For pass-through entities they can deduct 60 percent of the premium expenses, with the percentage increasing to 100 percent deductibility by 2003.

In both cases, the premium contributions are generally excludable from the employee's income. For individuals who pay the premiums themselves and itemize, they can deduct the cost of LTC premiums as a medical expense, with an age-based limit guiding the eligible amount.



Hilderbrand

How will you pay for LTC? As previously mentioned, the federal government can foot the bill through its welfare program, Medicaid. However, you must spend down all your assets to \$2,000, and you may only retain your home if your spouse continues to

live there.

Be aware that while these provisions may protect these few assets while you're alive and receiving care, many states have taken the federal mandate very seriously and recouped their costs by putting liens on the homes. Furthermore, by accepting Medicaid assistance you give up to the state your right to choose the type of care you will receive.

Medicare is not designed to provide support for long-term care needs. It is designed to cover major medical, and at that it only provides 100 days of coverage, with the first 20 days at no cost to you and the remaining 80 days at \$97 per day. After the first 100 days, you will incur all of the cost.

In addition to the common

*Continued on Page 8*

## Now's the time to decide how to pay for your long-term care

*Continued from Page 4*

misunderstanding that Medicare provides long-term care, Medicare Supplement Insurance only supplements your Medicare co-pay expenses. Medicare Supplement Insurance does not extend coverage.

Your final option to cover LTC expenses is to self-insure or transfer the risk to an insurance company. The best strategy for outlining whether self-insurance is the right option for you is to determine based on family medical history: "How long will

you need the coverage?" and "Where do you intend to be when you need the coverage?"

Realize that these are crystal ball scenarios but the worst thing you can do is put it off because you just can't decide. Develop a financial plan that takes into account cost and duration, then assess how much money will need to be set aside and what kind of return you can expect to cover that annual expense.

Employers need to be prepared for the impact on productivity and the bottom-line effect of

having employees exposed to the requirements of being caregivers.

The National Center for Women and Aging at Brandeis University and the National Alliance for Caregivers conducted a survey in 1999 and found that employees who served either in whole or in part as caregivers lost, over a life-

time, \$650,000 in wages.

That figure takes into account passed-over promotions and excess hours gone from work on family medical leave, including limited dollars contributed to retirement plans due to the financial burden of covering a loved-ones' long-term care expenses.

Are you prepared for the financial risks of long-term care?

*Kristin Hilderbrand is an associate at The Wilson Agency in Anchorage. She can be reached at 907-277-1616 or by e-mail at [kristinh@thewilson-agency.com](mailto:kristinh@thewilson-agency.com).*

## Insurance Company Information

### 1. Name of the insurance company

The following companies that sell long-term care insurance in Alaska were identified through a November 1999 survey conducted by the Division of Insurance. This list may not include all companies offering long-term care insurance in Alaska and it does not represent an endorsement of a particular company by the division.

Aid Association For Lutherans (AAL) ..... (This company only sells to the specific group members.)	800-225-5225
AIG Life Insurance Company .....	800-710-9876
Allianz Life Insurance Company of North America .....	800-814-8841
American Family Life Assurance Company ..... of Columbus (AFLAC)	800-992-3522
Bankers Life and Casualty .....	360-254-6311
Bankers United Life Assurance Company .....	800-672-7202
CNA .....	800-775-1541
Conseco Senior Health Insurance Company .....	800-441-3978
Continental General Insurance Company .....	800-545-8905
Country Life Insurance Company .....	309-821-3000
GE Financial Assurance / Long Term Care Division .....	800-456-7766
Golden Rule Insurance Company ..... (This company offers long-term care benefits only through life insurance policies.)	317-297-4179
Great American Life Insurance Company .....	800-854-3640
Hartford Life Insurance Company .....	800-454-4582
Life Investors Insurance Company of America .....	800-524-9902
Lincoln Benefit Life Company .....	877-525-4582

Lutheran Brotherhood .....	800-990-6290
(This company only sells to the specific group members.)	
Metropolitan Life Insurance Company (METLIFE) .....	800-308-0179
Monumental Life Insurance Company .....	800-821-9580
Mutual of Omaha Insurance Company .....	800-775-6000
Mutual Protective Insurance Company .....	800-228-6080
New York Life Insurance & Annuity Corporation .....	800-624-2570
(This company offers long-term care benefits only through annuity contracts.)	
New York Life Insurance Company .....	800-224-4582
Northwestern Long Term Care Insurance Company .....	907-272-3591
Peoples Benefit Life Insurance Company .....	800-698-7851
PFL Life Insurance Company .....	800-338-0257
Physicians Mutual Insurance Company .....	800-228-9100
Pioneer Life Insurance Company .....	800-759-7007
Protective Life Insurance Company .....	800-866-9933
(This company offers long-term care benefits only through life insurance policies.)	
Prudential Insurance Company of America .....	800-732-0416
Security Financial Life Insurance Company .....	800-284-8575
(This company offers long-term care benefits only through life insurance policies.)	
Teachers Insurance & Annuity Association (TIAA) .....	800-223-1200
(This company only sells to the specific group members.)	
Transamerica Occidental Life Insurance Company .....	800-690-2758
Travelers Insurance Company .....	800-334-4298
Unum Life Insurance Company of America .....	800-672-1600