

# Chronic Care Benefits:

Meeting a Growing Need in the Workplace

Key findings from the 2020 MassMutual  
Chronic Care Survey

## MEETING A GROWING FINANCIAL CHALLENGE



According to the Centers for Disease Control and Prevention, chronic illness is the leading cause of death and disability in the U.S. – and also the main driver of the nation’s \$3.5 trillion in annual health care costs.<sup>1</sup> In fact, three-quarters of all the money spent on health care in the U.S. today is used to treat chronic diseases.<sup>2</sup>

Not only does chronic illness tax our health care system, it also impacts businesses. Worker productivity is affected when employees must leave the workforce, reduce their hours, or take a leave of absence due to a chronic illness or to provide care for a family member who is chronically ill. In fact, the 2020 MassMutual Chronic Care Survey found that 57% of workers have had at least one family member require chronic care.<sup>3</sup>

<sup>1</sup> Chronic Diseases in America, Centers for Disease Control and Prevention. Accessed January 2020. [www.cdc.gov/chronicdisease/resources/infographic/chronic-diseases.htm](http://www.cdc.gov/chronicdisease/resources/infographic/chronic-diseases.htm)

<sup>2</sup> Public Opinion on Chronic Illness in America, Kaiser Family Foundation. June 25, 2018. [www.kff.org/health-costs/poll-finding/public-opinion-on-chronic-illness-in-america/](http://www.kff.org/health-costs/poll-finding/public-opinion-on-chronic-illness-in-america/)

<sup>3</sup> The MassMutual Chronic Care Research Study, conducted by PSB Research, polled 1,250 adults aged 30-60. The Survey was completed in November 2019 and published June 2020.

Not surprisingly, employers are looking for ways to help their employees navigate the financial challenges that chronic illnesses often create. This whitepaper focuses on the issues facing both employers and employees as the workforce ages and the need for chronic care (generally defined as needing help with at least two activities of daily living such as bathing, dressing, eating, toileting, transferring, and continence in your home or a nursing facility; or needing continual assistance because of a severe cognitive impairment), becomes more widespread in years to come. It also discusses how chronic care benefits can help strengthen the financial safety net for workers who may one day become unable to work because of a chronic condition.





# Chronic Care for an Aging Population

We live in a time of medical miracles, where technological advances are turning once-deadly diseases, like cancer, stroke, and heart disease, into manageable illnesses. In fact, six in 10 adults in the U.S. today have a chronic illness and four in 10 have two or more, according to recent statistics.<sup>4</sup>

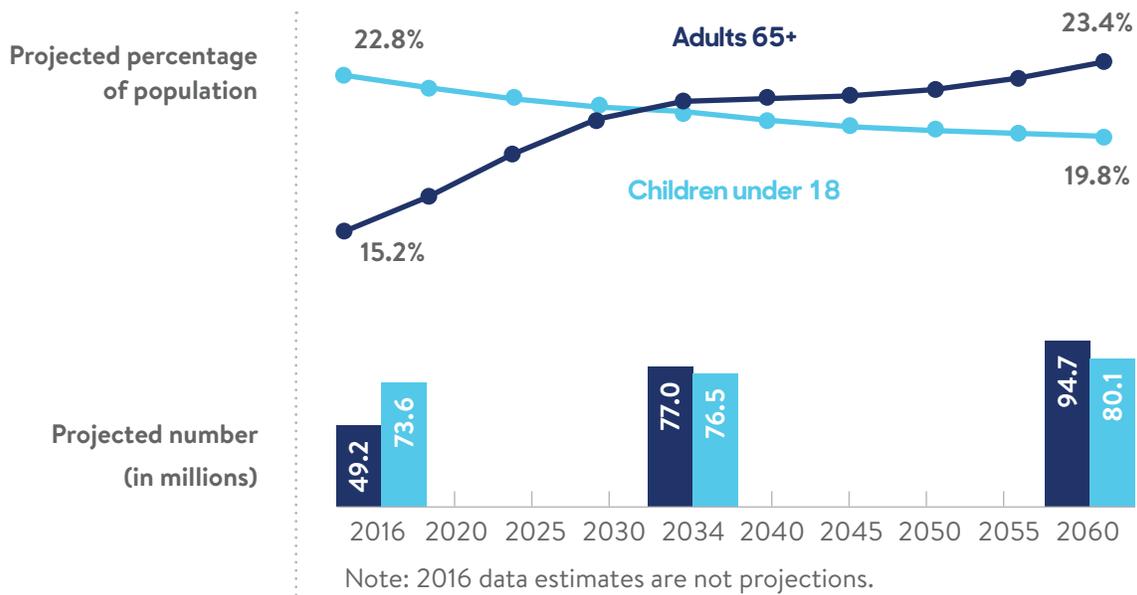
As our population continues to age, the number of Americans living with chronic illness is expected to grow. The U.S. Department of Health and Human Services recently estimated that 70% of people over age 65 will need long-term care services at some point during retirement.<sup>5</sup>

