

Simply.
BusinessSM
Multi-Life Program

SimplicitySM **ii**
Long Term Care Insurance

Security with Simplicity

MEDAmerica

An Excelsus Company



We've taken the complexity out of long term care insurance with a product that pays CASH and worksite programs that make it EASY to offer long term care insurance to your employees.

Choice & Control

Each year millions of Americans become disabled due to injury, chronic medical conditions, or simply through the aging process.

For most, the need for care will extend beyond hospitalization or rehabilitation. And for the first time, they'll need assistance doing the everyday things they've always taken for granted.

The emotional impact of compromised health takes a heavy toll on families. And since health and disability insurance do not typically cover extended care in or outside the home, the financial toll can be even greater.

It's especially difficult for those who thought they were prepared and didn't even realize their financial future was at risk. Most companies encourage and even sponsor retirement savings for their employees. However, an unfunded health catastrophe can wipe out decades of savings and sacrifice.

But there is a simple solution. Long term care insurance helps people protect their life savings and safeguard their independence. It gives your employees choice and control regarding who will provide the care they need and where they will receive it.

Understanding the Facts

The Risk is Real

- 40% of people currently receiving long term care services are adults 18 to 64 years old.¹
- About 70% of individuals over age 65 will require some type of long term care during their lifetime.²

The Cost is High

- The national average hourly rate for a home health aide is \$29. People who need the non-medical home care services they provide generally use between 22 and 44 hours per week, translating into an annual expense of \$33,000 to \$66,000.³
- Family members caring for an aging parent or spouse often pay for many other expenses of care recipients, such as household goods, medical co-payments and transportation. This out-of-pocket cost averages \$5,500 a year, a sum that is more than the average American household spends annually on health care and entertainment combined.⁴

And Beyond Assets

- About one-third of people who provide care to their frail older spouses describe their health as only fair or poor. More than one in five have at least some disabilities, and about one in six suffer from poor mental health, as measured by the presence of depressive symptoms.⁵
- Approximately two-thirds of older adults with functional impairments received all or most of the assistance they needed from unpaid caregivers—typically family and friends—while living in the community.⁶

Advice for Employers

Why has long term care insurance become so important to so many employers and their employees? Because they realize it's a risk that affects the health of both employees and their companies.

- As younger buyers purchase long term care insurance policies, they view the protection as part of a broader retirement process.⁷
- Offering long term care insurance is an easy, affordable way to protect your employees and their families against the risk of needing long term care services.
- By providing leading-edge employee benefits you demonstrate your leadership, show that you value your workforce, optimize retention of key employees, and help secure and complete your employees' future retirement plans.

Protecting Your Employees Now and in the Future

As a responsible employer, you already take steps to protect your employees. Chances are, you offer a 401(k) plan and other programs to help them prepare for retirement. But without long term care insurance, they risk depleting the assets they've worked so hard to build. With neither health insurance, disability insurance nor Medicare designed to provide coverage, the cost and responsibility of meeting care needs falls to the employee and/or his family.

And while that risk may seem far in the future for your employees, as an employer, you need to be aware that in the

short term, many of them will face long term care issues as they become caregivers to parents and other family members. In fact, elder care is expected to replace child care as the #1 dependent concern for employees. With long term care issues weighing heavily on employees, you can champion a solution that can be of little or no cost to you.

There's an intelligent and affordable solution to help fortify the financial security of everyone touched by the need for long term care services: Simplicityⁱⁱ—*the highest-rated long term care insurance product on the market today.*⁸

You don't have to be an insurance expert to choose Simplicity. Everyone understands CASH, and that's what Simplicity provides.

Simplicity pays a monthly cash benefit regardless of services used or amounts spent. An eligible policyholder can use their monthly cash benefit for care as they choose—whatever they need from whomever they want, wherever they are, anywhere in the world—without policy restrictions or limitations.

You can help your employees and their families prepare for the unexpected today and secure their financial future for tomorrow by providing them with long term care insurance so flexible that when the need for coverage arises, there are no questions as to what's covered. Through Simplicity, employees can have coverage to fit their lifestyle, rather than change their lifestyle to fit their coverage. That's what we call "Security with Simplicity."



Flexible Plans Allow You to Meet Your Business Objectives

Ultimately, what benefits your employees benefits your company

In today's business climate, each individual employee is critical to your company's overall success. Therefore, attracting and retaining first-rate employees is the key to remaining competitive. Life, health and disability insurance, and a 401(k) plan just aren't enough anymore. To truly show you value your workers, you need to make sure there are no holes in their financial planning—no pitfalls that could undo years of hard work. Even in times of corporate belt-tightening, particularly around employee benefits, long term care insurance can be provided at little or no cost to the employer. Offering long term care insurance lets you demonstrate your leadership and show the extent of your commitment to your staff. It can give your company a point of difference that's meaningful to both existing and prospective employees. And most of all, it's simply the right thing to do.

We'll work with you to create a plan that's right for your company.

- Flexible alternatives designed to meet your specific needs—no matter what your budget or business philosophy.
- Very little administrative effort to offer a plan at **no cost to you**.
- Customized education and enrollment program to fit your company, focusing on educating your employees so they can make an informed decision regarding this risk to their retirement security.



