

***Final Report
& Executive Summary***

**Study of Employer Interest
in Long Term Care Insurance**

Prepared for the Minnesota Board on Aging

Prepared by Long Term Care Group, Inc.
In Conjunction with Malone Consulting

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Executive Summary

This study conducted for the Minnesota Board on Aging identifies an important educational role for the State in encouraging and enabling more employers in Minnesota to consider and offer long term care insurance (LTCI). The study included two components:

- A web-based survey of 165 Minnesota employers not currently offering LTCI, to determine their attitudes toward LTCI including what they perceive as the incentives and barriers to offering LTCI.
- In-depth interviews with a small sample of Minnesota-based employers currently offering LTCI to learn what factors motivated them to offer coverage, and concerns or difficulties they have encountered that would be informative for other employers considering LTCI.

While a recent survey suggests that about 25% of the country's largest employers currently offer a LTCI program¹, the vast majority of smaller and mid-sized employers do not offer LTCI. Yet the impact of caregiver needs is certainly being felt every day at the workplace. Lost productivity due to employee elder caregiving has an impact on corporate America of between \$11 billion and \$29 billion annually². By sponsoring a LTCI program, the employer can help lessen the workplace impact of these costly caregiver demands.

Survey results suggest that there is unmet interest in employer-sponsored LTCI in Minnesota. The potential and interest in LTCI among employers of all types and sizes in Minnesota is high, despite the presence of some barriers and concerns. Many of these can be addressed through education and information. Awareness of LTC as a workplace issue, and LTCI as an option is high among employers. The survey findings suggest that an educational campaign to help them move to the next level should meet with interest among employers.

Nearly 75% of employers surveyed said they would be more likely to offer LTCI if the State provided educational materials to support this activity. Educational materials for employers to encourage participation in group-sponsored LTCI programs should emphasize the key facts about offering a LTCI plan that the study found most influential in employer interest in offering coverage. These critical facts include:

- LTCI presents little or no cost to employers;
- The administrative requirements to offer LTCI are minimal;
- LTCI offers employers a way to keep up with industry trends;

¹ Hewitt, 2002

² National Alliance for Caregiving and National Center on Women and Aging, Brandeis University, 1999

- Making employers aware of other employers in their industry that offer LTCI;
- Informing employers about the tax-advantages (both state and federal) of offering LTCI; and
- LTCI helps employers attract and retain quality employees;

Even those employers not ready to offer LTCI seem interested in helping to educate their employees about the LTC dilemma they face. Specifically, they expressed interest in distributing State-provided educational materials to their employees about LTCI. This is an important first step toward more forward-thinking and planning ahead for meeting LTC needs. And as employers see employee interest grow, more of them will be interested in going beyond education to offering a LTCI program at the workplace.

Other key findings include the following:

Variable	Percent of Employers
• Employer has seen change in employee request for time off or flexible scheduling due to caregiving needs.	43%
• Heard of long term care insurance	94%
• Employees/retirees have asked about LTCI	42%
• Aware of federal tax advantages for LTCI	48%
• Aware of state tax credit for LTCI	32%
• Very likely to consider offering LTCI in future	17%
• Somewhat likely to consider offering LTCI in future	46%
• Interested in making state-provided educational materials on LTCI available to employees	76%
• Interest in offering LTCI would increase if the State provided educational materials for employer	64%

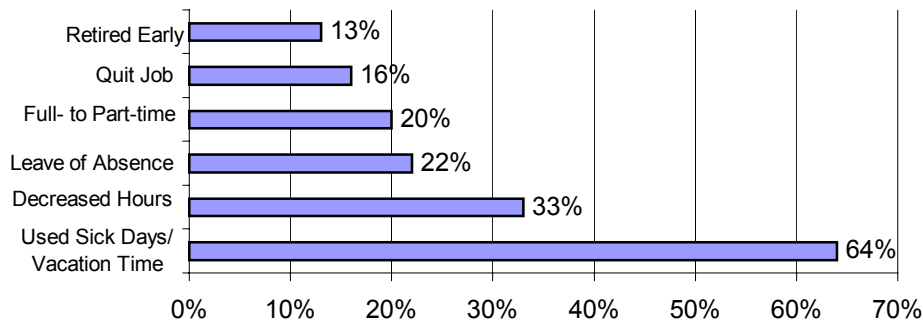
Interest in Long Term Care Insurance Among Minnesota Employers

INTRODUCTION

A growing number of families are touched by the responsibilities of caregiving for aging or disabled loved ones. An estimated 22.4 million U.S. households include someone who is currently caregiving for someone age 50 or older. An estimated two-thirds of all family caregivers are also juggling careers with other family responsibilities. (National Alliance for Caregiving, National Center on Women and Aging, Brandeis University, MetLife Mature Market Institute, 2001).

This caregiving burden has an impact at the workplace in terms of worker productivity, absenteeism and stress. Lost productivity due to elder care giving has an impact on corporate America between \$11 billion and \$29 billion annually. This takes its toll on workers and employers. ("Balancing Caregiving with Work and the Costs Involved," National Alliance for Caregiving and National Center on Women and Aging, Brandeis University, November 1999.) By sponsoring a long term care insurance program that is available to employees and their spouse and parents, the employer hopes to lessen the workplace impact of these caregiver demands.

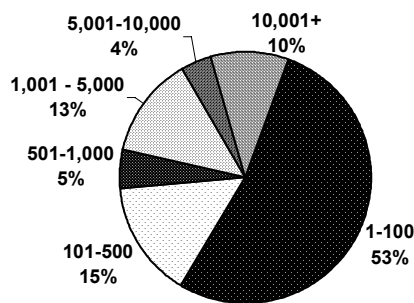
Adjustment to Work Schedule Due to Caregiving



And indeed a recent study of working caregivers found that having long term care insurance made a difference. (National Alliance for Caregiving and LifePlans, Inc., "Does Long Term Care Insurance Make a Difference," March 2001.) The study compared employees with caregiver responsibilities to loved ones who had private long term care insurance with employees providing similar care to a loved one without insurance. The caregivers whose loved ones had insurance:

- ◆ Were twice as likely to be able to work;
- ◆ Had less need to reduce work hours or take leave without pay due to caregiving (e.g., 16 days versus 26 days without insurance);
- ◆ Provided fewer hours of "hands on" care by family, but had more quality time together; and
- ◆ Reported less caregiver stress with respect to their own health and social life.

The number of employers offering long term care insurance to their employees is growing at a rapid pace. The Health Insurance Association of America reports that nearly 4,800 employers offered such plans, as of the end of 2001. This compares to just under 2,000 plans only a few years earlier in 1997. (Health Insurance Association of America, Long Term Care Survey, 2003.) Employers of all sizes are offering voluntary, employee-pay-all long term care coverage. While many of the initial employers who offered long term care insurance were leading-edge, large employers, the number of smaller firms adding a long term care benefit is growing rapidly. Today, over 50% of all the employers that offer long term care insurance are firms with fewer than 100 employees.



Employers Offering Long Term Care Insurance in the U.S. and Size of Workforce
(Health Insurance Association of America, Long Term Care Survey, 2001)

While several major employers in the state currently offer long term care, including the State of Minnesota, 3M Corporation, General Mills, Carlson Company and others, the vast majority of employers do not offer long term care coverage as an optional, voluntary benefit. Yet offering a long term care insurance option at the workplace can have a positive impact on worker productivity and well-being, especially as the number of employees providing care to an aging or disabled loved one continues to grow.

The Minnesota Board on Aging, interested in promoting employer-sponsored long term care (LTC) insurance, contracted with Long Term Care Group, Inc. and Malone Consulting to survey employers in Minnesota. The objective of the study was to identify employer thoughts on LTC, their desires to offer (or not offer) LTC insurance and any perceived barriers that would keep them from offering LTC insurance as a benefit to their employees. The Minnesota Board on Aging hopes to use this information to help design a statewide communications campaign to encourage Minnesota employers to sponsor private long term care insurance plans, or support other educational activities to address the growing LTC dilemma for workers and their families.