## OUR POPULATION IS AGING<sup>6</sup>

An aging nation — Projected Number of Children and Older Adults



For the **FIRST TIME IN U.S. HISTORY** older adults are projected to **OUTNUMBER CHILDREN BY 2034.**



<sup>4</sup> Chronic Diseases in America, Centers for Disease Control and Prevention. 2019. [www.cdc.gov/chronicdisease/about/index.htm](http://www.cdc.gov/chronicdisease/about/index.htm)

<sup>5</sup> Longtermcare.gov, U.S. Department of Health and Human Services. 2019.

<sup>6</sup> U.S. Census Bureau. March 2018. [www.census.gov/library/visualizations/2018/comm/historic-first.html](http://www.census.gov/library/visualizations/2018/comm/historic-first.html)

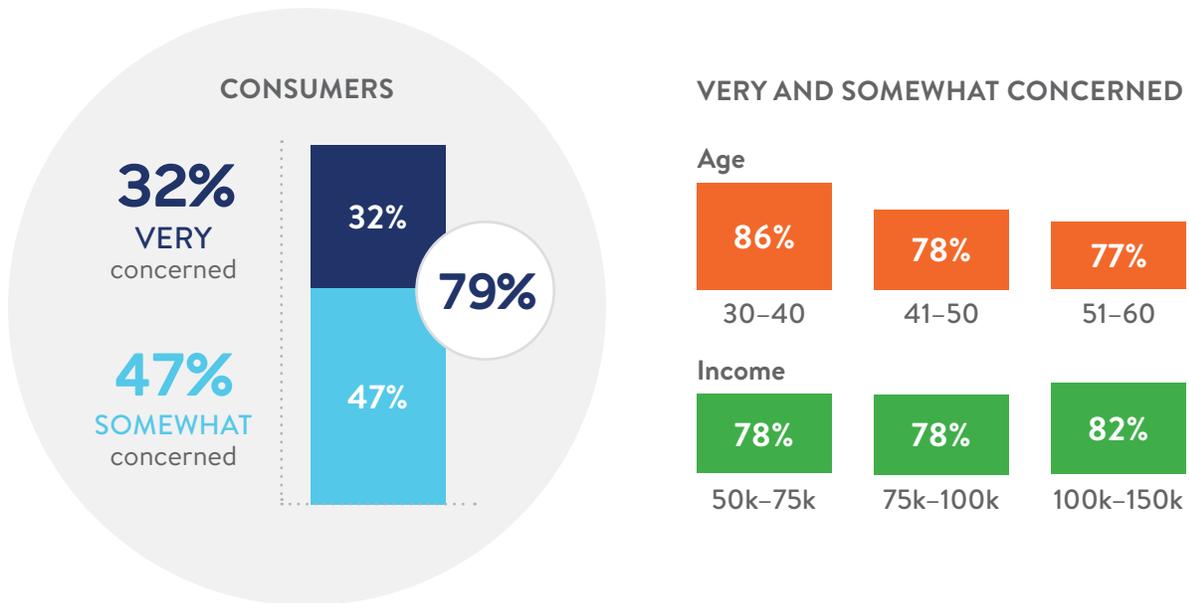




## Worry in the workplace

Not surprisingly, the 2020 MassMutual Chronic Illness Survey found that a vast majority of workers are very or somewhat concerned about developing a chronic illness later in life.<sup>3</sup> Research also suggests that workers today are not as prepared financially to weather a chronic illness as they might think.

