

MedAmerica Insurance Company of New York

New York State Partnership for Long-Term Care Program Guide

About MedAmerica Insurance Company of New York

Since its inception more than 20 years ago, MedAmerica Insurance Company of New York has been driven by a singular mission: To provide affordable and innovative long term care financing solutions to residents of New York State. With a large New York State health insurer as our parent company, MedAmerica has a keen insight into health care delivery and a singular focus on long term care that provides us with unmatched expertise in the industry.

As a founding member of the New York State Partnership for Long-Term Care, MedAmerica was one of the first carriers to offer Partnership policies. Today, we remain active in the New York State Partnership, serving on the Partnership board and continuing to offer quality, competitively-priced Partnership policies.

An integral part of MedAmerica's management team is a former executive director of the New York State Partnership whose decades of experience in Medicaid and long term care financing contributes to MedAmerica's vision for innovative solutions.

Headquartered in New York State, MedAmerica has a vested interest in providing long term care financing solutions to our fellow residents. Our dedication to the communities we serve is evident in our ongoing effort to help assure better quality of life for our nation's aging population by supporting the New York State Coalition on Elder Abuse, Family Service of Rochester, the Greater Rochester Area Partnership for the Elderly, and Lifespan.

MedAmerica is New York State's insurer of choice for the New York State Public Employee and Retiree Long Term Care Insurance Plan (NYPERL), which is available to nearly 500,000 eligibles.

Recognized for our quality products, excellent service, and strong financial position, MedAmerica is—above all—totally committed to being there when our policyholders need long term care services. MedAmerica Insurance Company of New York is the long term care subsidiary of Lifetime Healthcare, Inc., a \$5 billion not-for-profit health insurer that finances and delivers health care to more than 2 million people.

Understanding Your Long Term Care Needs

Partnership long term care insurance policies allow you to choose the care and care setting that best meet your needs while avoiding financial hardship. It can be an effective solution if you will not be able to afford the high cost of long term care, but can afford the more reasonable and predictable cost of policy premiums.

By choosing to purchase a Partnership policy, you are ensuring that if the benefits of your policy are exhausted, you have extra protection from the state in the form of Medicaid Extended Coverage.

We understand that thinking about your future long term care needs is not only difficult, but can be overwhelming as well. To help guide you through this important decision, review some of these helpful hints and items to consider when making your choice.

New York State offers two types of Partnership policies: Total Asset and Dollar for Dollar.

Total Asset Protection:

For individuals with substantial wealth accumulation or for those who purchase policies at a younger age.

Dollar for Dollar Asset Protection:

For individuals with fewer assets.

While determining which plan best suits your needs, ask yourself:

What type of care will you need or want?

With the evolution of technology, people are better able to manage chronic conditions independently in the comfort of their own homes, and more and more people are choosing to do so. If you plan to remain at home, you may want to consider purchasing a policy with a home care benefit equivalent to the nursing home benefit. But no one can predict the future. Therefore, for individuals who may want more benefits for more formal care settings, a policy with a 50% home care benefit is available.

How much will that care cost per day?

With the high cost of care, your income or savings may not cover all of the costs. And if your spouse enters a nursing home, you still have your fixed living expenses to consider. When selecting the Daily Benefit Amount that is right for you, consider how much of your income you will be able to contribute to the cost of your care.

To estimate potential cost in a nursing home setting, consider that in 2005, nursing home care statewide in New York averaged more than \$99,000 annually.¹ This cost increases every year, usually at a rate greater than inflation.

(continued on next page)

Care at home is generally less expensive than nursing home care, but the cost can still be substantial. MedAmerica's Cost of Care Survey found that home care patients generally receive between 22 and 44 hours of care per week, translating into an annual cost of non-medical home care between \$20,000 and \$42,000. The charts below will help you determine the average hourly rates for home health aides in your area.

MedAmerica National Home Health Cost of Care Survey 2007, MedAmerica Insurance Company, February 12, 2007.

