

Addressing Special Housing and Healthcare Needs of Catholic Priests

OPTIONS FOR LONG-TERM CARE

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LAITY IN SUPPORT OF RETIRED PRIESTS, INC.
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NEEDS OF CATHOLIC PRIESTS:
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This report to all Bishops of Catholic Dioceses in the United States has been prepared by Laity in Support of Retired Priests, Inc. (LSRP), a non-profit organization, through a grant from the Retirement Research Foundation, based in Chicago, Illinois.

Working with respected consulting resources, such as the Center for Applied Research in the Apostolate (CARA) at Georgetown University, LSRP has worked diligently over the past year to better understand how Catholic dioceses assist their priests who may require special housing and healthcare needs during their lives. This is a serious matter as recent independent research has determined that by 2020 as many as 25 million Americans will require some level of long-term care during their lives.

It appears that relatively few dioceses have carefully determined best approaches in their settings to assist their priests who sometime may require such services as assisted living, memory care, hospice care, or skilled nursing services. There are a number of options for addressing the costs of such care, including long-term care insurance.

We encourage you to read and consider the information in this report carefully.

If you or others would like to learn more about LSRP, please visit our website at www.lsrpinc.org . Thank you for considering this important request.

Thomas W. Hoban,
President & CEO
Laity in Support of Retired Priests, Inc.

Introduction

Laity in Support of Retired Priests Inc. (LSRP) was incorporated in 2007 by lay Catholic business and professional leaders. Our Board of Directors and membership has included active and retired priests and bishops since our formation. Based on our collective experience in the Church it was felt that both new and enhanced programs were needed in some of the 176 U.S. dioceses to help assure that all diocesan priests, who have dedicated their lives in long-time service to the Church, will enjoy reasonably secure and satisfying retirements.

Over the past seven years LSRP dedicated a substantial amount of our time and resources to studying the arrangements U.S. dioceses have in place for retired priests. To this end, LSRP engaged outside consultants, utilized information available from Church-related publications, and reviewed existing priest compensation and benefits surveys.

One of our first initiatives was to engage the services of the Center for Applied Research in the Apostolate (CARA) to survey retired and near-retirement diocesan priests regarding their expectations and experience on all facets of retirement. The # 1 concern expressed in that survey of priests was long-term care (LTC), and priests' stated desire to have "insurance" to meet such a possible need. A large number of responding priests reported that insurance---implied: underwritten by a named insurer--made them feel more secure and gave them more control over where they would reside and obtain care—if, and when, needed. Becoming a burden to their family or a "charity case" for their bishop were expressed concerns they also felt were assuaged with insured LTC. Questions raised about LTC insurance included: how could priests afford it and why couldn't the diocese provide it?

Addressing Special Housing and Healthcare Needs of Priests

Priests, like all other Americans, will potentially need access to special housing and health care. Within the last year or so we extended our contracted research with CARA and gathered significant data and information about ways in which Catholic dioceses currently address the long-term care needs of their priests. Also, we made arrangements with the National Association of Priest Councils (NFPC) to include in their 2013 survey of dioceses regarding priest compensation and benefits ("The Laborer is Worthy of His Hire"), certain LTC information. Dioceses responding to the specific LTC questions posed in these surveys numbered 102 (CARA) and 114 (NFPC), 60% + of dioceses each. LSRP added these survey sections to our data base and search for Best Practice examples. We then identified appropriate ways to highlight and share this information with other dioceses.

Despite the best intentions of dioceses, the information we have from our direct involvement with dioceses and priests, the two studies referred to above, and advice from consultants in the field and our own experienced LTC Advisory Council, suggests to us that very few dioceses have adequately addressed the full range of LTC resources that could or should be in place to assist priests. Pre-planning includes financial solutions for priests who may need help with tasks and activities that were once performed routinely, or who may sometime require complex, expensive nursing home care.

LSRP believes that a combination of: (1) LTC insurance, purchased from a carrier(s) with rated financial strength, and (2) a self- insurance program that , at a minimum, covers priests that do not meet insurers' acceptance standards (requires a properly developed and adhered to funding plan), should be considered at this time by most dioceses. While we are not advocating Medicaid as an ideal LTC solution, we are aware that a significant number of dioceses and priests rely on this assistance when conditions warrant such. Dioceses who have not done so should also review the applicability in their particular state of establishing a Health Care Trust to protect insurance assets--LTC and other health related funds--set aside for both active and retired priests.