The study also includes interviews with employers in Minnesota that currently do offer LTC insurance to their employees. The goal of these interviews was to identify motivational factors and any barriers employers had to overcome in making a long term care insurance plan available to their employees. These findings, together with the general employer survey, will be used by the Minnesota Board on Aging in an education effort to increase employer sponsorship of private long term care insurance programs.

METHODOLOGY

Long Term Care Group, Inc. was selected to conduct the study, working in conjunction with Malone Consulting. Long Term Care Group, Inc. is the nation's premiere third-party administrator of long term care insurance, with more than 550,000 insured lives, representing insurance programs established with more than 15 insurers and over 1,500 employers. LTCG has extensive expertise designing, marketing, implementing and administering both group and individual long-term care insurance programs, and more than 12 years of research and analysis in the LTC policy arena.

The project team also assembled an Advisory Committee of industry experts to review and provide input to the study. Appendix A lists the Advisory Committee participants.

The general employer survey was designed as a web-based survey, both to minimize production and administrative costs and to make the instrument quick and easy for employers to complete. The survey sample was drawn from the Dunn & Bradstreet Million Dollar Database, a comprehensive business directory which provided information on employers in Minnesota. Employers of all sizes and from all industry segments headquartered or operating in Minnesota were eligible for the survey sample. A sample of 4,500 employers was selected to reflect the size distribution of Minnesota employers.

Employers were contacted to participate in the survey in two ways:

- ◆ The Minnesota Board on Aging sent a letter to a randomly drawn sample of 3,000 employers requesting their participation in the survey. The letter also brought to employers' attention the MBA's Senior LinkAge Line. (A copy of the letter is included as Appendix B.)
- ◆ LTCG, Inc. contacted the remaining sample employers by telephone over a four week period to identify the appropriate human resource contact and to engage their interest in participating in the survey. Interested employers were

then contacted by e-mail to direct them to the web-based survey. For employers that preferred a hard copy of the survey, it was mailed or faxed as desired.

The survey instrument was designed to collect descriptive information about the employer, insight into how benefit decisions are made within the company, and awareness of and interest in long term care insurance. The survey asked respondents to evaluate various reasons why an employer might offer or might not offer a long term care insurance plan and to assess their future interest in such an offer. A copy of the survey tool can be found on line for a limited time at www.ltcg.com/mbaltec and is also shown in Appendix C.

As of March 7, 2003, a total of 165 completed surveys were submitted on-line. While this falls short of the desired sample size we hoped to attain, it falls within the acceptable size range for a study that is primarily concerned with being able to provide qualitative and descriptive insights into a population. This also compares favorably to the sample size of some of the prior studies of employer attitudes on LTCI. For example, a Mercer survey of employers had 66 respondents, and a Lewin Group survey conducted for the U.S. Department of Health and Human Services included 39 employers.

Factors in the lower response rate than desired might include the following:

- ◆ Poor business climate which may mean employer and HR attention is currently diverted to more pressing issues;
- ◆ Inability due to budget and time constraints to do repeat follow-up with survey sample to entice their participation; and
- ◆ Limited receptivity to a "cold call" inviting participation in the study.

Because responses were confidential, we do not know how effective each of the two approaches used in reaching the sample audience. However, based on the timing of the responses and the low level of receptivity we experienced with the telephone call strategy, we feel that the letter from MBA was the more effective communication channel and an important one for our being able to achieve the level of returns that we got.

Employers completing the survey were offered a copy (by mail or PDF) of the Health Insurance Association of America's (HIAA) Guide to Long Term Care Insurance for Employers. The Guide was provided both as an incentive and "thank you" for participating, but also to give us an opportunity to provide additional education to employers on this important topic. Over 135 employers completing the survey either requested a hard copy of the Guide, or downloaded the PDF version. We appreciate the willingness of HIAA to support this study by making free copies of the report available to those who completed the survey.

Respondents also could indicate if they were interested in receiving a copy of the survey results once the project is completed. About 65 respondents said they would like to see the survey results. This reflects a good degree of interest in learning more about LTCI, and provides another opportunity to provide information and education to employers on the LTC dilemma.

For the second component of the study, we developed an interview guide to use in our conversation with employers offering LTCI. We felt that an informational interview would be more helpful than a survey because it would let us explore and delve into key areas in greater detail. Also, while we have a good sense of the issues employers may have encountered in offering LTCI, there may be issues and concerns they have that we are not aware of. An interview has a much more open-ended structure and thus accommodates this kind of exploration better than a structured survey instrument. The interview guide is included as Appendix E.

Names of employers offering LTCI were obtained through telephone calls to insurers offering coverage in the workplace market. This included primarily group, but also individual insurers offering employer-based long term care insurance. Some carriers were not interested in participating or did not have any Minnesota-based cases. Several other insurers, however, were able to identify some employer accounts in Minnesota that would be willing to participate in the study. The insurers wanted to make the initial contact to engage the employer's participation in the study. Therefore, we were dependent upon the insurer's timing for conducting this research phase.

WEB-BASED EMPLOYER SURVEY FINDINGS

This section summarizes key findings for the web-based survey of employers that are not currently offering LTCI. For each topic, we present the survey results and provide a very brief summary of each finding. Implications of the survey findings are described in more detail in a subsequent section.

About the Survey Respondents

Variable	Selection Options	Percent of Responses
Currently provide payroll deduction for health or other benefits	Yes No	99% 1%
Number of Employees	< 20 20-50 51-99 100-199 200-499 500-999 1000+	1% 12% 13% 39% 16% 14% 6%
Type of Industry/Business	Other Banking/Finance/ Insurance Government Manufacturing Services Agriculture Transportation Construction	25% 23% 16% 14% 13% 8% 5% 3%
Is workforce represented by Unions?	Yes No	39% 61%
Workforce age 40 or older?	Less than 24% 25% to 49% 50% to 74% 75% or more	9% 59% 38% 3%
Who completed the survey?	HR specialist Other Administrator CEO CFO Benefits Consultant	58% 20% 8% 7% 4% 3%

Nearly all survey participants currently provide automatic payroll deduction for health benefits. This is an important capability in supporting a long term care insurance program.

Responses from the largest employers (1,000+ employees) are fairly representative of the survey sample (6% and 7% respectively). However, the smallest employers (20-99 employees) are under-represented in the survey responses, while employers in the mid-size range of 100 to 999 employees are over-represented

Company Size	Percent in Database Sample (N=4,500)	Percent Distribution Among Survey Respondents (N=165)
20-99 employees	51%	26%
100-999 employees	42%	69%
1000+ employees	7%	6%

Excluding respondents who preferred to identify themselves into the industry category of "other," the majority of responses came from employers in banking, finance, insurance, and government.

Just under 40% of the survey sample work for businesses with union representation. Employers responding to the survey also have a relatively young workforce, with 68% of employers indicating that employees over the age of 40 represent less than half their workforce.

Finally, the survey was most often completed by the HR specialist in the firm (58%).

Making Benefit Decisions

Variable	Selection Options	Percent of Responses
Offer Voluntary, Employee-Pay-All Benefits?	Yes No	61% 39%
How are benefit changes communicated?	Employee Meetings Info distributed at work E-Mail One-on-one employee meetings with insurer or rep Company Intranet Other	85% 67% 50% 35% 19% 13%
Most active in deciding which benefits to offer?	HR manager/dept CEO/CFO Other Benefits Committee Outside agent/broker	62% 61% 24% 11% 7%
Most important factor in choosing new benefits?	Keeping costs down Employee demand Other Keep up with industry trends Employee recruitment/retention CEO/CFO interest	34% 24% 15% 14% 10% 4%
Most important benefit to add?	Life insurance Dental Disability LTC Health Cancer Annuities Flex plan benefits 401k	30% 23% 13% 10% 7% 5% 3% 3% 3%

Over half of the employers currently offer other voluntary benefits. Experience has shown that employers with other similar, employee-pay-all, voluntary benefits are more likely to have the infrastructure and interest to support LTCI

Employee meetings and information distributed at work are used by most companies to communicate information about new benefits. A smaller percentage of employers rely on one-on-one agent/broker meetings (35%) or the intranet (19%) to convey benefit choices to employees.

