

GROUP LONG TERM CARE FROM CNA



Valdosta State University

Voluntary Plan

*Pays benefits for professional treatment at home
or in a nursing home*



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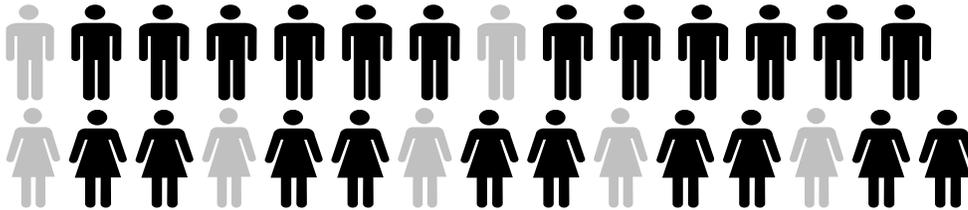
Thinking Long Term in a Changing World

The need for long term care insurance

Today, changes in society and family life, longer life spans, and the rising cost of health care have combined to make long term care insurance an important part of a sound financial plan. More people will require long term care services and paying for those services may be a serious financial burden for them and their families.

In fact, one in seven men and one in three women who turned 65 in 1990 will spend at least one year in a nursing home.¹

1990



How much does it cost?

Again, the range is wide. A person who provides a few hours of in-home living assistance each day might be paid \$5,000 to \$14,000 a year.² On average, a one-year stay in a nursing home costs \$40,000.³

Who pays for these services?

As you can see on the following chart, usually the patient pays, either with long term care coverage or by drawing on savings or other assets. Some people also receive help from their children or other family members, either to provide care or to help pay for it.

Nursing Home Care Financing⁴

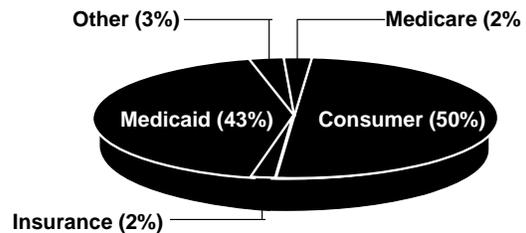
Consumer costs are sometimes reimbursed by private long term care insurance.

¹*The New England Journal of Medicine*
February 28, 1991

²*Broker World*, 1991

³*Chicago Tribune*, November 6, 1995

⁴*Health Care Financing Administration*



Other types of insurance don't pay

Health and disability insurance are important forms of protection, but they aren't intended to pay for long term care.

Health insurance plans, including Medicare and Medicare supplement policies, pay for hospitalization and other medical expenses. But even the best private health insurance plans aren't designed to cover long term care because that's not their purpose.

Disability insurance plans are designed only to replace lost wages if an employed person is unable to work. The money from disability insurance will pay for normal living expenses like food and housing, but it is not usually enough to pay for the additional cost of long term care.

What about government programs?

Many are surprised to learn that Medicare does not pay for most long term care expenses, even when the care is recommended by a doctor. It pays only when skilled care is needed and then under very limited conditions.

The only government-funded program that provides extensive benefits for long term care is Medicaid and that is available only to persons who have no other way of paying. You can't qualify for Medicaid until most of your other assets have been depleted.

Protecting your independence

Without long term care insurance, savings or other assets must be used, or people have to rely on their families to either provide the care or help pay for it. With long term care coverage, you know you will be able to pay for care yourself, if you need it, without depleting your assets or burdening your family, thereby preserving your independence.

Coverage for then and now

The same long term care protection that protects you after retirement also protects you today if you have a serious injury or illness and take a long time to recover. In fact, the U.S. Government Accounting office estimates that approximately 40% of Americans receiving long term care in either an institution or a home or community-based setting are between the ages of 18 and 64.⁵ Some will be accident victims, and some will have disabling diseases that strike young adults, such as multiple sclerosis. In other words, long term care insurance deserves an immediate and permanent place in any sound financial plan.