Average Cost of Homemaker Services

Location	Hourly Rate
New York City Area	\$17.53
Albany/Schenectady/Troy	\$18.62
Buffalo/Rochester	\$18.20
Syracuse	\$17.90
Rest of State	\$17.33

Average Cost of Home Health Aide Services

Location	Hourly Rate
New York City Area	\$17.77
Albany/Schenectady/Troy	\$19.69
Buffalo/Rochester	\$21.63
Syracuse	\$19.47
Rest of State	\$18.37

How long do you anticipate you will need to receive the care?

Every person is different, and their long term care needs reflect those differences. It's impossible to predict exactly what type of long term care you will need or the length of time you will need it. On average, someone age 65 today will need some long term care services for three years. Women need care for longer (on average 3.7 years) than do men (on average 2.2 years). While about one-third of today's 65-year-olds may never need long term care services, 20 percent of them will need care for more than five years.² A study of claims history revealed only one in 10 claimants with a two-year benefit period used up all of their policy benefits. One in five exhausted a four-year benefit.³

How many days of care are you prepared to pay for until your long term care insurance begins paying benefits?

Your Elimination Period is the number of days you pay for care before your coverage begins paying benefits. Like a waiting period or deductible, you can choose a 30, 60 or 100 day Elimination Period. You only have to satisfy your Elimination Period once.

Ask your agent how MedAmerica's Simplicityⁱⁱ_{SM} CASH long term care insurance can help you pay for your care during your Partnership policy's service day Elimination Period!

What is the New York State Partnership for Long-Term Care?

The New York State Partnership for Long-Term Care program is designed to assist New York State residents in planning for the cost of long term care. The Partnership program combines private long term care insurance with Medicaid Extended Coverage to provide New Yorkers with financial independence and a lifetime of long term care benefits. When you purchase a Partnership long term care insurance policy and keep it in effect, New York State will help protect you against the costs of long term care situations through its Medicaid program.

When you participate in the Partnership program, you may obtain long term care coverage after your MedAmerica Partnership-certified long term care insurance policy is exhausted by applying for Medicaid Extended Coverage. Depending on your policy choice, you may be able to access Medicaid benefits without having to spend down all or part of your assets. Although your income would still be contributed to the cost of your care when using Medicaid Extended Coverage, all or part of your assets, such as your house, would be protected from Medicaid recovery actions.

There are two types of Partnership policies.

Dollar for Dollar

With a Dollar for Dollar policy, your assets are protected in an amount equal to the benefits you received from your insurance policy. The remainder of your unprotected assets and income would then be subject to Medicaid rules and would be used for care once your insurance policy is exhausted.

Total Asset Protection

There is no limit to the assets you may keep and still receive Medicaid Extended Coverage once your policy benefits are exhausted. However, your income would still be subject to Medicaid rules and would be used for care. The asset protection features of both plans extend to Medicaid recovery actions.

With MedAmerica's Partnership plan, you have the peace of mind of worldwide coverage. Although your insurance benefits will be available regardless of where you live, you must reside in New York State to receive Medicaid Extended Coverage.

Basic Benefits

All Partnership Plans Include the Following

Nursing Home Care

A state or federally licensed, accredited or certified Nursing Home, hospital-based long term care unit, Alzheimer's or Hospice facility.

Home Care & Community Care

Home Care, Community-Based Care, Assisted Living Facility, and Adult Day Care.

Alternate Care

Qualified long term care services provided in a hospital setting while awaiting access to a nursing facility or home care services.

Respite Care

14 Nursing Home equivalent days per year.

Hospice Care

Nursing Home Care Bed Reservation

Reserves your bed should you leave the facility temporarily up to 20 days per calendar year.

Consultation Care Management Services

Pays for up to two days of the nursing home Daily Benefit Amount toward the Consultation Services of a Licensed Health Care Practitioner of your choice.

Exclusions & Limitations

Expenses for the following are not covered:

- Treatment for illness or medical condition arising out of war or any act of war, declared or undeclared.
- Services for intentionally self-inflicted injury.
- Services provided by a member of your immediate family.
- Services for which no charge is normally made in the absence of insurance.

Other Features, Options & Riders

Inflation Protection Option

5% Compound — Required for applicants ages 18 to 79. Coverage increases annually by 5% of your prior year's benefit.

Elimination Period

30 or 60 Service Days — The Elimination Period ends after you have received services for the number of days chosen. Benefits are not payable during the Elimination Period. Days used to satisfy your once-in-a-lifetime Elimination Period do not need to be consecutive.