The lead players in making decisions about new benefits to offer are the HR department and the CEO/CFO. Benefit committees and outside agents or brokers are rarely important in this role.

The most important factor in choosing a new benefit to offer is keeping down benefit costs. That bodes well for a new benefit like LTCI with little or no cost to the employer. Employee demand for the benefit is also important, cited by 24% of respondents.

When respondents were asked to name the single most important benefit to add to existing benefits, they cited life insurance as the most important new benefit to add (30%). Employers also mentioned dental insurance (23%) and disability (13%). LTC insurance ranked fourth, cited by 10% of employers.

Workplace Impacts from Caregiving

Variable	Selection Options	Percent of Responses
Seeing changes in employee request for time off/flexible schedule due to caregiving?	Yes No	43% 57%
How much impact does this have?	Very significant Somewhat Not very No impact at all	1% 22% 66% 11%
Senior Management had LTC experience?	Yes No Don't Know	45% 36% 19%
What portion of employees are doing some retirement planning?	Less than 24% 25% to 49% 50% to 74% 75% or more	40% 31% 14% 15%

Just over half the employers have not yet seen any change in employees' requests for time off or flexibility due to caregiving burdens. Employers also do not see these trends having much of an impact at the present time. Over 75% of employers felt that the "caregiving burden" was having little or no impact on employee time off or interest in flexible work schedules. The survey did not ask about trends in absenteeism.

Close to half the respondents thought that someone in senior management has had some family experience with LTC. This is often a supporting factor when a company is considering offering LTCI.

Finally, employers do not think their employees are doing much planning for retirement at this time. Just under 30% of respondents felt that half or more of all employees are doing such planning. Given the small share of employees over age 40 working for the companies responding to the survey, this finding is consistent with the demographics of the sample.

Long Term Care Insurance Awareness

Variable	Selection Options	Percent of Responses
Heard of LTCI?	Yes	94%
	No	6%
Have employees/retirees asked about it?	Employees	36%
	Retirees	1%
	Both	6%
	Neither	57%
Know other employers in industry offering LTCI?	Yes	38%
	No	62%
Aware of federal tax deduction?	Yes	48%
	No	40%
	Don't know	12%
Aware of State tax credit?	Yes	32%
	No	60%
	Don't know	8%
Impression of costs to set up LTCI?	Little or no cost	42%
	Moderate cost	21%
	Significant Cost	4%
	Don't know	34%

Nearly all the respondents (94%) had heard of LTCI, but only 38% knew other employers within their industry currently offering LTCI. Just over half of employers (57%) said that employees or retirees have expressed little interest in LTCI. Just over one-third of employers acknowledge some interest among employees in long term care insurance.

Employers were slightly more aware of the federal tax deductions for long term care (48%) than of the State of Minnesota tax credit (32%), but many of them were not aware of either or both of these tax incentives.

Over one-third of employers don't know what it would cost to set up a LTCI plan. Another 25% think it would impose "significant or moderate costs." However, just over 40% of the employers understood that a LTCI program could be set up at the workplace for little or no cost.

Considering LTCI

Variable	Selection Options	Percent of Responses
Ever considered offering LTCI?	Yes, in the past	16%
	Yes, currently	9%
	No	75%
How likely to consider offering in the future?	Very likely	17%
	Somewhat	46%
	Not Very	30%
	Not at all	7%
Interest in providing educational materials to employees about LTCI on their own?	Very	11%
	Somewhat	65%
	Not Very	17%
	Not at all	7%

The vast majority of employers (75%) have not considered offering LTCI. However, over 60% of employers said they would be very or somewhat likely to consider offering it in the future. Just over one-third of employers expressed little or no interest in considering LTCI at some point.

Finally, a high percentage of employers (76%) expressed interest in providing educational materials to employees about LTCI so that they could learn more about it and possibly purchase coverage on their own. That presents an interesting alternative for an employer who isn't ready to make a commitment to offer LTCI at the workplace but who sees the value of having employees learn more about and plan ahead for this risk.

Reasons for Considering LTCI

Respondents were asked to indicate how important each reason might be to why an employer would offer LTCI.

Variable	Selection Options	Percent of Responses
Retain and attract employees	Very Important	8%
	Somewhat	40%
	Not Very	40%
	Not At All	12%
Employees can be more productive	Very Important	32%
	Somewhat	61%
	Not Very	5%
	Not At All	2%
Employer expenses are tax deductible	Very Important	22%
	Somewhat	58%
	Not Very	33%
	Not At All	7%
State of MN offers LTCI	Very Important	17%
	Somewhat	27%
	Not Very	37%
	Not At All	19%
Federal government offers LTCI	Very Important	8%
	Somewhat	31%
	Not Very	36%
	Not At All	25%

The largest number of employers cited enhanced productivity as the most important reason an employer might offer LTCI (32% said very important and 61% said somewhat important). Also important to employers is the fact that employer expenses for LTCI are tax deductible (22% said very important).

The fact that the State of MN and the Federal government both offer a LTCI plan wasn't seen as very important to employers in deciding what they should do, although just over one-third of employers did say this was "somewhat" or "very" important to their interest..

Employers also thought it was "somewhat important" to consider LTCI as a way to retain and attract employees (40%), but this wasn't seen as important a reason to offering LTCI as to enhanced productivity at the workplace.

Reasons for NOT Considering LTCI

Respondents were asked to indicate how important each reason might be to why an employer would NOT offer LTCI.

Variable	Selection Options	Percent of Responses
LTC isn't a priority. Too much else to worry about.	Very Important Somewhat Not Very Not At All	5% 29% 39% 27%
Voluntary benefits aren't worth the effort since participation rates can be low.	Very Important Somewhat Not Very Not At All	6% 39% 42% 12%
Concern with pressure for employer to pay benefits in future.	Very Important Somewhat Not Very Not At All	9% 29% 20% 42%
Don't see the need, as an employer	Very Important Somewhat Not Very Not At All	1% 19% 40% 40%
Senior Management isn't interested	Very Important Somewhat Not Very Not At All	5% 27% 47% 20%
Employees are too young	Very Important Somewhat Not Very Not at All	3% 29% 34% 35%

Concern with the results of voluntary benefits was the top reason employers cited for not offering LTCI (45% said this was either very or somewhat important.) Just under 40% of employers are concerned about the pressure to contribute to premium costs for LTCI in the future if they offer an employee-pay-all plan. Just under one-third said there is "too much else to worry about these days," making LTC less of a priority concern. Other reasons employers cite are the lack of management interest (34%) or that employees are too young (32%) Only 20% of employees said that "they just don't see the need."

So while employers identify a need for and interest in LTCI, they are concerned with more pressing human resource issues, the possibility of low participation rates if they offer a voluntary benefit and future pressure to contribute to benefits.

Factors Affecting Interest in LTCI

Respondents were asked to indicate how strongly they agreed or disagreed with various statements about factors that might make them more likely to offer LTCI.