⁵*Perspective on Aging, "What Americans of All Ages Don't Know About Long Term Care," 1996*

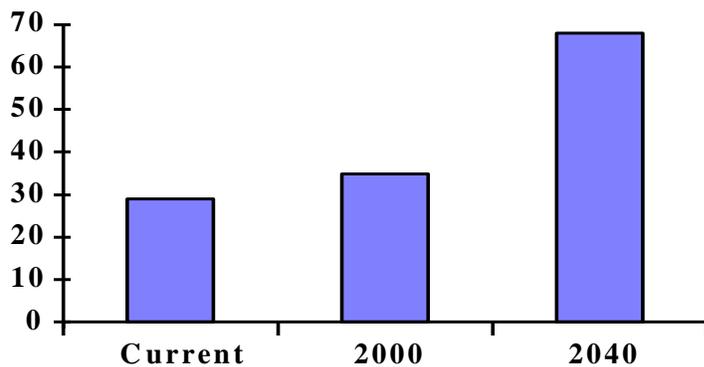
Changes in society have made long term care insurance essential

A number of cultural changes and lifestyle trends have come together in contemporary society to make long term care benefits a necessary element of any sound plan for the future. Here are a few of the trends that make long term care insurance so important:

More of us are living longer

Statistics show that the elderly population is growing both in real numbers and in percentage terms. Currently, more than 29 million people in the United States are 65 years or older. That number is expected to reach 35 million by the year 2000 and 68 million in 2040.⁶ And as we grow older, we are more likely to need long term care services and to benefit from the protection provided by CNA Group Long Term Care.

Number of Americans Over-65 (in millions)



The rising cost of health care

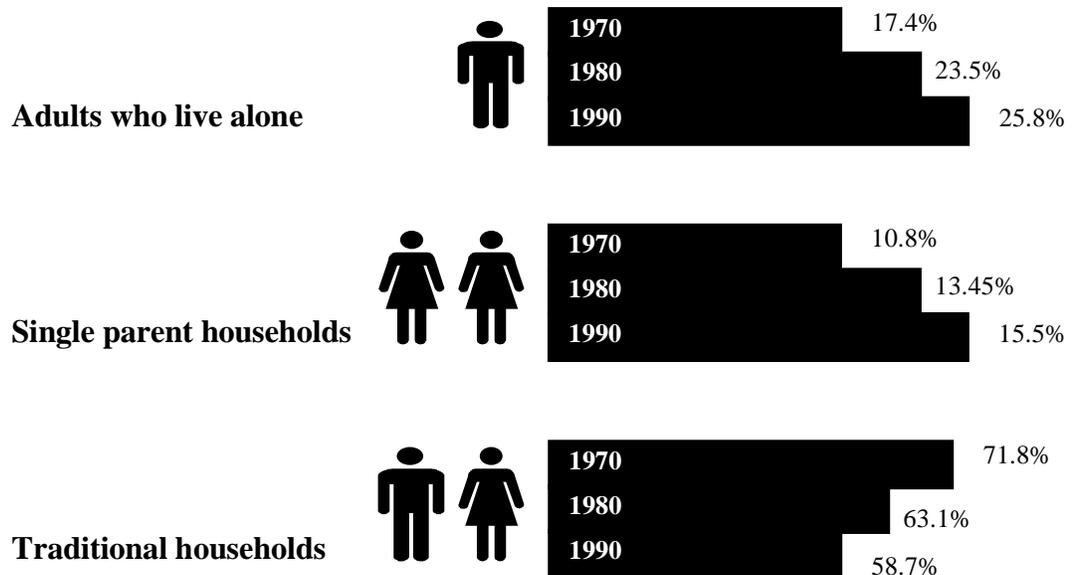
Rising cost trends combined with longer life spans, suggest that even a careful plan of pension income, savings and investments may not be enough to pay for long term care expenses. CNA Group Long Term Care is an excellent way to protect yourself against the high cost of long term care.

⁶*Bureau of the Census*

The changing American family

Because of modern employment and mobility trends, we are less likely than our parents' generation to live near our adult children, siblings or other relatives who might act as caregivers in a time of need. There just are not as many non-working spouses available to care for their spouses or parents in the home.