Voluntary Employee-Funded Plan

Even if there is no employer funding, offering a long term care insurance program is still important because it:

- Provides an opportunity to educate your employees on important issues related to long term care.
- Gives employees and their extended family members the opportunity to purchase at discounts off the standard rate.
- Enables employees to take advantage of simplified, streamlined medical underwriting.
- Gives the employee an opportunity to purchase at younger ages, making the premium most affordable.
- Rounds out your employee benefit package.
- Enhances employee retention.
- Assists in key employee recruitment.

Employer-Funded Base Plan

If your company does not elect to offer a 100% paid benefit, you can still contribute a defined dollar amount. Employer-funded programs offer a low-cost way to maximize employee participation and retention. What's more, these programs can provide both you and your employees favorable tax advantages such as tax-deductible premiums and tax-free benefits. *(See tax benefit details on the following page).*

With an employer-funded program, you can:

- Select a 100% employer-funded base plan for all employees.
- Select a 100% employer-funded base plan for employees based on years of service, age, position, etc.
- Predetermine the contribution amount for all or some of your employees.
- Custom design a plan to meet your budget and needs.

Executive Carve Out

As a business in today's marketplace, you have the opportunity to address the significant risk of long term care while also rewarding owners, officers, and other key employees for their loyal service to your company. Disability income protection is not designed to finance long term care. You can give your key employees substantial long term care benefits with the ultimate flexibility that only a CASH product allows. MedAmerica's Executive Carve Out Program offers features that make it a great choice when considering enhancing benefits for your key employees.

- Protects assets and lifestyle in the event long term care services are needed. The combined protection of long term care and other insurance products provides a full spectrum of security for executives.
- Level premiums ensure predictable expenditures.
- Flexible paid-in-full payment terms permitting acceleration of possible tax advantages.
- Program discounts still apply for participation with as few as one executive or owner.

As you can see, our Executive Carve Out Program offers an attractive way to reward your company's officers, executives, board members and other key contributors because:

- The plan is not subject to discrimination testing under IRC105(b) so you can select the participants in the program.
- Premiums may be tax deductible as a business expense. *(See tax benefit details on the following page).*
- There is no imputed income to the employee.
- Benefits are tax-free up to the IRS limits for CASH.

Highlights of a Tax-Qualified Program for your Business*

Purchasing tax-qualified LTCi is good sense and good business because:

- Premiums paid for tax-qualified LTCi may be tax deductible as a business expense.
- Cost of coverage is easy to forecast and manage because premiums are based on age and health at time of enrollment.
- Employers can select the class of participants they wish to cover, since LTCi is not subject to non-discrimination rules.
- LTCi premiums paid by employers are not considered taxable income to employees.
- LTCi benefits received by policyholders when they need care are tax-free up to the IRS limit for CASH.

C-Corporations

Employer-Paid Premiums

A C-Corporation can deduct as a business expense qualified LTCi premiums paid for employees, their spouses and dependents, and retirees as long as there is no return of premium to the corporation or any residual rights to such premium. The employer's contributions toward an employee's LTCi premiums are not included as income to employees, their spouses, tax dependents, or retired employees. When a long term care policy is purchased for a shareholder not employed by the corporation, no deduction is available, and the premiums are considered as dividend interest to the shareholder.

Offerings to Members of a Board of Directors

If the director is an employee and receives the benefit as an employee of the corporation, the premium paid by the employer is not included as income, and the corporation may deduct the contribution as a business expense. If the director is a non-employee, any LTCi premium paid on his behalf will be considered taxable compensation. However, the premium may still qualify as an allowable business expense.

S-Corporations and Partnerships

If an employee or shareholder owns more than 2% of stock or is a partner:

Tax-qualified LTCi premiums paid by an S-Corporation on behalf of the employee/shareholder are deductible by the S-Corporation if the S-Corporation retains no interest in the policy. LTCi premiums paid by the S-Corporation are required to be included in the employee's/shareholder's gross income, and the shareholder would be subject to the tax-deductibility rules for self-employed individuals.

If an employee or shareholder owns less than 2% of stock and is NOT a partner:

An S-Corporation may deduct premiums paid for a tax-qualified LTCi policy for that individual as a business expense if the S-Corporation retains no interest in the policy. Employer-paid premiums are excluded as income to the employee.

Self-employed individuals

For individuals who are self-employed (sole proprietors), premiums paid for qualified long term care plans may be 100% deductible as a business expense subject to the same limits as those for individual taxpayers.

* Tax rules as of 12/10. While the statements on tax matters discussed above are believed to be accurate, the statements should in no way be construed to be or relied upon as legal or tax advice. Please consult with your own legal counsel or tax advisor on your specific situation.

Why Do Employers Choose MedAmerica?