Variable	Selection Options	Percent of Responses
Interest would increase if..... I knew more about benefits and features to offer	Strongly agree Somewhat agree Somewhat disagree Strongly disagree	8% 66% 19% 8%
Interest would increase if..... I knew more about how to select an insurer	Strongly agree Somewhat agree Somewhat disagree Strongly disagree	10% 56% 19% 16%
Interest would increase if..... Employees/retirees expressed more interest	Strongly agree Somewhat agree Somewhat disagree Strongly disagree	27% 59% 11% 2%
Interest would increase if..... Senior management expressed more interest.	Strongly agree Somewhat agree Somewhat disagree Strongly disagree	5% 47% 23% 13%
Interest would increase if..... The State provided educational materials employers could use.	Strongly agree Somewhat agree Somewhat disagree Strongly disagree	20% 54% 16% 11%
What types of education materials would you want?	Eldercare resources Benefit options for older workforce Retirement discussion guide Intergenerational Issues Productivity of older workers	59% 56% 55% 49% 41%

Most employers said their interest in LTCI would increase if employees and/or retirees expressed more interest in it (86%) or if the employer knew more about the specific benefits and features to offer (74%). A significant number of employers (74%) would be more interested in offering LTCI if the state provided educational materials to support their offer of a LTCI plan.

On broader retirement benefit issues, employers expressed interest in educational materials pertaining to eldercare resource information and referral (59%), benefit options for an older workforce (56%), retirement discussion guide (55%), and other issues as shown in the table above.

A Closer Look at Factors Influencing Employer Views

This section reports on analysis of cross-tabulations within the data to learn more about factors influencing differing employer views on LTCI. Statistically significant relationships are denoted by an asterisk (*). The variables examined here include:

- ◆ Awareness of LTCI
- ◆ Considering LTCI or likely to consider it in the future
- ◆ Interested in providing LTCI educational materials
- ◆ Interest in LTCI educational materials provided by the State

Awareness of Long Term Care Insurance

Variable	Heard of LTCI	Not Heard of LTCI
Offers voluntary benefits	54%	46%
*Important to consider keeping up with industry trends when offering benefits	100%	0%
Sees a caregiving impact on the workplace	23%	11%
*Senior Management has had experience with LTC	47%	0%
*Experienced employee and/or retiree interest in LTCI	71%	0%
*Aware of State tax credit for LTCI	34%	0%
*Believes employer costs for LTCI are low to moderate	64%	33%
*Has 100 or more employees	77%	12%
Has union presence	40%	13%
More than half of employees age 40+	17%	12%

*Statistically significant at either .05 or .01 level

There are some differences between employers aware of LTCI and those that have not heard of it. Employers that have heard of LTCI are more likely to be larger employers (100+ employees), with some union presence, with an older workforce (as measured by the percent of employees over age 40) and that offer other voluntary benefits. Similarly, employers who have seen some caregiving impact at the workplace in terms of productivity or absenteeism, or who report senior management having had some family experience with LTC are more likely to have heard of LTCI. Finally, employers who have heard of LTCI are more likely to be aware of the federal and state tax incentives for LTC and more likely to know that the employer costs to provide LTCI are minimal. Although a small portion of employers in the sample had not heard of LTCI, they still expressed opinions about the topics outlined here (e.g., their view of costs to offer a program.)

Considering Offering LTCI

Employers were asked if they are currently considering LTCI. Differences between those that are currently considering it and those that are not are shown below.

Variable	Considering LTCI Now	Not Considering LTCI
*Offers voluntary benefits	63%	49%
*Important to consider keeping up with industry trends when offering benefits	27%	13%
*Keeping costs down is most important factor in choosing new benefits	9%	14%
*Attracting and retaining employees is most important factor in choosing new benefits	18%	13%
Sees a caregiving impact on the workplace	27%	23%
*Employer not interested in LTCI because too much else to worry about	9%	62%
*Knows other employers offering LTCI	74%	63%
Senior Management has had experience with LTC	55%	56%
*Experienced employee and/or retiree interest in LTCI	73%	20%
*Aware of LTCI federal tax advantages	36%	41%
*Aware of State tax credit for LTCI	36%	19%
*Believes costs of LTCI to employer are low to moderate	91%	45%
*Has 100 or more employees	100%	67%
*Has union presence	33%	27%
*More than half of employees age 40+	11%	23%

*Statistically significant at either .05 or .01 level

Employers currently considering LTCI are most likely to offer voluntary benefits and feel it's important to consider industry trends and recruiting and retaining employees in deciding about new benefits to offer. Employers currently considering LTCI are more likely to be aware of the State tax credit. Employers considering LTCI are also more likely to know other employers offering LTCI and to be aware that the costs of LTCI to the employer are low to moderate. Larger employers, those with some union presence and with an older workforce are also more likely to be considering LTCI.

Surprisingly, employers considering LTCI currently don't seem as influenced by the age of their employees. Those considering LTCI have a smaller share of employees over age 40 than do those not considering LTCI. Other factors like employer size, union presence or education and income of employees might be playing a role in mitigating the impact of employee age on employer interest.

Likely to Consider Offering LTCI in the Future

Variable	Very Likely to Consider Offering LTCI	Not at All Likely to Consider LTCI
*Offers voluntary benefits	76%	55%
*Important to consider keeping up with industry trends when offering benefits	40%	10%
*Keeping costs down is most important factor in choosing new benefits	24%	70%
Employee demand is most important factor in choosing new benefit	12%	10%
Sees a caregiving impact on the workplace	28%	30%
*Employer not interested in LTCI because too much else to worry about	9%	63%
*Senior Management has had experience with LTC	28%	20%
*Knows other employers offering LTCI	80%	52%
*Experienced employee and/or retiree interest in LTCI	96%	30%
*Aware of federal tax advantages for LTCI	56%	20%
*Aware of State tax credit for LTCI	48%	20%
*Believes costs of LTCI to employer are low to moderate	84%	60%
*Believes offering LTCI can help attract and retain employees	76%	0%
*Has 100 or more employees	87%	50%
Has union presence	43%	50%
More than half of employees are age 40 or older	30%	25%

*Statistically significant at either .05 or .01 level

Employers that say they are “very likely” to consider offering LTCI in the future are more likely to offer voluntary benefits, to think it’s important to keep up with industry trends with respect to new benefits, and are more likely to have experienced employee or retiree interest in LTCI. They are also more likely to know other employers that offer LTCI, to be aware of favorable tax incentives for LTC and to believe the costs of offering a LTCI benefit are minimal. They also believe that offering LTCI can help attract and retain employees. Larger employers are also more likely to be very interested in considering LTCI in the future.

Interest in Providing LTC Education to Employees

Variable	Very Interested in Providing Education	Not at All Interested
*Offers voluntary benefits	75%	44%
*Important to consider keeping up with industry trends when offering benefits	38%	10%
Keeping costs down is most important factor in choosing new benefits	25%	30%
*Employee demand is most important factor in choosing new benefit	19%	30%
*Sees workplace caregiving impact	43%	30%
*Employer not interested in LTCI because too much else to worry about	13%	67%
Senior Management has LTC experience	44%	30%
*Experienced employee and/or retiree interest in LTCI	75%	40%
*Aware of federal tax advantages	43%	30%
Aware of State tax credit for LTCI	31%	30%
*Believes LTCI costs to employer are low to moderate	88%	60%
Believes offering LTCI can help attract and retain employees	63%	40%
*Has 100 or more employees	93%	33%
Has union presence	63%	17%
More than half of employees age 40+	36%	0%

*Statistically significant at either .05 or .01 level

Employers interested in offering education to employees about LTCI issues, so that they can consider coverage on their own, have many attributes in common with employers considering offering LTCI. This includes offering other voluntary benefits and feeling it's important to keep up with industry trends in choosing new benefits. Employers interested in LTC education for employees also are more likely to have seen some caregiving impact at the workplace and to have had senior management with some LTC experience. They are more aware of the federal tax advantages for LTC, believe the costs of offering LTCI are minimal and that LTCI can help attract and retain employees. Employers interested in offering LTCI education are less likely to say that other issues are more important to them. Finally, employers interested in offering education to employees on LTC issues are more likely to be larger employers with an older workforce.