Composition of American Households⁷



More often, people who require long term care services need to pay for them. To help you prepare for potential long term care expenses, you should consider CNA Group Long Term Care insurance.

A good financial planning tool

CNA Group Long Term Care insurance coverage is for people who believe in planning for the future. Long term care insurance is a good way to help protect a family's savings or other assets and to preserve them for the surviving spouse and children. Most people who purchase long term care insurance do it in order to meet care services when needed, without risking their family's assets and lifestyle, and without depending on anyone else for care.

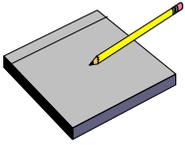
⁷Bureau of the Census

Coverage for spouses, parents, grandparents and in-laws too

A spouse of an employee may also purchase long term care coverage through this insurance plan, with all the same benefits. Parents, grandparents and in-laws of employees are also included. (They must be under age 80.) Parental coverage is a very valuable feature of this plan, because it is estimated that two-thirds of all Americans eventually have to care for an elderly parent or grandparent.

A sound plan for today and tomorrow

Adding CNA Group Long Term Care coverage to your financial plan is a sound way to prepare for the future. Our changing world has made this type of protection more important today than ever before and CNA Group Long Term Care coverage has the flexibility you need to feel secure about any future occurrence. Help protect your family's assets and your personal independence with the CNA Group Long Term Care plan.

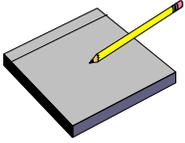


Benefit Exhibit of Your CNA Group Long Term Care Plan

This section and the next provide a summary of some of the key benefits and features of your CNA Group Long Term Care insurance plan. For more details about your benefits and the limitations of your plan, see the Outline of Coverage. If you have questions you may call **1-800-528-4582, toll-free.**

Plan/Daily Benefit Level	Lifetime Maximum Amount (2000x)	Community Based Care Benefit = 60% of Daily Nursing Home Benefit
Base Plan with Guarantee Benefit Increase Option <u>If you choose this benefit plan</u> , the guaranteed benefit option will help you keep up with inflation and the rising cost of health care. At intervals of 3-5 years, at the employer's request, CNA will offer you the opportunity to increase your daily benefit and, consequently, your lifetime maximum.		
Base Plan - \$80 Daily Nursing Home Benefit	\$160,000	\$48
Base Plan - \$100 Daily Nursing Home Benefit	\$200,000	\$60
Base Plan - \$120 Daily Nursing Home Benefit	\$240,000	\$72

Plan/Daily Benefit Level	Lifetime Maximum Amount (2000x)	Community Based Care Benefit = 60% of Daily Nursing Home Benefit
Base Plan Plus Lifetime Automatic Benefit Increase <u>If you choose this benefit plan</u> , the Lifetime Automatic Benefit Increase will help you keep up with inflation by increasing your maximum daily benefit on each anniversary of your effective date. The amount of each increase will be equal to 5% of the prior year's benefit (compounded). The Nursing Home daily benefit, the Community Based Care daily benefit and the Lifetime Maximum benefit will all increase.		
Base Plus ABI - \$80 Daily Nursing Home Benefit	\$160,000	\$48
Base Plus ABI - \$100 Daily Nursing Home Benefit	\$200,000	\$60
Base Plus ABI - \$120 Daily Nursing Home Benefit	\$240,000	\$72



Specific Features of Your CNA Group Long Term Care Plan

Getting care that's right for you

Today there are many different institutional and community based care options available for persons who need long term care services. Your CNA Group Long Term Care plan is flexible so you can get the care that's right for your situation.

Here are some examples of where you may receive covered long term care services.



Home health care. The variety of health care services available in the home is greater than ever before and includes nursing care, help with personal care like dressing and walking, and living assistance services like meal preparation and housekeeping available through a home health care agency.



Adult day care. If a family member provides care at home in the evening, but help is needed during the day, adult day care may be the right choice. Of course there are also other community settings where care can be provided.



