

SERFF Tracking Number: NWST-126992488 State: Arkansas
Filing Company: Northwestern Long Term Care Insurance State Tracking Number: 47797
Company
Company Tracking Number: 90-2164 LTC (1110)
TOI: LTC03I Individual Long Term Care Sub-TOI: LTC03I.001 Qualified
Product Name: 90-2164 LTC (1110)
Project Name/Number: 90-2164 LTC (1110)/90-2164 LTC (1110)

Filing at a Glance

Company: Northwestern Long Term Care Insurance Company

Product Name: 90-2164 LTC (1110)

SERFF Tr Num: NWST-126992488 State: Arkansas

TOI: LTC03I Individual Long Term Care

SERFF Status: Closed-Filed-

State Tr Num: 47797

Closed

Sub-TOI: LTC03I.001 Qualified

Co Tr Num: 90-2164 LTC (1110)

State Status: Filed-Closed

Filing Type: Advertisement

Reviewer(s): Harris Shearer,
Stephanie Fowler

Authors: Addie Croeker, Jason

Disposition Date: 02/22/2011

Gross

Date Submitted: 01/26/2011

Disposition Status: Filed-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: 90-2164 LTC (1110)

Status of Filing in Domicile: Pending

Project Number: 90-2164 LTC (1110)

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Individual Market Type:

Overall Rate Impact:

Filing Status Changed: 02/22/2011

State Status Changed: 02/22/2011

Deemer Date:

Created By: Addie Croeker

Submitted By: Addie Croeker

Corresponding Filing Tracking Number:

Filing Description:

We are submitting the attached form for your review and approval, if necessary, as advertising material for the Long Term Care Policy and related forms which have been previously approved in your state.

The newsletter article included with this filing is intended for use by our agents to use with general public.

If you should have any questions regarding the enclosed forms, you may call me at (414) 665-4549 or you can e-mail me at jasongross@northwesternmutual.com. On e-mails that are sent, please copy addiecroeker@northwesternmutual.com.

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Sincerely,

Jason Gross, FLMI, AFSI, ACS
 Product Compliance Specialist
 ac

Company and Contact

Filing Contact Information

Jason Gross, Product Compliance Specialist jasongross@northwesternmutual.com
 720 E. Wisconsin Ave. 414-665-4549 [Phone]
 Milwaukee, WI 53202 414-665-5006 [FAX]

Filing Company Information

Northwestern Long Term Care Insurance CoCode: 69000 State of Domicile: Wisconsin
 Company
 720 East Wisconsin Avenue Group Code: 860 Company Type: Long Term Care
 Rm S845 Group Name: State ID Number:
 Milwaukee, WI 53202 FEIN Number: 36-2258318
 (414) 271-1444 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: \$50 per form
 Per Company: No

| COMPANY | AMOUNT | DATE PROCESSED | TRANSACTION # |
|--------------------------------------------------|---------|----------------|---------------|
| Northwestern Long Term Care Insurance Company | \$50.00 | 01/26/2011 | 44108205 |

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Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|--------------|------------------|------------|----------------|
| Filed-Closed | Stephanie Fowler | 02/22/2011 | 02/22/2011 |

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Disposition

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Comment:

Rate data does NOT apply to filing.

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| Schedule Form | Schedule Item | Schedule Item Status | Public Access |
|----------------------|------------------------------------------------|-----------------------------|----------------------|
| | Article: LINKnet: Who Pays for Long Term Care? | Filed | Yes |

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Form Schedule

Lead Form Number: 90-2164 LTC (1110)

| Schedule Item | Form Number | Form Type | Form Name | Action | Action Specific Data | Readability | Attachment |
|---------------------|-----------------------|----------------------|----------------------------------------------------|--------|----------------------|-------------|---------------------------|
| Filed 02/22/2011 | 90-2164 LTC (1110) | Advertising Article: | LINKnet: WhoInitial Pays for Long Term Care? | | | 0.000 | 90-2164 LTC (1110).pdf |

Who Pays for Long-Term Care?

It is important to understand who pays for long-term care. A high likelihood exists that long-term care will impact each of us in some way. If it doesn't affect us directly, it may potentially impact us through our spouse, parents, in-laws or grandparents.