Interest in Education Materials from the State

Employers were asked if having educational materials provided by the State would increase their interest in offering LTCI.

Variable	More interested in offering LTCI, with state educational materials	Would not increase interest in offering LTCI
*Offers voluntary benefits	73%	45%
*Important to consider keeping up with industry trends when offering benefits	8%	14%
Keeping costs down is most important factor in choosing new benefits	54%	52%
*Employee demand is most important factor in choosing new benefit	15%	6%
*Sees caregiving impact at workplace	23%	57%
Senior Management has LTC experience	38%	64%
*Employer not interested in LTCI because too much else to worry about	79%	24%
Experienced employee and/or retiree interest in LTCI	50%	50%
*Aware of federal tax advantages f	38%	14%
Aware of State tax credit for LTCI	31%	30%
*Believes costs of LTCI to employer are low to moderate	73%	71%
*Believes offering LTCI can help attract and retain employees	77%	57%
*Has 100 or more employees	73%	43%
Has union presence	36%	26%
More than half of employees age 40+	12%	21%

*Statistically significant at either .05 or .01 level

Employers who said that having state-provided educational materials would make them more likely to offer a LTCI plan are more likely to offer voluntary benefits, believe offering LTCI can help attract and retain employees and aware of the federal tax advantages. They also tend to be the larger employers. It is possible that employers interested in offering a LTCI program anyway may have been more likely to say that having state-provided materials would not change their interest in such an offering, since the level of interest already exists.

EMPLOYERS OFFERING LTCI

We interviewed a small but diverse group of Minnesota employers currently offering LTCI to learn more about the effort involved in developing and sustaining their programs. We also discussed with them what information they think would be most useful to other employers thinking about whether to offer LTCI. We obtained the names of employers offering LTCI from insurance companies in the LTC market. The insurers identified the specific employers within their accounts that we could contact, and made an initial contact themselves to obtain agreement to participate in the survey.

We identified a total of 36 employers headquartered in Minnesota and offering LTCI, and we conducted telephone interviews with ten employers, representing LTCI programs with three different insurers and including a range of employer types and sizes. Unfortunately, we do not know what portion of the total universe of Minnesota employers offering LTCI this represents. Recent reports from HIAA and LIMRA estimate that just over 5,000 employers nationwide offer LTCI. If the distribution of employer groups offering LTCI follows a similar pattern to the distribution of LTC policies sold overall by state, then we estimate that there are 125 employers in Minnesota with LTCI. If this is the case, then we estimate that we identified just under 30% of all Minnesota employers offering LTCI and completed telephone interviews with 8% of the universe of employers.

The employers we interviewed represent LTCI programs with three different insurers in the group market. A copy of the interview guide is attached as Appendix D. Two of the employers are relatively small (30 to 450 employees), three are mid-sized (1,500 to 6,000 employees), and the others have between 20,000 and 60,000 employees. All but one of the employers has multiple worksite locations. Five of the employers have some union presence, while the others do not. The employers estimated that their employee population over age 40 represents between 20% and 65% of their workforce, although not all of the employers had information on employee demographics readily available. The smallest employer said the average employee income was \$70,000, but the other three larger employers who had some information on average income thought it was about \$35,000 to \$50,000. Industries represented include insurance, healthcare, education and technology, manufacturing, retail and food services.

One program began in 1999, three began in 2000, three began in 2001 and three programs began more recently in 2002. While all the programs offer coverage to employees, their spouses and parents, only some of the employers also extend enrollment to retirees and other family members like grandparents, adult children or siblings.

Employers cited a variety of reasons for deciding to offer LTCI. Most important reasons included:

- ◆ To improve employee productivity and morale;
- ◆ Because the offering could be made with little or no cost;
- ◆ Responding to employee/union interest, as well as some senior management interest;
- ◆ Being able to assist employees with caregiving responsibilities;
- ◆ Being on the “cutting edge” of offering voluntary benefits; and
- ◆ Offering a benefit that might help attract and retain employees.

Most of the employers used a broker/consultant to assist them in selecting a carrier and designing the offering, although one employer did their own selection work because they had a great deal of familiarity with insurance programs and options.

Most employers relied upon employee group meetings and benefit fairs to make employees aware of the program. A smaller share of the employers used direct mail to employees’ homes or other internal workplace communications like intra-net or e-mail. The employers interviewed agreed that in-person meetings and the use of TV-based seminars were the most effective vehicles for letting employees know about the program and encouraging them to enroll. One employer felt the company newsletter was an important vehicle. Two of the programs have an annual enrollment opportunity, while the rest have on-going, open enrollment. Typically, the underwriting for the initial offer for new or existing employees is minimal, while subsequent or on-going enrollments are subject to additional underwriting.

Most employers felt that the LTCI program was either “very easy” or “somewhat easy” to administer. Most said that they had no administrative responsibilities or burdens other than supporting payroll deduction. The resources needed from the employer at the outset to initiate the program were described as “none or minimal” by most employers, although one or two said that there were some technology issues involved in setting up the ability to support payroll deduction. While one of the employers does not offer any other voluntary benefits, most of the other employers do offer one or more other voluntary benefits like life, home or auto insurance or LTD.

Two of the employers interviewed were not aware of program results, so they did not have an opinion about how results compared with expectations. However, the other employers said they were satisfied with the program results and felt they were “on target” with expectations. Most employers didn’t know specific enrollment figures, although one said that 100% of the company’s 30 employees are enrolled and three others estimated that about 5% of employees participate. Two programs estimated about a 3% participation rate.

Most employers said there was little they would want to see changed about the program, however some employers would like to see more marketing and education activity to support the program. They feel that more education on an on-going basis is needed to make employees aware of the need for LTCI and encourage them to consider enrolling. One employer thought that being able to offer LTCI on a pre-tax basis would improve participation. Another employer expressed interest in including an automatic inflation protection option as a change that might enhance interest.

Employers expressed satisfaction with the impact the LTCI program is having on employee morale, productivity and satisfaction with benefits. One employer remarked, "We feel like we are offering a broader base of benefit offerings to encompass more of a work-life balance. We feel that by offering this program, we are enhancing the choices available to our employees for their retirement and financial planning."

When asked about the impacts that offering LTCI has had, employers talked about the following:

- ◆ Raised LTC awareness;
- ◆ Employees with LTC experience and family issues are glad to see this being offered;
- ◆ Employees have a better understanding of other benefits and what they do and do not cover (e.g., Medicare and LTD do not cover LTC);
- ◆ Employees are pleased that the company offers LTCI. Some employers have done an employee survey after the LTCI offering and found that employees are satisfied with the program and like having it available.

Most employers have not had an opportunity to talk with other employers about LTCI. One has been asked to help advise other employers on how to select a carrier and they are pleased to "spread the word." Only four of the ten employers were aware of both the state and federal LTCI programs and felt that those offerings would have a positive impact on other employers and on employees' interest in LTCI. They felt that more coverage of those programs in employer publications reaching HR staff would help build interest, understanding and support for LTCI as a benefit option.

Most employers felt that "competing priorities" or "too much else to worry about these days" were the primary reasons that more employers aren't offering LTCI. They also felt that lack of employee demand may play a role, but felt that educating employees and employers to the LTC dilemma would help raise awareness and spark demand.

When asked about the most important information to provide other employers to help them become interested in LTCI, these employers mentioned the following:

- ◆ Ease of administration;
- ◆ Positive impact on employee productivity and morale;
- ◆ Selecting a good insurer is important to minimizing the employer's administrative role and minimizing employee "complaints" if anything goes wrong;
- ◆ Statistics on LTC costs and how they can erode retirement savings;
- ◆ Helping employers and employees understand that premiums are lower and coverage more affordable if people buy at younger ages; and
- ◆ Hearing about LTCI from other employers who have successfully offered it.