Nursing home care. Of course, in some situations, a nursing home may be the most appropriate place for you to receive the care you need. Nursing homes now offer a wide range of facilities and services matched to the needs of their residents.

Community Based Care

Community based care includes: Home Health Care, Assisted Living Facility, Adult Day Care and Adult Foster Care. Most long term care takes place at home or in the community. In fact, almost 80% of older adults who require assistance with activities of daily living receive that assistance in their homes or other community based care settings.⁸

Each day you receive community based care after the waiting period is over you are paid actual expenses, up to 60% of your daily nursing home benefit amount. The same lifetime maximum benefit amount that applies to nursing home care also applies to all choices of community based care.

⁸Perspective on Aging, July-September, 1996

Nursing Home Care

Nursing care and custodial care (defined as personal care which helps a person perform the activities of daily living) received in a nursing home (licensed by the state in which the facility is located) is covered. The nursing home may be a free standing facility or part of a hospital or other institution. And if while in a nursing home, you need to be admitted to a hospital, the plan pays up to 21 days per calendar year to reserve your bed in the nursing home until you return from the hospital.

You choose a daily nursing home benefit amount as outlined in the previous Benefit Exhibit. You are paid your daily nursing home benefit amount for each day you are in a nursing home after the waiting period ends.

There is a lifetime maximum benefit amount, which is the total amount of benefits you can receive in your lifetime.

Hospice Care

Hospice care refers to the special attention those in the late stages of a terminal illness need. This care tries to help the whole person by alleviating physical, emotional, social and spiritual discomfort. The Hospice Care benefit equals either the Long Term Care Benefit payable for Community Based Care or the Long Term Care Benefit payable for Nursing Home Care, depending on where Hospice Care is received. Benefits, however, will not be paid for Hospice Care and Nursing Home Care simultaneously. Benefits are not paid for services that are not billed in the absence of insurance, such as a visit by a minister or volunteer social worker, or other services that are usually provided free.

Waiting Period Before Benefits Begin

For nursing home care

60 days of nursing home care

For community based care

15 days of community based care

A day of long term care service counts toward the waiting period for benefits payable for both nursing home care and/or community based care. However, regardless of the type of service received, 60 days of service must be completed for nursing home care and 15 days of service must be completed for community based care.

Waiver of Premium

After you receive services for 60 days under your plan, you do not have to pay premiums for continued coverage. Your premiums are waived while receiving benefits. Therefore you do not have to pay those premiums back.

Alternate Plan of Careo

The healthcare industry is constantly evolving—treatment that we take for granted today was unknown 20 years ago. Your CNA Care Connection plan anticipates these changes by offering an Alternate Plan of Care program that allows CNA to offer non-standard benefits in place of covered services when appropriate. This feature lets your CNA Care Connection plan grow as care options grow.

Continually Renewable

As long as you continue paying your premiums, your coverage can never be cancelled. You can take this coverage with you, with no change in premium or benefits, even if you leave your current employer.

Emergency Alert System Benefit

Your plan pays 100% of the actual monthly expense, up to an amount equal to the community based care daily benefit, to rent or lease an emergency alert system for your home.

Caregiver Training

Spouses or family members can often help provide the needed care at home, if they are properly trained. Training could include, for example, how to administer medication or assist a patient getting into and out of bed. Caregiver training of this type is covered up to a total of three times the community based care benefit.

Temporary Bed Holding (bed reservation benefit)

An insured receiving formal care in a nursing home may temporarily leave the nursing home for a hospital stay or some other event. Your CNA Group Long Term Care plan pays a nursing home benefit, up to 21 days per year, when a payment is required to hold a nursing home space during a temporary absence.

Respite Benefit

Your plan pays the daily respite benefit for nursing home care or the daily respite benefit for community based care up to 14 days per year. The respite benefit for community based care includes companion care and is payable in addition to the community based care benefit.