The perception of many individuals is that the Government will bear the cost of long-term care through either Medicare, Medicaid or some other type of Government program.

These programs pay just a portion of the overall cost. This is primarily due to stringent qualification criteria and limited benefits of both programs.

Medicare's requirements and benefits

Medicare, "The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965," is a federal entitlement program designed to pay expenses associated with the health care needs for individuals age 65 and over as long as they meet the requirements set forth by the Social Security system. Different rules and benefits for nursing home care and home care exist and an overview is provided below. (Complete details on the rules and benefits can be found in the "Guide to Health Insurance for People with Medicare," which can be obtained from your state Insurance Department or Agency on Aging[, the «XYZ Company» Employee Benefits Department, or your «XYZ Company»'s Northwestern agent].)

The Medicare program consists of two parts: Part A - Hospital Insurance, and Part B - Medical Insurance which is supplemental and optional coverage.

Medicare's Part A coverage will pay for skilled care in a nursing home or for home health care if certain requirements are met. The requirements for skilled nursing home care are:

- A prior three-consecutive-day hospital stay (not including day of discharge) upon entering a skilled nursing home facility is required. The same medical cause must exist for both hospital and skilled nursing facility admission.
- The patient must generally be admitted to the skilled nursing home facility within 30 days of hospital discharge.
- A Medicare-certified skilled nursing home facility is required.
- A physician must certify the need for this skilled care on a daily basis.

The amount Medicare will pay for skilled care in a nursing facility is:

| Days | Medicare Pays |
|-------------|-------------------------------|
| 1 - 20 | Up to 100% of approved amount |
| 21- 100 | All but [\$137.50]* per day |
| 100+ | Nothing |

* Based on 2010 figures which are adjusted annually.

Medicare will pay benefits for unlimited home health care visits, provided it is determined to be medically necessary. To qualify for benefits:

- The patient must be confined to the home.
- The patient must be under a physician's care and have a plan of care set up and periodically reviewed by the physician.
- The health care agency must be Medicare approved for home health care.
- The patient must need intermittent skilled nursing care, physical therapy, or speech therapy. Medicare will not pay for full-time at-home care.

Medicare was designed to pay benefits for "acute" medical conditions. Acute conditions require immediate, short-term treatment for a serious illness or injury that is provided in a hospital or at a skilled nursing facility. In reality, Medicare pays for only a small portion of nursing facility costs, and pays for only intermittent skilled nursing home health care costs.

Medicare supplemental insurance

Medicare supplemental insurance (referred to in some states as Medigap) is available for purchase as private health insurance from various insurance companies and organizations.

The supplement's purpose is to provide additional coverage to fill the "gap" between Medicare's reimbursement and the actual cost of medical services. For example, based on the supplemental plan chosen, the [\$137.50] co-payment could be covered from day 21 through day 100 for a skilled nursing facility.

An important point to consider is that while the supplemental coverage can assist in paying additional expenses to fill the gap left by Medicare, the Medicare supplements do not "add" benefits to Medicare by extending the length of time Medicare pays. Therefore, Medicare and its supplemental coverage remain insufficient at meeting the costs associated with long-term care needs.

Medicaid's requirements and benefits

Medicaid, also known as Title 19, is a joint federal and state means-tested program. This means that it pays health care expenses only for low-income individuals.

The Federal Government drafts broad guidelines for states to use in administering the program. Each state develops their own specific rules for medical and financial requirements in order to qualify for benefits. For example, most states require that a physician certify care is necessary and the individual must provide evidence that he or she does not have the financial means to pay for care.

(Government agencies on aging or the Medicaid office in your state can provide complete details on program administration, restrictions and available services.)

To qualify for benefits under Medicaid, applicants must meet Medicaid's eligibility requirements that measure both the applicant's assets and income.

A Medicaid applicant is required to have assets below a certain stated level (many states require less than \$2,000). The spouse is able to keep additional resources to remain independent within the community but is also limited in the amount he or she may keep (this amount varies by state and changes each year). The couple's other assets, such as the primary residence, household furnishings, one car and other personal items, may also be kept, but the circumstances in which they may be kept vary by state.