DISCUSSION & RECOMMENDATIONS

Survey results suggest that there is unmet interest in employer-sponsored long term care insurance in Minnesota. A vast majority of employers in Minnesota have heard of LTCI and most have some understanding of potential benefits to be gained by offering such coverage for their employees, such as the impact on worker productivity, keeping up with industry benefit trends, and retaining and attracting employees.

At the same time, it is obvious that there are barriers, either perceived or real, that may have kept these employers from offering such coverage already. The most significant “barriers” employers mentioned pertain to competing benefit priorities and keeping benefit costs down.

Employers in the survey report seeing an impact of caregiving on employee productivity, with just over 40% citing this as a concern and 23% saying that that impact is significant. The largest number of employers cited enhanced productivity as the most important reason an employer might offer LTCI (32% said very important and 61% said somewhat important). Helping employers see how offering a LTCI benefit can positively impact this caregiving burden is an important part of the educational process.

According to employers in the survey, the most important factor in choosing a new benefit to offer is keeping down benefit costs. That bodes well for a new benefit like LTCI with little or no cost to the employer. However, this underscores the importance of making employers more aware of the minimal costs required to support offering LTCI, and of the tax advantages to employers. Specifically, employers need to know that they can take a tax deduction for expenses they incur, however minimal, to set up a long term care program, even if they are not making a premium contribution. Employee demand for the benefit is also important, cited by 24% of respondents.

When employers were asked about the single most important benefit to add in the near future, LTC insurance ranked fourth, cited by 10% of employers. Addressing some of the misinformation and concerns that employers currently have with regard to offering a voluntary benefit like LTCI could well help to increase this level of interest in offering LTCI.

Factors which seem critical to employer interest in offering LTCI include:

- ◆ Awareness that the costs of implementing an employee-pay-all option are minimal;
- ◆ Awareness of the favorable tax treatment for LTCI;
- ◆ Support and information provided by the State to help employers educate employees;
- ◆ Becoming aware of other employers within one's industry that offer LTCI;
- ◆ Understanding the importance of keeping up with industry benefit trends;
- ◆ Experience offering other voluntary benefits; and
- ◆ Experiencing employee and retiree interest and demand on these issues.

Educational materials from the State to employers that address these key issues are likely to increase interest and overcome some of the barriers to offering LTCI. Educational materials, or encouraging or facilitating employers to conduct employee surveys of interest in LTCI might help make more employers aware of latent employee concern. Part of the educational materials developed by the State might include an easy-to-administer employee interest survey. The survey could be educational at the same time that it gathered information about employee awareness and interest.

Employers who are not currently considering LTCI and who say they are not at all likely to do so in the future are concerned with "keeping benefit costs down" and "have too much else to worry about." They also are less likely to have experience with voluntary benefits or know other employers offering LTCI. Raising their awareness of the favorable results other employers in their industry have had and of the minimal cost and administrative impact of offering LTCI could help influence their lack of interest.

Those employers who indicated that they would not be interested in offering LTCI coverage for their employees did express an interest in distributing State-provided educational materials to their employees in an effort to perhaps aid their employees without incurring either time or monetary costs that would be involved in sponsoring a plan.

Educational materials for employers to encourage participation in group sponsored LTCI programs should emphasize those factors deemed most influential in that decision:

- ◆ low cost to employers to sponsor programs;
- ◆ keeping up with industry trends;
- ◆ information about other employers offering LTCI;
- ◆ tax advantages; and
- ◆ the ability to attract and retain quality employees.

A potential concern that was not investigated in this survey of employers is whether those smaller employers who would be interested in sponsoring a plan would be able to find an insurance company to underwrite such a small group plan. However, a growing number of insurers are focusing on the small to mid-size employer market and finding new and creative ways to cost-effectively offer coverage to small employers. Making employers aware of the fact that “size doesn’t necessarily matter” in terms of being able to put into place an effective LTCI program could be an important educational objective of the State-provided material to employers. It could help to make small employers aware of the some of the trade-offs they might have to make in offering LTCI (e.g., accept some short-form underwriting in lieu of guaranteed issue), but the primary message should be that carriers today are increasingly willing to write policies to cover small groups.

Since the majority of employers in Minnesota are small employers, this is an important consideration in developing educational materials and in how to influence interest in LTCI plans in general. The unique issues and concerns that smaller employers face in offering LTCI and how to overcome them will be an important focus of State-provided education to employers.

In conclusion, the potential and interest in LTCI among employers of all types and sizes in Minnesota is high, despite the presence of some barriers and concerns. Many of these can be addressed through education and information. The awareness of LTC as a workplace issue, and LTCI as an option is high among employers. An educational campaign to help them move to the next level should meet with interest among employers. Nearly 75% of employers surveyed said they would be more likely to offer LTCI if the state provided educational materials to support this activity. Even those not ready to offer LTCI seem interested in helping to educate their employees about the LTC dilemma they face. This is an important first step toward more forward thinking and planning ahead for meeting LTC needs. And as employers see employee interest grow, more of them will be interested in going beyond education to offering a LTCI program at the workplace.

Appendix A – Advisory Committee Participants

Winthrop Cashdollar, Health Insurance Association of America (HIAA)

Marc A. Cohen, Ph.D., LifePlans, Inc.

John A. Cutler, J.D., U.S. Office of Personnel Management, Project Leader,
Federal Employees Long Term Care Insurance Program (FLTCIP)

Hunter McKay, U.S. Department of Health and Human Services/Office of the
Assistant Secretary for Planning and Evaluation

Mary Helen McSweeney, Ph.D., Assistant Professor, University of Scranton

Appendix B – Letter from MBA to Survey Sample

January 23, 2003

Dear Human Resource Professional:

The Minnesota Board on Aging would like to invite you to participate in an important survey about your employees' health and retirement needs. For many years, the Board on Aging has provided helpful information on health insurance to seniors and their families through the Senior LinkAge Line®. Recently, the Minnesota Legislature directed the MBA to promote long-term care insurance among employers.

A growing number of families are touched every day by the responsibilities of caregiving for their aging or disabled loved ones. An estimated 22.4 million U.S. households include someone who is currently caregiving for someone age 50 or older. An estimated two-thirds of all family caregivers are also juggling careers with other family responsibilities.

We want to learn more about the issues and concerns employers are experiencing as their employees increasingly face caregiving responsibilities for aging parents or as their employees face the prospect of needing extended care themselves as they age.

Your views are important to us and will help us learn how the State can better meet the needs of employers as they help their workforce plan for future health care costs. Please take a few minutes to complete the on-line survey and tell us what you think.

You can access the website at <http://www.ltcg.com/mbaltc/>. You can easily complete the survey on-line in only a few minutes, and your responses will be completely confidential. You'll also find some important information about this topic on the website including a recent publication from the Health Insurance Association of America entitled "An Employer's Guide to Long-Term Care Insurance." We invite you to learn more and we value your input and opinions on this critical topic.

Sincerely,

Kenneth Moritz
Chairman

*For additional information about
community services in Minnesota
or health insurance counseling,
your employees may contact the*

Senior LinkAge Line® 1-800-333-2433

Appendix C – Survey Instrument

Screen #1

Welcome!

The Minnesota Board on Aging wants to learn how to better assist employers in meeting the health and retirement needs of their employees.

Thank you for taking a few minutes to share your thoughts with us. The survey is brief and very easy to complete and submit on-line. Your responses are completely confidential. We really want to hear from you on this important topic.

Our Way of Saying Thank You!

When you complete and submit the survey, we'd like to give you a complimentary publication on employee benefits as our way of saying "thank you."

Screen #2

We'd like to learn more about your current concerns and activities in offering employee benefits.

