

Faculty Senate Resolution

The Faculty Senate would like to request the Campus Fringe Benefits Committee to work with the UA System Fringe Benefits Committee and the UA System Fringe Benefits Administrator to explore the following modifications to the long-term-care insurance contract with Continental Casualty Company (CNA):

- (a) Automatic compounded benefit increase of 5% per year (to offset the future increases in the cost of nursing care) as an option to those who wish to choose this feature.
- (b) Requirement of only one 90-day elimination period (waiting period) during the life of the policy. The current policy requires a new elimination period to be satisfied whenever the episodes of illness or disability are separated by 6 months or more.

The Committee is requested to report the results of its negotiations back to the campus community.

Justification

- (a) According to the long-term-care insurance industry experts, a policy without inflation protection is practically useless. For example, *Consumer Reports*, October 1997 gives the following warning; “WARNING: Buy only a policy with 5 percent inflation protection. Anything less may leave you short, and you could end up on Medicaid anyway”. This is the unanimous opinion of all the experts I have read. The current policy does offer an option to increase benefit periodically. However, according to *Consumer Reports*, “This option has serious drawbacks. ... If you refuse the offers certain number of times, you lose the your right to buy more coverage. The price of your additional coverage is based not only on the coverage, but also your new higher age,...” Other experts say that this is the worst option to choose because the premiums will get to be so high that you will probably end up dropping the policy just when you need it the most.
- (b) The advantages of the *one* lifetime elimination period are obvious. The one-elimination-period provision appears to be the industry standard. Of the seven policies I have examined, including other policies issued by Continental Casualty Co., only the UA policy requires more than one elimination period.

As far as I can tell, the Fayetteville campus (through its representatives on the Fringe Benefits Committee), had no input into the decisions made at the System level on this issue.