Medicaid also has income minimums and maximums that may apply to both the Medicaid recipient and the spouse who continues to live in the community. While the Medicaid recipient can keep a small portion of monthly income, known as a "personal needs allowance", (many states limit this amount to less than \$50 per month) the spouse can keep income for living and housing expenses. (The state maximum for the spouse's income is typically \$2,000 per month but can vary based on state limits.)

Clearly, relying on Medicaid to pay your long-term care costs can significantly reduce your choice of health care facilities. Additionally, Medicaid requires the state to approve your program of care. Care may be delivered in skilled, intermediate, or custodial nursing facilities, but only if they are Medicaid certified.

Limited custodial and skilled home health care services are also covered but the services provided must be made by a Medicaid-certified agency. (Medicaid does not approve care that is delivered in alternate living facilities.)

Partnership Programs

The Partnership Program is intended to encourage consumers to take on some the financial responsibility of planning for their own LTC costs. The "partners" in the program are insurance companies and the State Medicaid Offices.

The recently developing Partnership Plans¹ are an outgrowth of the Deficit Reduction Act (DRA) of 2005. The Act allows for long-term care policies that meet certain state and federal requirements to protect some of the insured's assets for Medicaid purposes. For every dollar of long-term care insurance benefits that are received from a Partnership Qualified Policy, a dollar of assets would be protected from Medicaid if the insured were ever to seek Medicaid Assistance.

The amount of protected assets will equal the amount of benefits paid, up to the lifetime maximum coverage of the Long-Term Care Policy. Non-exempt income and assets which exceed the Partnership Protected assets must be spent down before the insured can seek Medicaid Assistance. In addition to asset limitations, eligibility for benefits under Medicaid is subject to other financial requirements, such as applicable income limits, home equity limitations, and other applicable resource limitations.

Partnership Qualified Policies must meet special state requirements including provisions for inflation protection. Since these policies must include inflation protection, the amount of the benefits you receive can be higher than the amount of insurance protection you originally purchased. Often the only difference between a Partnership Qualified Policy and other policies is the amount and type of inflation protection required by the state.

Keep in mind that Partnership & Medicaid requirements vary by state and that QuietCare® Partnership Qualified Policies are not available in all states at this point in time.

Personal Resources

No one likes to think about a long-term care event, but considering your options while you're healthy is the best time to plan. Ask yourself the following:

- Could your present income and assets pay for your long-term care expenses (today, in 10 years, in 30 years)?
- How might that potential cost impact your college funding, charitable giving or estate planning goals?
- If the income generated before and during retirement is unable to keep pace with the increasing cost of care in your area, where might the additional dollars come from?

To better illustrate this, the annual cost of long-term care services for a home health care aide are projected to increase from [\$64,648] per year in [2010]² to approximately [\$277,642] in [2040].²

¹This information does not apply to Connecticut, Indiana, and New York, which are Pre-DRA Partnership states. Northwestern Long Term Care Insurance Company does not participate in these states' Partnership programs.

Long-Term Care Insurance

After carefully examining the previous options, many individuals decide that a personalized, long-term care policy offers the best solution. Here's why:

Long-term care insurance . . .

- ◆ enables you to receive care in your home, the community, an alternate living facility (e.g. Alzheimer's facility), or in a nursing facility.
- ◆ protects you from depleting your assets and diverting your retirement income in order to receive the necessary care.

People purchase long-term care insurance for a variety of reasons. Some buy to preserve assets they have worked hard to accumulate. For others, long-term care insurance offers a sense of independence – freedom from having to rely on children or the Government to provide care.

Regardless of the reason you purchase long-term care insurance, it may afford those who purchase it a greater sense of financial security, dignity and choice when it's needed most.

²NLTC National Cost of Long Term Care Survey. June 2010. Long Term Care Group, Inc. (Note: Numbers are based on an increase of 5% per year due to inflation)

This brochure is not all-inclusive. The policy provides a complete list of benefits, limitations and exclusions.

90-2164 LTC (1110)

Northwestern Long Term Care Insurance Company. Milwaukee , WI
Policy forms TT.LTC.(1010) and TT.LTC.ML.(1010).
Form TT.LTC.ML.(1010) is only available
in New Jersey, New York, Ohio and Pennsylvania.