- A1. Do you currently offer any voluntary, employee-pay-all benefits?
1. Yes (please specify which ones: _____)
 2. No
- A2. How is information about benefits or benefit changes typically provided to employees? (Please check all that apply.)
1. Employee group meetings and/or benefits fair
 2. E-mail
 3. Company intra-net or internet posting
 4. Information sent through the mail or distributed at the worksite
 5. One-on-one individual employee meetings with agent, broker or insurance company representative
 6. Other (please specify) _____
- A3. Who plays the most active role in deciding which benefits to offer in your company? (Please circle all that apply)
1. HR manager/department
 2. Benefits committee
 3. CEO/CFO
 4. Outside agent/broker
 5. Other (specify please)
- A4. What is the most important factor in choosing a new benefit to offer (please choose one).
1. Keeping costs down
 2. Employee demand
 3. Employee recruitment/retention
 4. CEO/CFO interest
 5. Keeping up with industry trends
 6. Other (please specify) _____
- A5. Thinking about the future, what do you think is the most important employee benefit to add to those you currently offer?

Screen #3

Over 22 million households in the U.S. are touched every day by the responsibilities of care-giving for an aging or disabled loved one. Some of your employees may be juggling their careers and these types of care-giving demands.

- B1. Have you noticed any changes or trends in employees' requests for time off, use of flexible work schedules or productivity due to family caregiving needs for older or disabled family members?
1. Yes
 2. No
- B2. How much of an impact, if any, would you say this is having on your business? (Please select the one that best applies.)
1. Very significant
 2. Somewhat significant
 3. Not very significant
 4. No impact at all
- B3. Are you aware of anyone in senior management in your company that has had personal experiences with a family member or close friend needing extended care, for an accident, illness or disability, in a nursing home or at home?
1. Yes
 2. No
- B4. From your perspective, what proportion of your employees do you think are doing some type of planning for their retirement at the present time?
1. Less than 10%
 2. 10% to 24%
 3. 25% to 49%
 4. 50% to 74%
 5. 75% or more

Screen #4

Long Term Care Insurance is a relatively new type of voluntary benefit that some employers provide usually on an employee-pay-all basis. Long Term Care Insurance helps pay for care – whether in a nursing home, assisted living facility, or care at home - when someone has an extended illness or disability that makes them unable to care for themselves. It pays for non-medical help such as bathing, dressing, preparing meals, or supervision for someone who has a condition like Alzheimer’s disease. Where it is available, employees (and sometimes retirees) can buy coverage for themselves, a spouse, their parents or parents-in-law.

- C1. Have you heard of long term care insurance before now?
1. Yes
 2. No
- C2. Have any of your employees or your retirees asked about or expressed interest in long term care insurance?
1. Yes, employees have expressed interest
 2. Yes, retirees have expressed interest
 3. Yes, both have expressed interest
 4. No, neither have expressed interest
- C3. Do you know any other employers within your industry that currently offer a long term care insurance plan?
1. Yes
 2. No
- C4. Were you aware that a portion of the premiums that employees pay for long term care insurance is federally tax-deductible under certain circumstances?
1. Yes
 2. No
 3. I don't know
- C5. Were you aware that the State of Minnesota has a tax deduction for long term care insurance?
1. Yes
 2. No
 3. I don't know

C6. What impression do you have, if any, about the costs to you, as the employer, to establish a voluntary long term care insurance program for employees? (Please select the one that best applies.)

1. There is little or no cost to the employer.
2. There is a moderate cost to the employer.
3. There is a significant cost to the employer.
4. I don't know.

Screen #5

We'd like to know whether you have looked into offering long term care insurance at your company.

[Note to project team – we expect to screen out employers that currently offer LTCI and include them in the other survey specific to that group, so almost all employers completing this survey will go from question D3 on to the next Screen.]

- D1. Have you ever considered offering long term care insurance to your employees?
1. Yes, we currently offer this benefit
 2. Yes, we have considered it in the past
 3. Yes, we are currently considering it
 4. No
- D2. How likely would you be to consider offering this benefit in the future?
1. Very likely
 2. Somewhat likely
 3. Not very likely
 4. Not at all likely
- D3. How interested would you be in providing educational information to your employees about long term care issues so that they can consider whether to buy long term care insurance on their own.
1. Very interested
 2. Somewhat interested
 3. Not very interested
 4. Not at all interested

Screen #6

Employers have different reasons for offering or not offering a long term care insurance program. For each reason listed below, please indicate how important you think this reason is for why an employer like yourself might consider offering a long term care insurance program to employees. (Please circle the one that best applies)

- E1. Long term care insurance can help attract and retain employees in a competitive market
1. Very important
 2. Somewhat important
 3. Not very important
 4. Not at all important
- E2. Employees can be more productive at work if they have support in meeting their family care-giving needs.
1. Very important
 2. Somewhat important
 3. Not very important
 4. Not at all important
- E3. Employer expenses to set up and support the benefit are tax-deductible and employees may be eligible for a tax deduction for the premiums they pay.
1. Very important
 2. Somewhat important
 3. Not very important
 - 4. Not at all important**
- E4. The State of Minnesota now offers a voluntary, long term care insurance benefit to public employees and retirees.
1. Very important
 2. Somewhat important
 3. Not very important
 4. Not at all important
- E5. The Federal government now offers a voluntary, long term care insurance benefit to federal employees and retirees.
1. Very important
 2. Somewhat important
 3. Not very important
 4. Not at all important

- E6. Are there any other important reasons to consider offering a long term care insurance program at your workplace which we have not mentioned? Please specify if you feel there is any other reason?
1. Yes (specify) _____
 2. No

Screen #7

Employers also have reasons for choosing not to offer long term care insurance to their employees. For each reason listed below, please indicate whether you agree or disagree with the statement as a reason an employer might decide NOT to offer a long term care insurance program. (Please circle the one that best applies)

- F1. Employers have too much else to worry about these days. Long term care just isn't a priority.
1. Strongly agree
 2. Somewhat agree
 3. Somewhat disagree
 4. Strongly disagree
- F2. Voluntary benefits aren't worth the effort since participation rates can be low.
1. Strongly agree
 2. Somewhat agree
 3. Somewhat disagree
 4. Strongly disagree
- F3. I'm concerned about union/employee pressure to pay for the benefit at some point in the future.
1. Strongly agree
 2. Somewhat agree
 3. Somewhat disagree
 4. Strongly disagree
- F4. As an employer, I just don't see the need.
1. Strongly agree
 2. Somewhat agree
 3. Somewhat disagree
 4. Strongly disagree
- F5. Senior management isn't interested in this benefit.
1. Strongly agree
 2. Somewhat agree
 3. Somewhat disagree
 4. Strongly disagree

- F6. Our employees are too young to be interested in this type of benefit.
1. Strongly agree
 2. Somewhat agree
 3. Somewhat disagree
 4. Strongly disagree
- F7. Are there any other important reasons for not wanting to offer a long term care insurance program at your workplace which we have not mentioned?
1. Yes (Please specify)_____
 2. No

Screen #8

We'd like to know what type of information and support, if any, would make you more likely to offer long term care insurance, as a voluntary, employee-pay-all benefit. For each item below, please indicate whether or not it would increase your interest in long term care insurance, or if it would make no differences to you.

Please indicate whether you agree or disagree with each of the following statements.