Clearly, more and more employers are recognizing the tangible and intangible benefits of finding cost-effective ways to enhance their benefit programs designed to improve the quality of their employees' lives. And there's no one better able to help you implement a quality LTCi program than MedAmerica. Insurer of choice for several state employers, Fortune 500 companies, and employers of all sizes, MedAmerica offers the highest quality product backed by these solid credentials:

- Underwrites and insures LTC exclusively: not a financial services "supermarket."
- Paid more than \$226 million in claims.
- Vast experience in group sales from large states to employers with as few as 3 employees.
- Offering ALL CASH LTCi that offers the ultimate flexibility, keeping coverage as relevant 30 years from now as it is today.
- High-tech program administration including an exclusive online education and enrollment website and multiple billing options.
- High-touch service including our complimentary CareDirections Family Advice & Advocacy Program®.
- Administering and servicing LTCi for 43 separate insurers with over 1,000 different policy forms.

CareDirections Family Advice & Advocacy Program®

Considerate attention and sensitivity come naturally to our dedicated Personal Care Advisors. Whether it's assisting policyholders with questions about their policy or finding a provider to address a personal care need, MedAmerica's team is committed to helping our policyholders when it really counts. And with the flexibility of cash payments from our Simplicityⁱⁱ product, policyholders can avoid confusing claim forms and lengthy claims processing delays which can add stress during a difficult time. MedAmerica's CareDirections Family Advice and Advocacy Program is a complimentary support service exclusively for insureds and their loved ones that provides essential advice and support to help families cope with the stresses of long term care, navigate through the health care system, and find the care, services and support they seek.

CareScout® Services

Through a strategic partnership with CareScout, the leading expert on eldercare, MedAmerica provides families with an accomplished breadth of expertise. Upon referral from MedAmerica's Personal Care Advisor, CareScout provides additional services at no cost and without having to be benefit eligible:

- **The Nationwide Provider Selection and Discount Service** can be used if you choose to seek assistance in locating a provider. Discounts at preferred providers can also be obtained and will not affect benefits.
- **Caregiver Support Services** are an online and telephonic information resource and referral system available to policyholders and their families. Components of Caregiver Support Services include an *exclusive website* enabling policyholders to access proprietary care information including CareScout Ratings® and CareScout Reports on care providers, and *Care Advocacy Services*, a support hotline that offers policyholders guidance and referrals to local providers and other professionals such as estate planning attorneys and geriatric care managers.
- **Extended Discounts to Family Members!** Non-insured family members also have access to the CareScout Network.

ScriptSave Services

Insureds are enrolled in the ScriptSave prescription discount program at no cost. When an insured fills a prescription at any of the 20,000 participating pharmacies, they receive a discount by showing their membership card. On average, our policyholders save more than 21% on their prescriptions, or approximately \$15 per prescription.⁹

About MedAmerica

Since its founding in 1987, the MedAmerica name has become synonymous with innovation and dedication to policyholders. MedAmerica is the long term care subsidiary of a \$5 billion not-for-profit health insurer that finances and delivers health care to more than 2 million people in New York State. With long term care insurance its singular focus, MedAmerica brings a depth of expertise to provide long term care financing solutions by creating simple to understand and easy to use products, maintaining fiscal responsibility, shaping public policy, and delivering on our promises.

MedAmerica has in-force contracts in every state and the District of Columbia and has grown to be a leader in delivering innovative long term care financing solutions. This leadership is most evident in our Simplicity brand which has maintained its position as the highest-rated long term care insurance on the market since 2004.⁸

MedAmerica stands out amongst the giants of the long term care industry, bringing heart, soul and passion to long term care insurance to solidify our position as an industry leader. It is our goal to meet the future needs of an aging population with dignified and affordable access to care, consistently delivering security with simplicity.

www.LTCMedAmerica.com

Call your Agent or Broker today to create a long term care insurance program that's perfect for your business. Do it now. Every minute that you wait keeps your employees needlessly at risk.

MedAmerica Insurance Company
Home Office: Pittsburgh, PA

MedAmerica Insurance Company of New York
Home Office: Rochester, NY

MedAmerica Insurance Company of Florida
Home Office: Orlando, FL

¹ National Clearinghouse for Long Term Care Information, www.longtermcare.gov, U.S. Department of Health & Human Services, Administration on Aging, October 22, 2008.

² National Clearinghouse for Long Term Care Information, www.longtermcare.gov, U.S. Department of Health & Human Services, Administration on Aging, September 19, 2008.

³ National Clearinghouse for Long Term Care Information, www.longtermcare.gov, U.S. Department of Health & Human Services, Administration on Aging, April 13, 2009.

⁴ Gross, Jane, "Study Finds Higher Costs for Caregivers of the Elderly," *The New York Times*, November 19, 2007.

⁵ Johnson, Richard W. & Joshua M. Wiener, *A Profile of Older Americans and Their Caregivers*, The Retirement Project, Urban Institute, February 2006.

⁶ Alecxih, Lisa, *Nursing Home Use by "Oldest Old" Sharply Declines*, The Lewin Group, National Press Club, November 21, 2006.

⁷ *Who Buys Long-Term Care Insurance?: A 15-Year Study of Buyers and Non-Buyers, 1990-2005*, Prepared for America's Health Insurance Plans by LifePlans, Inc., April 2007.

⁸ SellingLTC.com

⁹ MedAmerica's ScriptSave Report, December 2008.