Portability

Any employee leaving the sponsoring organization for any reason can elect, at his or her option, identical coverage on a direct-bill basis.

oState-specific regulations may require a variation to this standard definition; see the enclosed Outline of Coverage for your state's particular definition of this concept.

Non Forfeiture Benefit (Benefit Account)

Your plan provides for a reduced lifetime maximum benefit in the event coverage terminates, due to lapse, after the coverage has been in effect for at least three years. The lifetime maximum benefit will be equal to the total premiums paid with a minimum benefit equal to 30 times the maximum daily nursing home benefit.

Guaranteed Benefit Option

If you choose this benefit, it will help you keep up with health care inflation and rising costs. At intervals of 3-5 years, you can increase your maximum daily benefit amount, which also automatically increases your community based care daily benefit and your lifetime maximum. Premiums for increases are based on your attained age at the time of offer. The amount of the daily benefit increase is not less than a compounded annual 5 percent rate.

Employees actively at work and their spouses are guaranteed acceptance for benefit increase offers whether or not they rejected past offers. All other insureds are guaranteed acceptance as long as they continue to accept benefit increase offers. After "other insureds" decline two previous offers, they are eligible, but need to submit evidence of insurability in order to qualify. If their evidence of insurability is accepted, subsequent offers are guaranteed issue until another offer is declined.

LIFETIME AUTOMATIC BENEFIT INCREASE (ABI)

If you choose this benefit, the Lifetime Automatic Benefit Increase will help you keep up with inflation by increasing your maximum daily benefit on each anniversary of your effective date. The amount of each increase will be equal to 5% of the prior year's benefit (compounded). The Nursing Home daily benefit, the Community Based Care daily benefit and the Lifetime Maximum benefit will all increase.

The increases continue, even while on claim, for life unless premium payments stop for any reason, except for waiver of premium.

Discount Programs

CNA has negotiated several national contracts which give our policyholders access to discounted services from: home health agencies, a medical equipment company and a personal emergency response system provider. Such discount programs help the claimant to maximize his or her benefit dollars.

When You Receive Benefits

To receive benefits you must be:

CHRONICALLY ILL. You must be certified by a Licensed Health Care Practitioner as being unable to perform (without substantial assistance from another individual) at least 2 Activities

of Daily Living for a period of 90 days due to an Activities of Daily Living Impairment or requiring substantial supervision to protect you from threats to health and safety due to a Severe Cognitive Impairment.

You are not considered Chronically Ill unless within the preceding 12 months a Licensed Health Care Practitioner has certified that the above requirements have been met.

ACTIVITIES OF DAILY LIVING. Your inability to perform without human assistance or substantial supervision from another person at least two of the Activities of Daily Living - bathing, continence, dressing, eating, toileting, transferring.

SEVERE COGNITIVE IMPAIRMENT. A loss or deterioration in Your intellectual capacity that is measured by clinical evidence and standardized tests that reliably measures impairment in the following areas:

1. Short term or Long term memory,
2. Orientation as to people, places or time, and
3. Deductive or abstract reasoning.

Pre-existing Conditions

It is important for you to know that your CNA Group Long Term Care plan does not include a pre-existing condition rule.

Exclusionso

Benefits are not paid for the following:

- n Loss due to or resulting from war or an act of war whether declared or undeclared.
- n Excludes Long Term Care to the extent that benefits are payable under Workers' Compensation, the Occupational Disease Act or Law, or any other group long term care plan
- n Long term care which is provided without charge in the absence of insurance.
- n Treatment for neurosis, psychoneurosis, psychopathy, psychosis or mental or emotional disease or disorder which is not of organic origin. Alzheimer's disease and similar dementias are covered, subject to the provisions of the policy.
- n Nursing Home Care received in a hospital or clinic or a rehabilitation hospital, except as provided in the definition of Nursing Home; or in a facility or section of a facility which operates primarily for the treatment of alcoholics or drug addicts or the mentally ill.
- n Long term care received outside the United States and its possessions.
- n Long Term Care to the extent that benefits are payable under Medicare or would be so reimbursable for the application of a deductible or coinsurance amount.

oState-specific regulations may require a variation to this standard definition; see the enclosed Outline of Coverage for your state's particular definition of this concept.