- G1. I would be more interested in offering long term care insurance... if I knew more about benefits and features to offer.
1. Strongly Agree
 2. Somewhat Agree
 3. Somewhat Disagree
 4. Strongly Disagree
- G2. I would be more interested in offering long term care insurance, if I knew more about how to select an insurance company for this product?
1. Strongly Agree
 2. Somewhat Agree
 3. Somewhat Disagree
 - 4. Strongly Disagree**
- G3. I would be more interested in long term care insurance.... if my employees or retirees expressed specific interest in this benefit?
1. Strongly Agree
 2. Somewhat Agree
 3. Somewhat Disagree
 4. Strongly Disagree
- G4. I would be more interested in long term care insurance.... if senior management expressed specific interest in this benefit?
1. Strongly Agree
 2. Somewhat Agree
 3. Somewhat Disagree
 4. Strongly Disagree

- G5. I would be more interested in long term care insurance....
if I could obtain coverage as part of a "buying cooperative" or consortium of other employers, and didn't have to do any of the "shopping" or setting up on my own?
1. Strongly Agree
 2. Somewhat Agree
 3. Somewhat Disagree
 4. Strongly Disagree
- G6. I would be more interested in long term care insurance....
if the State provided educational materials to help employers and employees understand long term care insurance issues and options?
1. Strongly Agree
 2. Somewhat Agree
 3. Somewhat Disagree
 4. Strongly Disagree
- G7. Is there anything else you can think of that might make you more interested in offering a long term care insurance program at your company?
1. Yes (Please specify) _____
 2. No
- G8. Listed below are some types of educational materials related to the aging of the workforce. Please indicate which of these you would be interested in having available to you as an employer. (Please check all that apply.)
1. Retirement discussion guide
 2. Benefit options for an older workforce
 3. Eldercare resources (help employees find care options for aging or disabled family members)
 4. Productivity of older workers
 5. Intergenerational issues in the workplace
 6. Other (please describe) _____

Screen #9

Finally, please answer these last few questions for classification purposes only.

- H1. Do you currently provide automatic payroll deduction for health and/or other benefits?
1. Yes
 2. No
- H2. How many worksite locations does your company have?
(Please enter number here) _____
- H3. How many employees do you have?
1. Less than 20
 2. 20 to 50
 3. 51 to 99
 4. 100 to 199
 5. 200 to 499
 6. 500 to 999
 7. 1,000 or more
- H4. How would you characterize the type of industry/business your company is in?
1. Agriculture
 2. Mining
 3. Construction
 4. Printing
 5. Electronics
 6. Manufacturing
 7. Transportation
 8. Communications
 9. Banking and Insurance
 10. Other (specify)
- H5. Is any of your workforce represented by unions?
1. Yes
 2. No
- H6. About what percent of your workforce is age 40 or older?
1. Less than 24%
 2. 25% to 49%
 3. 50% to 74%
 4. 75% or more

H7. Which of the following best describes your job title?

1. HR specialist
2. CEO
3. CFO
4. Administrative Assistant
5. Benefits consultant
6. Other (specify) _____

SUBMIT SURVEY

Thank You Screen

We greatly appreciate your taking the time to share your thoughts and opinions with us. Your responses are confidential!

We'd like to say "thank you" by giving you a copy of an informative new publication called "An Employer's Guide to Long Term Care Insurance."

- If you would like to receive a printed copy in the mail, please provide your contact information below. (Your survey responses will remain separate from this information.)

Name: _____

Address: _____

- Or if you would like to obtain a copy of the Employer Guide on-line, please click on the link below.

[Provide link to HIAA publication here]

Finally, if you would like to receive a copy of the survey results, please provide your e-mail address below and we will send you the results once they are tabulated.

e-mail: _____

Appendix D –
Interview Guide for Employers with Long Term Care Insurance

Background on the LTCI Program

1. **When did you first begin offering LTCI at the worksite?**

 2. **What categories of individuals are eligible?**
 - a. Employees (specify if all or only certain classes)
 - b. Retirees
 - c. Spouses of Employees
 - d. Spouses of Retirees
 - e. Parents/In-Laws of employees
 - f. Parents/in-Laws of retirees
 - g. Adult children
 - h. Grandparents/in-laws
 - i. Siblings

 3. **Who is the insurer?**

 4. **Thinking back to the time when you first decided to offer a LTCI program, what reason(s) were most important to that decision? (select as many as apply)**
 - a. Help attract and retain employees
 - b. Assist employees with caregiving burdens
 - c. Tax advantages
 - d. Low cost/no cost to do
 - e. Employee productivity and morale
 - f. Senior management wanted it
 - g. Employees/unions wanted it
 - h. Other (specify) _____

 5. **Is any one of these reasons more important than the others? (pick one)**
-
6. **Briefly describe the process you went through to decide to offer LTCI and to select a carrier. How satisfied are you with that process? Would you do anything differently if you had it to do over again?**

Marketing & Administrative Activities

1. **How was the program first marketed to employees?**
 - a. Employee group meetings or benefit fairs
 - b. E-mail communications
 - c. Company intra-net or internet posting
 - d. Information distributed through work
 - e. Mail sent to employee homes
 - f. Individual meetings with “agent” or “enroller”
 - g. Other (specify) _____
2. **Has one approach has been more effective than another? If yes, specify?**
3. **Have there been subsequent enrollment opportunities? If so, what methods are used to continue to market the program? Is this done at a specific time each year, or is there an on-going “open” enrollment period?**
4. **Do you provide payroll and/or pension deduction for the program?**
5. **What other administrative services or supports do you provide? Are there on-going responsibilities for the employer other than collecting premium and reporting enrollment or employment changes to the carrier? If yes, please describe what these are and how they impact your firm.**
6. **How much of a strain on resources was their during the initial offering?**
7. **How “easy” to administer and support is the LTCI program you offer?**
 - a. Very Easy
 - b. Somewhat Easy
 - c. Somewhat Difficult
 - d. Very Difficult
8. **Do you offer other voluntary benefits at the worksite? If yes, what are they and what has your experience been with those.**
9. **What portion of your employees do you think are doing some type of planning for their retirement at the present time?**
 - a. Less than 25%
 - b. 25% to 50%
 - c. 50% to 75%
 - d. More than 75%

Results & Impressions

1. How many individuals are currently enrolled in the LTCI Program?
2. What is the approximate mix of active employees vs. other eligibles?
3. How do your enrollment results compare with your expectations or desires for the program? How satisfied are you with the results?
4. Is there anything that you would like to see changed about the program (e.g., the coverage that is offered, how employees are informed about the program, etc.)? If you have already made program changes along the way, please also describe those.
5. If the program is NOT having the desired results you'd like to see, please discuss why you think this is the case? Is there anything that could or should have been done differently?
6. What other impacts, if any, have you seen from the program – in terms of employee/retiree awareness of LTC issues, workplace productivity, morale, etc.?

Getting the Word out to Other Employers

1. Are you ever asked to talk with other employers about your experience offering LTCI? If yes, describe the context and what you have said. If no, is this something you would be interested in doing? And what would you most want to tell other employers about LTCI?
2. Are you (and other employers) aware of the LTCI program that the State of MN offers to State employees and retirees? Has this activity had any influence on employer or employee interest in LTCI?
3. Are you (and other employers) aware of the Federal LTCI Program? Do you think this activity has had any influence or impact on employee or employer interest in LTCI?
4. Why do you think most employers aren't taking an interest in offering LTCI? What are the obstacles they perceive and how might you think these could be overcome?.

5. **What do you think are the major reasons that an employer might NOT be interested in LTCI?** (Select as many as apply)
- a. Too much else to worry about these days – not a benefit priority
 - b. Employers/employees lack awareness of the LTC need and issues
 - c. Voluntary benefits aren't worth the effort
 - d. Concerned with union/employee pressure for an employer premium contribution to any new benefit.
 - e. Senior management isn't interested
 - f. Employee/retiree interest isn't there
 - g. Employees are too young (or wrong demographics)
 - h. Too hard to figure out how to select and support a successful program
 - i. Other (specify) _____

6. **Which one of these reasons do you think is the most important?**

7. **What type of information/education would be most influential with other employers to encourage them to consider offering LTCI?** Talk about the specific information to be provided and the best ways to reach employers

General Information about the Employer

- 1. How many employees do you have?
- 2. How many different worksite locations are there?
- 3. How would you characterize the type of industry/business your company is in?
- 4. Is any of your workforce represented by unions?
- 5. About what percent of your workforce is age 40 or older?