Independent Provider Option

Pays for home care received by an officially trained or certified home health care provider, or licensed health care practitioner who is not affiliated with a licensed or certified entity such as a home health agency.

Waiver of Premium Option

Premium payments are waived on a monthly basis starting on the first day of policy-paid benefits. This waiver ends on the date you are no longer benefit eligible.

Survivor Benefit Rider

If a Care Partner dies after your policies are in force for 10 years and remain in force at time of death, the surviving Care Partner pays no further premiums. *(Available with Total Asset protection plans only.)*

Premium Payment Options

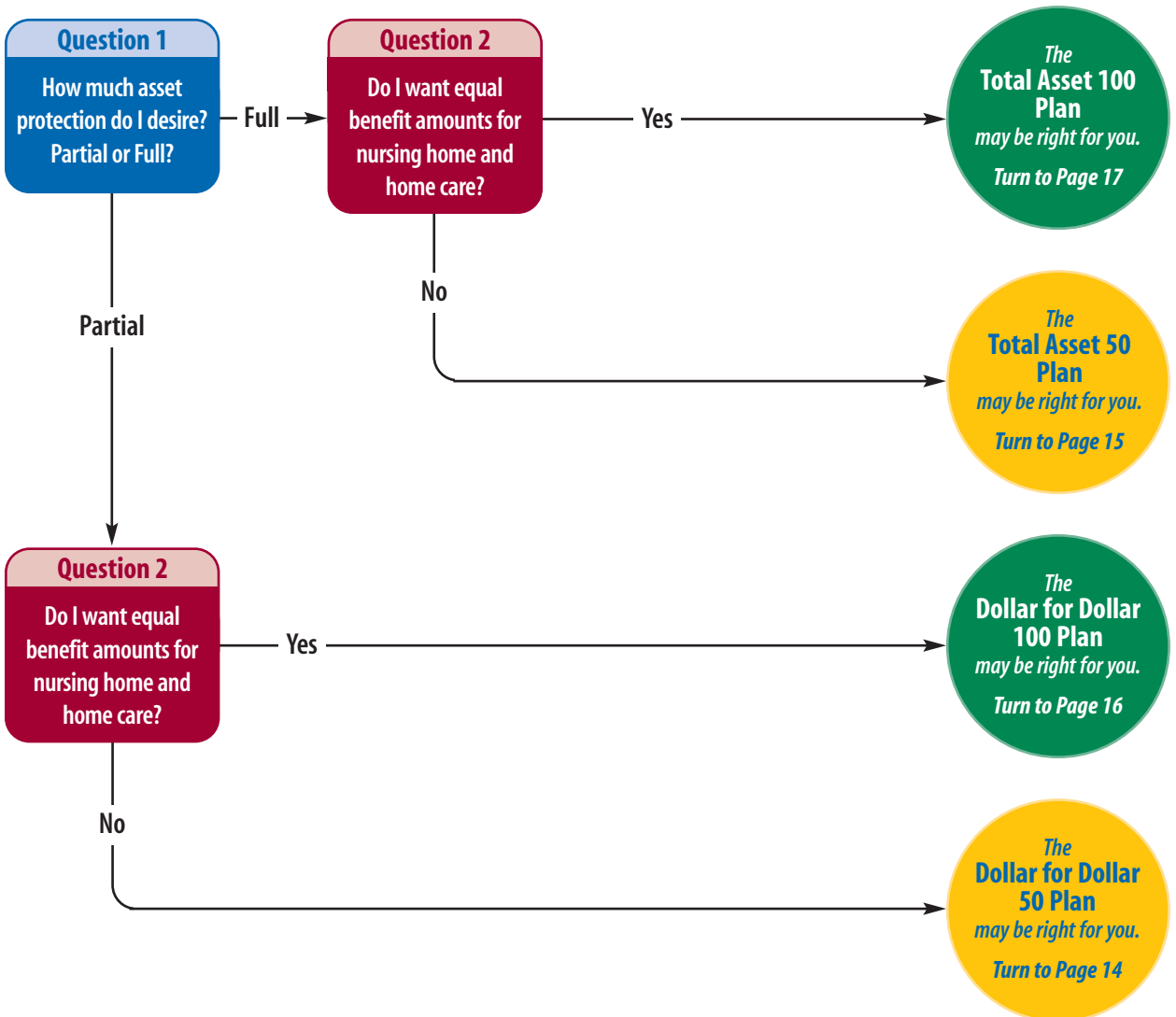
Lifetime — Premiums are payable as long as your policy is in force.

