



## LONG TERM CARE INSURANCE THROUGH PRUDENTIAL OVERVIEW

If you have been a care-giver for someone you love, or if you have relatives or friends who have gone through the experience, you are already aware of the growing likelihood of needing long term care. We are now offering you this voluntary benefit of long term care insurance through The Prudential Insurance Company of America.

The need to care for elderly loved ones is becoming a common experience and many people now employed find they must spend more time caring for their aging parents and family members than they do for their own children.

Did you know...

- 60% of all Americans who reach age 65 will need long term care at some point in their remaining lives.<sup>1</sup>
- The number of people over age 65 is expected to double by the year 2050.<sup>2</sup>
- The average cost of a year of nursing home care is over \$61,000.<sup>3</sup>

The State Health Plan values its members and their families and recognizes that long term care insurance is an important voluntary benefit to offer employees to help insure against what may be the greatest financial burden anyone can face: the need for long term care. Benefit eligible teachers, state employees, and their family members will have the opportunity to enroll in the Voluntary Long term Care Insurance Plan beginning this fall.

Long term care insurance can help cover the costs of custodial care that you or a loved one may need, including care received at home, in a nursing home or in an assisted living. Long Term Care Insurance isn't just for older people. The younger you are when you purchase it, the lower your premiums will be. Premiums will not increase as your age increases or as your health declines. They may only increase on a rate class basis.

New hires may enroll within 60 days of their date of hire, and are guaranteed automatic enrollment in the plan.

For more information or to obtain an enrollment kit, please call 1-800-284-9648 Monday through Friday from 8 am to 9 pm ET, or Saturday from 8 am to 2 pm ET. Employees may also get additional information or enroll online at [www.prudential.com/gltc](http://www.prudential.com/gltc) (group name: stateplan password: stateplanltc).

## PLAN DETAILS

***Standard Provisions and Plan Features for the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan (State Health Plan)  
Underwritten by The Prudential Insurance Company of America***

<b>Eligibility to Participate</b>	Actively-at-work benefit eligible employees and retirees of the State Health Plan, their spouses, parents, parents-in-law, grandparents and grandparents-in-law, children age 18 and older and their spouses are eligible to enroll.					
<b>Coverage Amounts</b>	Nursing Home Care Daily Maximum*	Assisted Living Facility Daily Care Maximum*	Home & Community Based Care Daily Maximum *	Lifetime Maximum** (10 years)	Lifetime Maximum** (5 years)	Lifetime Maximum** (3 years)
	\$100	\$100	\$100	\$365,000	\$182,500	\$109,500
	\$150	\$150	\$150	\$547,000	\$273,750	\$164,250
	\$200	\$200	\$200	\$730,000	\$365,000	\$219,000
	\$250	\$250	\$250	\$912,500	\$456,250	\$273,750
	*Benefits are paid up to the Daily Maximum					
	**All benefits paid will be deducted from the Lifetime Maximum					
<b>Guaranteed Coverage</b>	If you are a new hire and you enroll within 60 days from your date of benefit eligibility you will be guaranteed coverage.					
<b>Medical Evidence Requirements</b>	All applicants other than those described under Guaranteed Coverage above must be medically underwritten.  Note: Applicants age 72 and older will receive an in-person assessment to supplement the information provided on the enrollment form.					
<b>Eligibility for Payment of Benefits</b>	In order to receive benefits, you must be assessed by an Assessor and be confirmed as having a Chronic Illness or Disability. A Chronic Illness or Disability is one in which there is: 1. A loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living. This loss must be expected to continue for 90 days. Activities of Daily Living are Bathing, Continence, Dressing, Eating, Toileting and Transferring; or 2. A severe Cognitive Impairment, which requires Substantial Supervision to protect you from threats to health and safety.					
<b>Information/Referral Services</b>	Prudential is dedicated to helping provide you with as much freedom as possible when it comes to making your long term care decisions. Information/referral services, and advice and care counseling are provided by Prudential Care Counselors who are available to Insureds at any time, even if an Insured has not yet been determined eligible to receive benefits. Prudential Care Counselors may be reached toll free at 1-888-669-3916 Monday through Friday 8 am to 6 pm EST.					