### AMERICANS ARE CONCERNED ABOUT CHRONIC ILLNESS<sup>3</sup>



Nearly eight in 10 of survey respondents expressed some level of concern about suffering a chronic illness lasting several months or years.<sup>3</sup> The Centers for Disease Control and Prevention reported that Americans reaching age 65 spend, on average, \$138,000 for long-term care services.<sup>7</sup>

Workers may not fully recognize the costs associated with chronic illness. First, they may assume that their employer-provided health insurance plan will cover charges related to a chronic illness. Second, they may also be counting on their workplace disability plan, if they have one, to provide some income should they become unable to work.

<sup>7</sup> Long-Term Care Providers and Services Users in the U.S., Centers for Disease Control and Prevention. February 2019. [www.cdc.gov/nchs/data/series/sr\\_03/sr03\\_43-508.pdf](http://www.cdc.gov/nchs/data/series/sr_03/sr03_43-508.pdf)



While group health insurance covers a large portion of medical costs, employers — or employees in voluntary plans — are nonetheless responsible for covering plan deductibles, co-pays, and out-of-pocket maximums before benefits are paid. For example, one report found that nearly four in 10 cancer patients (36%) spend more than \$10,000 annually in out of pocket costs over the course of their illness.<sup>8</sup>

Similarly, group disability income plans can provide a source of income should workers become sick and unable to work. However, plans typically cover only up to 60% of lost income. In addition, the cost of chronic care tends to grow as these conditions advance<sup>9</sup>, creating an often overwhelming financial burden on families.

<sup>8</sup> Americans Can't Keep Up With High Cost of Cancer Treatment, asbestos.com. Accessed February 2020. [www.asbestos.com/featured-stories/high-cost-of-cancer-treatment/](http://www.asbestos.com/featured-stories/high-cost-of-cancer-treatment/)

<sup>9</sup> Multiple Chronic Conditions in the United States, RAND Corporation. 2017. [www.rand.org/pubs/tools/TL221.html](http://www.rand.org/pubs/tools/TL221.html)



## Worry in the workplace (continued)

Faced with the prospect of mounting healthcare related bills, nearly four in 10 respondents to the 2020 MassMutual Chronic Care Survey said that they would tap funds earmarked for retirement to pay these expenses – a strategy that could leave them without sufficient savings to carry them through the rest of their lives.

### HOW WORKERS PLAN TO PAY FOR CHRONIC CARE IN RETIREMENT<sup>3</sup>

	Overall	Age			Income		
	Consumers	30-40	41-50	51-60	50k-75k	75k-100k	100k-150k
Retirement savings	<b>39%</b>	<b>42%</b>	<b>41%</b>	<b>36%</b>	29%	<b>41%</b>	<b>46%</b>
Medicare	<b>34%</b>	<b>38%</b>	<b>35%</b>	<b>32%</b>	<b>30%</b>	<b>35%</b>	<b>38%</b>
Medicare supplemental insurance	26%	27%	22%	27%	22%	28%	28%
Long-term care insurance	24%	36%	23%	20%	19%	25%	29%
Medicaid	20%	28%	22%	16%	19%	19%	24%
Life Insurance with a chronic care benefit	16%	32%	16%	8%	9%	17%	21%
Cash value from life insurance policy	11%	23%	9%	6%	8%	9%	16%
Support from children or other family members	11%	20%	13%	7%	10%	11%	13%
Annuity	7%	12%	8%	5%	4%	6%	12%
Another way	1%	0%	1%	2%	1%	1%	2%
Unsure	24%	17%	22%	27%	<b>33%</b>	22%	16%