10 Pay — Payment terms allow for a paid-in-full benefit in 10 years. With this option, your policy cannot lapse after you satisfy the payment term.

Decision Guide

MedAmerica offers four Partnership products. Two provide Total Asset protection, and two provide Dollar for Dollar asset protection in an

amount equal to the benefit coverage paid to you when you go on claim. To determine the Partnership plan that's right for you, MedAmerica offers this helpful two-question decision guide.



50% Home Care Plans

Dollar for Dollar 50 Plan

Home Care Coverage

Paid at 50% of daily nursing home benefit.

Duration

1.5 years nursing home care or 3 years home care, or a combination of the two.

Basic Benefits Only

As outlined on pages 10 and 11.

Total Asset 50 Plan

Home Care Coverage

Paid at 50% of daily nursing home benefit.

Duration

3 years nursing home care or 6 years home care, or a combination of the two.

Basic Benefits Only

As outlined on pages 10 and 11.

Other Features & Optional Benefits

Elimination Period

Option to select 100 service days.

Optional Rider

Shortened Benefit Period Rider

Adds a benefit to your policy that may provide coverage, subject to a reduced lifetime benefit amount, if your policy has been in force for three or more years, and your coverage lapses due to cancellation or non-payment of premium.

Want additional coverage for home care? Ask about MedAmerica's Simplicityⁱⁱ.

100% Home Care Plans

Dollar for Dollar 100 Plan

Home Care Coverage

Paid at 100% of daily nursing home benefit.

Duration

2 years nursing home care or 2 years home care, or a combination of the two.

Basic Benefits

As outlined on pages 10 and 11.

Enhanced Home & Community Care Benefits

The plans outlined on these pages include the following **Enhanced Home & Community Care Benefits**

Residential Care Facility

Examples of a Residential Care Facility include an Assisted Living Facility or adult care facility that provides room and board; 24-hour coverage for services such as (but not limited to) nursing care, maintenance or personal care, therapy services and room and board.

Non-Licensed/Non-Certified Provider

You may arrange to have Home Care Benefits, including homemaker services, given by a non-licensed/non-certified provider or caregiver as paid covered services. This does not include family members.

Total Asset 100 Plan

Home Care Coverage

Paid at 100% of daily nursing home benefit.

Duration

4 years nursing home care or 4 years home care, or a combination of the two.

Basic Benefits

As outlined on pages 10 and 11.

Enhanced Home & Community Care Benefits

Other Features & Optional Benefits

Elimination Period

Option to select 100 service days.

Optional Riders

Shortened Benefit Period Rider

Adds a benefit to your policy that may provide coverage, subject to a reduced lifetime benefit amount, if your policy has been in force for three or more years and your coverage lapses due to cancellation or non-payment of premium.

Residential Care Facility Bed Reservation

Pays the fee charged to reserve your bed should you leave the facility temporarily up to 20 days per calendar year.

Permissible Alternative Benefits

- Additional respite benefit
- Home modification
- Informal caregiver training benefit
- Emergency response system benefit
- Therapeutic device benefit
- Supportive/durable medical equipment benefit
- Specialized transportation benefit such as transportation to and from adult day care

Sample Premiums*

Premiums listed below based on:

- Partnership Policy
- 60 Day Elimination Period
- Couple
- \$220 Per Day Benefit
- Age 60
- 5% Compound Inflation

* Note: The 2008 Minimum Daily Benefit is \$208. The New York State Partnership adjusts the Minimum Daily Benefit amount annually.