<b>Benefit Waiting/ Elimination Period</b>	<p>Before benefits are payable, you must satisfy the 60 or 90 day benefit Waiting/Elimination Period. The period is counted in calendar days and begins on the date you are assessed (assuming you are determined to be eligible for benefits.) You do NOT need to receive formal long term care services to satisfy the waiting period. This waiting period needs to be satisfied only once during your lifetime.</p> <p>Note: There is no waiting period for Hospice Care, or Caregiver Training.</p>																								
<b>Waiver of Premium</b>	Once an insured satisfies the Benefit Waiting/Elimination Period, Prudential will waive the insured's premium payments.																								
<b>Restoration of Benefits</b>	If a claimant returns to normal activities (no Activity of Daily Living limitations or cognitive impairment) for at least six consecutive months, the Lifetime Maximum will be restored to the level in effect as if the Insured had never made a claim.																								
<b>Independence Support Benefit</b>	Very often, a few modifications to one's own home can mean the difference between going to a nursing home and remaining at home – the place many people would prefer to receive care if given the choice. This benefit allows insureds who are not in a Nursing Home to receive benefits for expenses such as home modifications or medical alert systems to help someone maintain their independence. An insured must meet Prudential's benefit eligibility criteria to be eligible. No waiting period is required. The benefit is limited to 50 times the elected Daily Maximum and is deducted from the Lifetime Maximum.																								
<b>Bed Reservation Benefit</b>	Families may spend a great deal of time and effort locating a suitable nursing home or assisted living facility only to lose the bed because of a short absence due to a hospital stay. This benefit helps to reserve the insured's bed in a nursing home or assisted living facility for up to 60 days per hospital stay.																								
<b>Death Benefit</b>	<p>If the insured should die before the age of 74, a portion of the premiums may be refunded to the insured's spouse (if applicable, otherwise to the insured's estate). The percentage of premiums to be refunded is based on the insured's age at death. The refund will be reduced by any benefits paid</p> <table border="1"> <thead> <tr> <th>Age</th> <th>% of Premium Refunded <u>(less benefits paid)</u></th> </tr> </thead> <tbody> <tr> <td>64 &amp; Under</td> <td>100%</td> </tr> <tr> <td>65</td> <td>90%</td> </tr> <tr> <td>66</td> <td>80%</td> </tr> <tr> <td>67</td> <td>70%</td> </tr> <tr> <td>68</td> <td>60%</td> </tr> <tr> <td>69</td> <td>50%</td> </tr> <tr> <td>70</td> <td>40%</td> </tr> <tr> <td>71</td> <td>30%</td> </tr> <tr> <td>72</td> <td>20%</td> </tr> <tr> <td>73</td> <td>10%</td> </tr> <tr> <td>74 &amp; Over</td> <td>0%</td> </tr> </tbody> </table>	Age	% of Premium Refunded <u>(less benefits paid)</u>	64 & Under	100%	65	90%	66	80%	67	70%	68	60%	69	50%	70	40%	71	30%	72	20%	73	10%	74 & Over	0%
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<b>Respite Care</b>	Most people would rather be taken care of by someone they know. This benefit provides relief for a family member who normally provides unpaid care to the insured. Prudential's plan pays for up to 21 days of Respite Care per calendar year, 100 days per lifetime. The benefits are paid up to the elected Daily Maximum regardless of the type of services used and will be deducted from the Lifetime Maximum. Prudential must be notified prior to using services in order to access this benefit.
<b>Informal Care</b>	Many people prefer to be taken care of by someone they know. This benefit helps compensate an unpaid person, typically a family member or friend, who regularly provides home health care or personal care to the insured at home. This includes assistance with daily living. The Calendar Year Maximum Benefit for informal care equals 50% of the elected Daily Maximum, multiplied by 30, which is subject to the Home Health Care Daily Benefit Maximum.
<b>Caregiver Training</b>	If someone will be providing care for the insured but requires training in how to be a caregiver, there is a benefit equal to 5 times the daily benefit maximum for this training, and no waiting period is required.
<b>Alternate Plan of Care</b>	Prudential recognizes there are emerging trends in the delivery of long term care. This plan takes into account the current institutional and Home and Community-Based Care settings that are available. Prudential will consider a claim for benefits for care received in an alternate setting or for non-institutional services designed to help an eligible person remain independent in his or her home. Determination of eligibility for this benefit amount will be made on an individual basis at the sole discretion of Prudential.
<b>Periodic Inflation Protection</b>	As part of the standard plan, inflation protection will be offered at least every 3 years to anyone who does not elect an optional Automatic Inflation Protection (see Optional Features section). No medical underwriting is required unless an insured declines two consecutive inflation offerings. Coverage amounts are increased by at least 5% per year, compounded annually. Rates for this additional coverage will be based on the age of the insured at the time the inflation offer is accepted.
<b>Contingent Non-Forfeiture Benefit</b>	This feature automatically provides a Non-forfeiture Benefit (see optional features) if premium rates are increased by Prudential by more than certain allowable percentages.