**Bolded** indicates top 2 for each audience



**44.3%** of affected workers said that **ILLNESS-RELATED WORK LOSS CONTRIBUTED** to them **FILING FOR BANKRUPTCY**.<sup>10</sup>

<sup>10</sup> Medical Bankruptcy: Still Common Despite the Affordable Care Act, AJPH Law & Ethics. March 2019. [www.pnhp.org/docs/AJPHBankruptcy2019.pdf](http://www.pnhp.org/docs/AJPHBankruptcy2019.pdf)



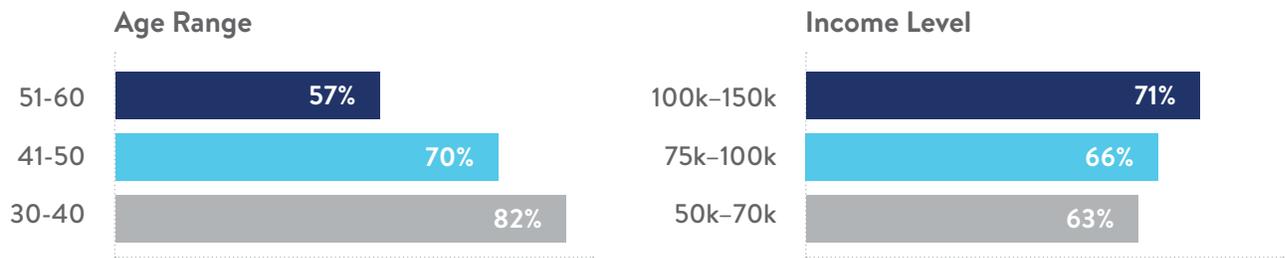
## Financial wellness matters

Employers are increasingly recognizing the need for additional financial wellness tools to help their employees meet the financial challenges ahead. In some cases, a group whole life insurance plan may provide a cost-effective added benefit to help employees deal with the financial stress resulting from a chronic condition.

Group whole life insurance can also enhance term life insurance plans that employers typically offer. If offered as a voluntary benefit, employees can purchase additional coverage. In many cases, they also may purchase coverage for a spouse, partner or dependents to provide even greater protection for their family.

Given concerns about their chances of developing a chronic illness, it's not surprising that respondents to our survey expressed strong interest in purchasing life insurance coverage that allows them to use a portion of their death benefit to help pay for chronic care.<sup>3</sup>

### INTEREST IN LIFE INSURANCE WITH A CHRONIC CARE BENEFIT IS STRONG<sup>3</sup>



Would be interested in purchasing life insurance with a chronic care benefit

### What qualifies as a chronic illness?

The insured must be diagnosed by a qualified medical practitioner as having a chronic illness. Being chronically ill is generally described as:

- Being permanently unable to perform, without substantial assistance at least two Activities of Daily Living (ADLs), including bathing, continence, dressing, eating, toileting, and transferring)
- Developing a severe cognitive impairment requiring substantial supervision.

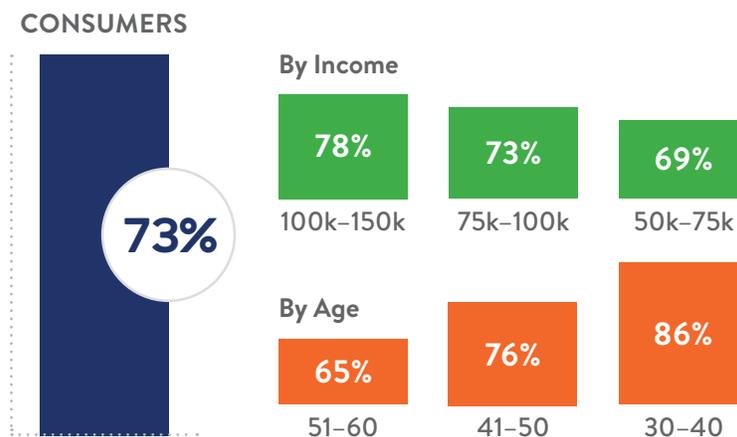
OR



## Strengthening the financial safety net

Group whole life insurance and chronic care benefits are garnering interest among workers, across age groups and income levels.<sup>3</sup> However, more education is needed to help workers understand the advantages these policies offer. Fewer than half (45%) of respondents to our recent survey said they were very or somewhat familiar with life insurance that offers an accelerated death benefit for chronic illness.