Premiums

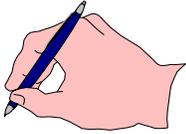
Since your premium is based on a fixed daily benefit and on your age at the time your coverage begins, CNA can predict the appropriate premium to charge you. As a result, premiums do not need to be adjusted as often as other types of variable benefit insurance policies like your health plan.

Because your premium is also based on your age, the younger you are when your coverage begins, the lower your premiums will be for the duration of your participation in the plan. That's because once you're in the plan, your rates do not increase just because you get older. For example, a 40 year-old person who enrolls now will pay the same premium amount 20 years from now as a 40 year-old who just enrolled in the plan. So it makes sense to buy coverage now when you can set your premiums at the lowest possible rate.

Consider the difference in the total premium paid over time if that same person would have waited until he was 60 to enroll in the plan.

<i>Age Entering Plan</i>	<i>Total Years of Coverage (to age 75)</i>	<i>Total Premiums Paid* (Base - \$120 Plan)</i>
40	35	\$10,390.80
60	15	\$17,492.40

*This example illustrates two benefits for enrolling as soon as possible—you save money in the long run and you benefit from more years of important protection.



Enrollment is simple

If you are an employee, you can sign up for your company's Group Long Term Care Plan by completing the enclosed **ENROLLMENT FORM**. If you enroll during the initial enrollment period, you are guaranteed coverage, as long as you are still actively-at-work when your coverage goes into effect. If you wait, you will be allowed to enroll during an annual open enrollment period, and you need to complete a questionnaire about your health and medical history and meet CNA's good health and other underwriting standards to be accepted into the plan.

Your spouse can also apply for coverage by completing the enclosed **SHORT FORM APPLICATION** and returning it to CNA. Please encourage your spouse to consider long term care coverage even if he or she has a medical condition. Some medical conditions do not necessarily disqualify him/her for coverage.

Parents, parents-in-law, grandparents or grandparents-in-law of an employee can apply for coverage by completing a **LONG FORM APPLICATION** and returning it to CNA. Parent enrollment kits containing the **LONG FORM APPLICATION** may be obtained directly from CNA by calling our Customer Service Area at **1-800-528-4582**.

These applicants must meet CNA's good health and other underwriting standards to be accepted into the plan. Please note that not all medical conditions will disqualify him/her for coverage.

Easy payroll deduction

For employees, once coverage begins, your premiums (and those for your spouse) are deducted from your paycheck automatically.

For parents, grandparents or in-laws, these insureds will be direct billed at their home and premiums are paid directly to CNA.



For All the Commitments You Make®

Coverage From a Company You Can Trust

CNA: value added

CNA Insurance Companies has been meeting customers' protection needs for over 100 years. A multi-line insurance organization, CNA protects a wide range of insureds including individuals, businesses of all sizes, career professionals and business associations. CNA is one of the ten largest insurance organizations in the country.

Our long term commitment

With more than 30 years of experience providing long term care protection, the Continental Casualty Company, the company which underwrites our long term care product, has been one of the pioneers of the concept of long term care. Since the 1960's, CNA has been committed to providing the most responsive and up-to-date coverage possible. So you can count on quality service, from the time you enroll in your CNA Group Long Term Care Long Term Care plan to the time you have a claim.

CNA's experience in providing group employee benefits plans and long term care coverage means that you can be confident you and your family will receive the protection you need when you need it.

CNA is a registered servicemark of the CNA Financial Corporation.