### ***Optional Features***

<b>Automatic Inflation Option</b>	It is very likely that you may not need to make use of your long term care insurance coverage for 10, 20, maybe even 30 years. For this reason, we offer you the choice of inflation protection. This feature will help protect your benefits against the effects of inflation regardless of changes in your future health status. Should you elect this option, plan benefits will increase 5% compounded annually. These increases occur without premiums being increased if you elect Automatic Inflation Protection. If you do not elect this option, Prudential will offer you opportunities to increase your coverage over time, but the rates for the increase will be based on your age when the increase takes effect.
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<b>Non-Forfeiture Benefit – “Shortened Benefit Period Option”</b>	Some people feel more comfortable knowing they may get something out of their insurance plan even if they decide to stop paying premiums at some point in the future. This option will allow the insured to retain access to a portion of the insurance benefits in the event the insured ceases making premium payments. The insured must pay premiums for at least 3 full years to accrue these non-forfeiture benefits. If the insured stops paying premiums, the insured’s new Lifetime Maximum will be equal to the amount of premiums the insured paid less any benefits received under the plan (but not less than 30 times the Daily Maximum).
<b>Monthly Benefit Option</b>	This rider converts the daily maximum for Home and Community-Based Care to a monthly maximum and allows greater flexibility in the use of home and community-based services.

**Important Points to Keep In Mind:**

**Delay of Effective Date** – If you are an employee, your coverage will be delayed if you are not actively at work on the day your insurance would otherwise begin. If you are confined for medical care or treatment on the day the insurance is deemed to be effective, your effective date will be subject to delay until the first day of the month following the date you are discharged and are no longer receiving such care.

**Coordination of Benefits** – The benefits of this plan may be coordinated with certain other coverages that provide benefits for the same services covered by this insurance. Consult your insurance certificate for more details.

**Exclusions**

This plan is designed to provide coverage to pay for the long term care you need when you need it. However, there are some special circumstances that limit or exclude the availability of benefits under this plan. While state variations may apply, generally, no benefits will be payable if any of the following situations apply:

*Work-connected Conditions Charge:* A charge covered by a workers compensation law, occupational disease law or similar law.

*Government Plan Charge:* A charge for a service or supply (a) furnished by or for the United States government or any other government, unless payment of the charge is required by law; or (b) to the extent that the service or supply, or any benefit for the charge, is provided by any law or governmental plan under which the patient is or could be covered. This (b) does not apply to a state plan under Medicaid or to any law or plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program.

When this (b) applied to Medicare, the benefits provided by Medicare will be deemed to include any amount that would have been payable by Medicare in the absence of a deductible or coinsurance requirement under that program.

*Self-inflicted Injury or Suicide:* Charges arising from intentionally self-inflicted injury or attempted suicide, while sane or suffering from inorganic based insanity.

*Services and Supplies Outside the United States:* Charges for services or supplies outside of the United States and its possessions.