### WORKERS WANT AND NEED CHRONIC ILLNESS COVERAGE



Are interested in purchasing long-term or chronic care coverage through their employer

Group whole life insurance provides financial protection against the death of an employee. It also builds cash value that is guaranteed not to decline due to changes in the financial markets. That means whole life insurance is secure even during challenging economic times.

Whole life insurance that offers a chronic care benefit can provide employees with another layer of protection by enabling them to accelerate a portion of their death benefit in the event of a qualifying illness. By providing a source of ready cash, group whole life insurance can help employees ease some of the financial stressors associated with managing the cost of a chronic illness. For what's now and what's next.



## The need for financial wellness

Workplace benefit plans, like group whole life insurance, that holistically address the needs of workers are increasingly important tools in both recruiting and retention. A recent survey found that 80% of workers said that they would choose a job with benefits over one that offered 30% more salary but no benefits.<sup>11</sup>

That said, it's increasingly important that the benefits employers offer are relevant to employees today. As chronic illness touches more employee lives, group whole life insurance can provide another financial safety to help employees navigate unforeseen events and protect their financial security.

At MassMutual, we believe that financial wellness is in everyone's best interest. When employees have a game plan for meeting the financial challenges ahead, they're more positive and productive. They're also more likely to retire on time — which can be good news for an employer's bottom line. That is why we offer a comprehensive platform of voluntary benefits, including group whole life insurance with a chronic care benefit<sup>12</sup>, and end-to-end enrollment capabilities that can drive engagement, position your organization as an employer of choice — and help you stand out and win.

**Your game plan for voluntary benefits starts here. For what's now and what's next.**

<sup>11</sup> 2018 Employee Benefit Report, Association of International Certified Profession Accountants. [finlit360.wpengine.com/wp-content/uploads/2018/11/AICPA\\_Benefits\\_Whitepaper\\_11-27.pdf](https://finlit360.wpengine.com/wp-content/uploads/2018/11/AICPA_Benefits_Whitepaper_11-27.pdf)

<sup>12</sup> The acceleration of your death benefit is intended to be tax advantaged under §101(g) ) of the Internal Revenue Code. The insured must be chronically ill, as defined in 26 USC 7702B. Certificateowners should seek tax advice from their tax advisor regarding an acceleration of their death benefit. Receipt of accelerated death benefits may be taxable.

Accelerating the payment of the certificate death benefit may affect eligibility for public assistance programs, including MEDICAID and SUPPLEMENTAL SECURITY INCOME ("SSI"). Contact the Medicaid Unit of the local Department of Public Welfare and the Social Security Administration Office for more information.

There is no premium required for the Chronic Care Benefit, however, there is a fee if this provision is exercised. An acceleration of the death benefit will reduce the certificate's death benefit, any cash value and any loan values. The certificate's premium payments will be based on the reduced amount of insurance at the current rate.

Please carefully read the accelerated death benefit disclosure provided at application. Restrictions and limitations will apply.

# Let's talk

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To learn more, contact your financial professional.

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This material is not for use in California or New York. The product and/or certain features may not be available in all states. State variations may apply.

Group Whole Life Insurance (GPWL), (policy/certificate forms MM-GPWL-2014 and MM-GCWL-2014, and MM-GPWL-2014 (NC) and MM-GCWL-2014 (NC) in North Carolina), is level-premium, participating permanent life insurance. The GPWL policy and GCWL certificates are issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