Total Asset 50

- 3 Years Nursing Home/6 Years Home Care or combination
- \$220/day Nursing Home Benefit, \$110/day Home Care or Assisted Living Benefit

Annual Premium

Carrier A: \$2,086
 Carrier B: \$2,168
MedAmerica: \$2,009

Dollar for Dollar 50

- 1.5 Years Nursing Home/3 Years Home Care or combination
- \$220/day Nursing Home Benefit, \$110/day Home Care or Assisted Living Benefit

Annual Premium

Carrier A: \$1,368
 Carrier B: \$1,355
MedAmerica: \$1,258

Total Asset 100

- 4 Years Coverage
- \$220/day Nursing Home Benefit, Home Care or Assisted Living Benefit

Annual Premium

Carrier A: \$2,831
 Carrier B: \$2,768
MedAmerica: \$2,450

Dollar for Dollar 100

- 2 Years Coverage
- \$220/day Nursing Home Benefit, Home Care or Assisted Living Benefit

Annual Premium

Carrier A: \$1,867
 Carrier B: \$1,781
MedAmerica: \$1,535

Great Reasons to Choose MedAmerica

1. Longevity

MedAmerica was a founding member of the New York State Partnership for Long-Term Care. As one of the first companies to offer Partnership policies more than 15 years ago, we are committed to meeting the needs of the citizens of New York.

2. Insurer of Choice

MedAmerica is the insurer of choice for the New York State Department of Civil Service. The New York State Public Employee and Retiree Long Term Care Insurance Plan (NYPERL) has been providing long term care protection since 2002.

3. A Local Company

Headquartered in Rochester, New York, MedAmerica is uniquely positioned to understand the needs of New Yorkers. You can support the local economy by choosing an insurer located right in your home state.

4. Price

Our Partnership policies offer great value at a competitive price.

5. Service

It is our promise and our privilege to help our claimants receive the long term care services and support they need. We distinguish ourselves as the only long term care insurer that provides a Personal Care Advisor who serves as a single point of contact for a claimant. Whether it's answering questions about policy benefits or finding a provider for a specific need, MedAmerica's team is committed to our policyholders' care.

6. Singular Focus

Long term care insurance is our only business, and with this singular focus, we are able to devote all of our expertise and energy to serving our policyholders' needs in a specialized way.

7. Vision with Passion

We approach our business with heart, soul and passion, aiming to promote value and accessibility of long term care insurance through innovation.

Delivering on Our Promises

Dear MedAmerica,

I want to thank you for kindness and efficiency in processing the LTC claims for my parents. When I call MedAmerica, I am treated with courtesy and efficiency. Prior to and following my father's death, I have dealt with a myriad of agencies and personnel. The contact people are of varied concentration and focus. Only MedAmerica has streamlined the process with cheerful organization. Slowly I am gaining a grasp on the legal and medical responsibilities. Thank you for helping me to care for my mother.

- Kathy J., daughter of policyholder

Dear MedAmerica,

Let me begin by saying that your Personal Care Advisor represents your company extremely well. She is professional, knowledgeable, kind and thorough. She made things exceptionally simple for me and I sincerely appreciated her kindness and consideration during a difficult period of our life...I was positive we would have difficulty in receiving benefits when we truly needed it, but it was proven not to be the case. Thanks to all of you who helped us.

—Jerry D., husband of policyholder

Dear MedAmerica,

The policyholder had every faith that her policy would prove to be as beneficial as the salesperson promised it would be when it was needed. When contacted, the policy was enacted and the agency chosen to assist Mary was paid promptly and without delays. As Mary's P.O.A. I have the highest praise for those who paid both the agency and private care. It was truly amazing to work with a company that follows through with its own promises. We've become used to companies that make everything difficult. MedAmerica is great.

-Nancy Harper,
P.O.A. of policyholder

MEDAmerica

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The New York State Partnership for Long-Term Care Program (NYSPLTC) symbol indicates the coverage advertised complies with New York State (NYS) requirements for participation in the NYSPLTC. However, NYS and the NYSPLTC do not take part in specific insurer marketing plans and do not endorse specific insurers or their policies/certificates.

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- 1 New York State Partnership for Long Term Care, www.nyspltc.org, 1998-2008.
 - 2 National Clearinghouse for Long Term Care Information, www.longtermcare.gov, U.S. Department of Health & Human Services, Administration on Aging, 2006.
 - 3 "Long-Term Care Claims," A study by Milliman Consultants and Actuaries, April 2005.