*Treatment for Chronic Alcoholism or Chemical Dependency:* Charges in connection with the treatment of chronic alcoholism or chemical dependency.

*War, Felony, Riot or Insurrection:* Charges for a condition due to war or any act of war while you are insured or due to the insured's participation in an act of felony, riot or insurrection. War means declared or undeclared war and includes resistance to armed aggression. Riot means a wild, violent, public disturbance of the peace.

The Plan Details contain terms related to this Long Term Care Insurance plan that you may want to see defined. This section is intended to do that. Since benefits may vary by state, please carefully review the outline of coverage and your insurance certificate for possible state variations.

### ***Definitions***

The following are definitions of terms and phrases used in this plan. Some state variations may apply. Please carefully review your insurance certificate for possible state variations in these definitions.

### ***Activities of Daily Living***

*Bathing* – Washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.

*Continence* – The ability to maintain control of bowel and bladder function, or, when unable to maintain control of bowel or bladder function, the ability to perform associate personal hygiene (including caring for catheter or colostomy bag).

*Dressing* – Putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.

*Eating* – Feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by feeding tube or intravenously.

*Toileting* – Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

*Transferring* – Sufficient mobility to move into or out of a bed, chair or wheelchair, or to move from place to place, either by walking, using a wheelchair or by other means.

### ***Adult Day Care Facility***

An Adult Day Care Facility is a facility that is licensed or certified as an Adult Day Care Facility by the state in which the services are rendered. If a state does not license or certify an Adult Day Care Facility, the adult day care program must be licensed or certified by the state in which services are rendered.

### ***Assessor***

A Licensed Health Care Practitioner who is qualified to evaluate conditions relevant to your functional or cognitive ability. Qualifications are based on training and experience, and may include health care industry, state or national standards.

### **Assisted Living Facility**

For an Assisted Living Facility that is located in a state that licenses or certifies such a facility, an Assisted Living Facility is one which is licensed or certified by the state in which the facility is located. For facilities located in states that do not license or certify Assisted Living Facilities, an Assisted Living Facility is one that meets, in Prudential's judgment, the following minimum criteria.

- 1) It is a group residence that maintains records for services to each resident.
- 2) It provides services and oversight on a 24 hour a day basis which support a resident in a manner that promotes dignity, independence, and privacy.
- 3) It provides a combination of housing, supportive services, and personal assistance designed to respond to the resident's need for help with Activities of Daily Living and instrumental activities of daily living.
- 4) It provides, at a minimum, assistance with Bathing, Dressing, and help with medications.
- 5) It is NOT licensed as a Nursing Home.

The criteria is based on established, national industry standards such as those developed by The Assisted Living Quality Coalition, The Assisted Living Federation of America, The American Association of Homes and Services for the Aging, and The Joint Commission on the Accreditation of Health Organizations.

### ***Chronic Illness or Disability***

A Chronic Illness or Disability is defined as an illness or disability certified by a Licensed Health Care Practitioner in which there is (1) a loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living. This loss must be expected to continue for 90 days. (Activities of Daily Living include bathing, continence, dressing, eating, toileting and transferring); or (2) a severe cognitive impairment which requires Substantial Supervision to protect you from threats to health or safety.

### **Cognitive Impairment**

A loss or deterioration in intellectual capacity that is (a) comparable to and includes Alzheimer's Disease and similar forms of irreversible dementia; and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's (i) short-term or long-term memory (ii) orientation as to people, places, or time, and (iii) deductive or abstract reasoning.

### ***Daily Maximum***

The maximum amount payable for one day's worth of covered long term care services. This amount varies based on the services provided.

### ***Home & Community-Based Care***

Home and Community-Based Care is Home Health Care or Personal Care received from a Home Health Care Agency, a licensed Referral Agency, a licensed Nurse Registry or informal caregiver, or provided by an Independent Health Care Professional and Adult Day Care received from an Adult Day Care Facility.

### ***Informal Caregiver***

An informal caregiver is an unpaid person, typically a family member or friend, who regularly provides Home Health Care or Personal Care to you in your home. This would include assistance with the Activities of Daily Living.