Monthly Premiums

Base Plan plus Guaranteed Benefit Increase Option

The premiums shown are for 12 payroll deductions. Premiums are based on the individual's age on the plan effective date.	<i>Age</i>	<i>\$80 Benefit</i>	<i>\$100 Benefit</i>	<i>\$120 Benefit</i>
	<25	8.27	10.34	12.40
	25-29	9.47	11.84	14.22
	30-34	11.20	14.00	16.80
	35-39	14.07	17.58	21.10
	40	16.49	20.62	24.74
	41	17.43	21.79	26.14
	42	18.44	23.05	27.66
	43	19.51	24.39	29.26
	44	20.63	25.79	30.94
	45	21.83	27.29	32.76
	46	23.13	28.91	34.70
	47	24.50	30.63	36.76
	48	25.40	31.75	38.10
	49	26.61	33.27	39.92
	50	28.32	35.39	42.48
	51	30.44	38.05	45.66
	52	32.85	41.06	49.28
	53	35.59	44.49	53.38
	54	38.72	48.40	58.08
	55	42.15	52.68	63.22
	56	45.96	57.46	68.94
	57	50.15	62.69	75.22
	58	54.70	68.37	82.04
	59	59.59	74.49	89.40
	60	64.78	80.98	97.18
	61	70.35	87.94	105.52
	62	76.23	95.29	114.36
	63	82.02	102.52	123.02
	64	87.73	109.66	131.60
	65	93.86	117.32	140.78
	66	101.22	126.52	151.82
	67	110.30	137.88	165.46
	68	120.68	150.85	181.02
	69	131.82	164.78	197.74
	70	144.63	180.79	216.96
	71	159.53	199.41	239.30
	72	177.49	221.86	266.24
	73	198.33	247.91	297.50
	74	221.39	276.74	332.08
	75	247.11	308.89	370.66
	76	275.39	344.24	413.08
	77	306.26	382.83	459.40
	78	339.76	424.69	509.64
	79	375.80	469.74	563.70

Monthly Premiums

Base Plan plus Lifetime Automatic Benefit Increase

The premiums shown are for 12 payroll deductions. Premiums are based on the individual's age on the plan effective date.	<i>Age</i>	<i>\$80 Benefit</i>	<i>\$100 Benefit</i>	<i>\$120 Benefit</i>
		<25	19.10	23.87
	25	21.90	27.38	32.85
	26	22.25	27.82	33.38
	27	22.91	28.63	34.36
	28	23.62	29.53	35.43
	29	24.33	30.41	36.50
	30	25.28	31.60	37.92
	31	26.15	32.69	39.23
	32	27.26	34.07	40.88
	33	28.64	35.80	42.96
	34	30.29	37.86	45.43
	35	32.11	40.14	48.17
	36	34.06	42.58	51.10
	37	36.02	45.02	54.03
	38	37.95	47.44	56.93
	39	39.82	49.77	59.72
	40	42.06	52.58	63.09
	41	44.09	55.11	66.13
	42	46.17	57.72	69.26
	43	48.31	60.38	72.46
	44	50.48	63.10	75.72
	45	53.23	66.53	79.84
	46	55.78	69.73	83.67
	47	58.67	73.34	88.00
	48	61.70	77.13	92.56
	49	64.74	80.92	97.11
	50	68.83	86.03	103.24
	51	72.79	90.98	109.18
	52	77.58	96.98	116.38
	53	83.03	103.78	124.54
	54	88.97	111.21	133.45
	55	96.16	120.19	144.23
	56	103.15	128.94	154.73
	57	110.81	138.52	166.22
	58	119.76	149.70	179.64
	59	129.52	161.90	194.28
	60	141.06	176.33	211.59
	61	151.34	189.18	227.02
	62	160.93	201.16	241.39
	63	168.74	210.92	253.11
	64	174.99	218.74	262.49
	65	182.90	228.62	274.35
	66	190.86	238.57	286.29
	67	202.44	253.04	303.65
	68	216.68	270.85	325.02
	69	232.59	290.73	348.88
	70	251.07	313.84	376.61
	71	273.04	341.30	409.56
	72	299.28	374.10	448.91
	73	329.67	412.08	494.50
	74	363.62	454.53	545.43
	75	400.41	500.51	600.61
	76	439.81	549.77	659.72
	77	480.39	600.49	720.58
	78	522.07	652.59	783.11
	79	560.32	700.40	840.47