Addressing the special housing and healthcare needs of priests with purchased insurance coverage, LSRP has reached out to a number of insurance companies, some of whom already have experience with dioceses that have LTC coverage for diocesan priests. We asked them to identify well-structured long-term care insurance products that dioceses could put in place.

Background

Record numbers of people today, including Catholic priests, are living well into their 80's, 90's and even beyond. According to the U.S. Department of Health and Human Services (HHS) about 9 million Americans, now 65 or older, will require long-term care at some point in their lives. And it is projected that this number could rise to 25 million by 2020.

The average annual cost for nursing home care is significant - \$77,380 according to Genworth Financial's 2014 Cost of Care Survey - with costs varying based on the level of care needed and the area of the country where the care is being provided. The average annual cost for an assisted living facility is \$42,000.

The National Association of Insurance Commissioners (NAIC) recently addressed the question of whether or not an individual should buy a long-term care insurance policy. They are clear that the answer to this question is complex and depends on a number of factors such as the person's age, health status, overall retirement goals, income and assets. For instance, if an individual's only source of income is a Social Security benefit, Supplemental Security Income (SSI), and/or other limited personal assets, they probably should *not* buy LTC insurance. Rather, the option to enroll in Medicaid, supplemented by Diocesan support, might well be a suitable arrangement.

Based on CARA's May 2014 report referred to above, their interviews with dioceses, and published articles written by many others, there does not appear to be a "one size-fits-all" solution for dioceses to follow in determining how best to guide or assist priests and dioceses in covering the costs related to long-term care needs. Traditional LTC insurance may be most appropriate for some priests and dioceses—indeed the many priests responding to LSRP's initial survey thought this to be the ideal arrangement ; life insurance policies with long-term care riders may be cost-effective for others; while spending down personal assets and qualifying for Medicaid coverage is apparently the viable solution

for many. Note: CARA in their June 2013 report to LSRP (“Diocesan Provision of Retirement Services for Priests”) states: “Half (50 %) of the 102 dioceses responding, require priests to spend down personal assets to qualify for Medicaid coverage. Six in ten dioceses (58%) say that when diocesan priests require the services of a special care facility (such as assisted living, memory care, skilled nursing, or hospice), the priests receiving those services pay for them with their own or family resources. Four in 10 (44%) share the cost of these special care services with the priest.”

Identifying Qualified Long-Term Care Insurance Carriers **Who Are Interested in Working With Dioceses**

Since only a small percentage of dioceses in the country have currently arranged for qualifying priests to have access to underwritten LTC insurance (LSRP sourced data: 13 to 17% of dioceses in 2013), LSRP decided to better understand the LTC insurance markets concerning products, underwriting, and pricing. This effort involved LSRP developing and sending out Requests-for-Information (RFI’s) to nine of the country’s largest and best-performing LTC insurance companies, seeking ideas and proposals for reaching out to Catholic dioceses to help address the long-term care needs of their priests.

Four insurance carriers – Genworth, LifeSecure, Northwestern Mutual and Thrivent Financial – responded carefully to LSRP’s RFI. Each of these carriers has A- to A++ *AM Best Ratings*, identifying them as financially strong industry leaders who have a strong geographic presence throughout the United States.

The information packets sent by the carriers to LSRP, included pricing examples for different levels of benefits, and preliminary thoughts as to how their programs might be presented to interested dioceses across the country. In each case, the carriers emphasized that, if invited, a qualified representative would meet individually with interested priests to discuss their particular needs and then, as appropriate, suggest best ways to structure a LTC plan for them.

The information received from the four insurance carriers has now been shared by LSRP with all Catholic diocesan bishops in the country, urging them to pass this information along to their human resource and financial management directors.

LSRP feels that it might be very advantageous – and at *no initial cost* to a diocese - to make arrangements with one or more of the four insurance carriers it has worked with to visit with diocesan staff to determine how an appropriate LTC insurance program might be structured in its setting. If you or others from a particular diocese are interested in learning more about best ways to address the long-term care needs of your priests, contact LSRP and we can guide you to one or more of the insurance carriers we have worked with.

Please understand that the role of Laity in Support of Retired Priests is only to help dioceses better understand the possible needs your priests may have someday for special housing and/or healthcare resources. LSRP is *not* a licensed insurance broker and will *not* receive commissions or any other type of compensation or cost reimbursement from the insurance carriers, their affiliates or representatives.

If you would like to know more about LSRP, please visit our website at www.lsrpinc.org.

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