***Licensed Health Care Practitioner***

A Licensed Health Care Practitioner is a Physician, a professional Registered Nurse, a licensed social worker, or another professional individual who meets the requirements prescribed by the United States Secretary of the Treasury.

***Long Term Care***

Long Term Care is medical, social and/or Personal Care services required over a long period of time by a person with a Chronic Illness or Disability. Long Term Care can include care in an Assisted Living Facility or Nursing Home, Adult Day Care, Home and Community-Based Care, Hospice Care, or Respite Care.

***Nursing Home***

A Nursing Home is a facility that provides skilled, intermediate, or custodial care and meets at least one of the following criteria: (1) is Medicare-approved as a Provider of skilled nursing care services (2) is licensed by the state in which it is located as a skilled nursing home, an intermediate care facility, or a custodial care facility (3) meets all the following criteria: (a) its main function is to provide skilled, intermediate or custodial nursing care (b) it is engaged in providing continuous room and board accommodations for three or more persons (c) it has a Physician on staff or available to it under contract (d) it is under the supervision of a Registered Nurse or Licensed Practical Nurse (e) it maintains medical records for each patient (f) it maintains control of and records of all medications dispensed.

***Plan of Care***

A written plan that: (1) has been developed for you (2) describes the type, the frequency, and the duration of Long Term Care that you need (3) describes the types of providers that are needed and (4) is signed by the Licensed Health Care Practitioner responsible for your care.

***Private Care Manager***

A Private Care Manager is a private Licensed Health Care Practitioner, not associated with Prudential, who is qualified to coordinate your necessary Long Term Care, medical care, personal care and social services. Qualifications are based on training and experience and can include health care industry, state or national standards.

***Substantial Assistance***

The physical assistance of another person without which you would not be able to perform an Activity of Daily Living or the constant presence of another person within arms reach which is necessary to prevent, by physical intervention, injury to you while you are performing an Activity of Daily Living.

***Substantial Supervision***

Continual oversight that may include cueing by verbal prompting, gestures or other demonstrations by another person and which is necessary to protect you from threats to your health or safety.

This brochure has been designed to provide you with a brief summary of the important provisions of the Prudential Long Term Care<sup>SM</sup> Insurance plan. This is not an insurance policy or contract. Issuance of coverage may be subject to Prudential's underwriting requirements. The insurance certificate you will receive if you are approved for coverage describes in detail the benefit, limitations, and exclusions of this coverage. Since benefits vary by state, please carefully review your insurance certificate for possible state variations. The Prudential Insurance Company of America is licensed in all states. All plans and options may not be available in your state. Coverage is issued under Prudential Long Term Care<sup>SM</sup> Insurance 83500 contract series. If there are any discrepancies between this brochure and the certificate, the certificate governs. Please be sure to review the Outline of Coverage for definitions of important terms and more details of Prudential Long Term Care<sup>SM</sup> Insurance and its features. Prudential Long Term Care<sup>SM</sup> Insurance is underwritten by The Prudential Insurance Company of America; 751 Broad Street, Newark, NJ 07102-3777. Contract Series: 83500 Prudential Financial is a service mark of The Prudential Insurance Company of America, Newark, NJ and affiliates. INST-A008619

<sup>1</sup>The Looming Crisis, American Health Care Association, 2000.

<sup>2</sup>U.S. Census Bureau, International Database, 2003.

<sup>3</sup>Prudential Financial Long Term Care Cost Survey, January 2004

Prudential Long Term Care<sup>SM</sup> Insurance is underwritten by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102 (800) 732-0416. The insurance coverage offered under Prudential Long Term Care<sup>SM</sup> insurance contains benefits, exclusions, limitations, eligibility requirements and specific terms and provisions under which the insurance coverage may be continued in force or discontinued. Coverage may not be available in your state. Coverage is issued under contract series 83500. Prudential Financial is a service mark of The Prudential Insurance Company of America, Newark, NJ, USA and its affiliates.

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