



GenworthSM
Financial

GENWORTH LONG TERM CARE AND ALZHEIMER'S DISEASE IN AMERICA: A RETROSPECTIVE

Long Term Care Insurance Products are Underwritten by General Electric Capital Assurance Company, and in New York, by GE Capital Life Assurance Company of New York.

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EXECUTIVE SUMMARY

Genworth Financial's Long Term Care Protection business recently marked its thirtieth year, making it the longest tenured provider of long term care insurance in America. As the leading protector of families with long term care needs, Genworth has acquired a unique historical perspective on the costs associated with diseases requiring such care. Genworth's underwriting companies have insured more individuals, paid more claims and demonstrated greater financial stability than any other provider of long term care insurance operating today.

Among the many lessons learned over the past three decades, perhaps none is more profound than the fact that the number of claims for the care of individuals suffering from Alzheimer's disease and other forms of dementia has grown to nearly forty cents of every dollar paid out to caregivers. This single statistic points to trend lines that should be cause for concern for individuals and families planning for their future, as well as for governments at every level charged with caring for populations that will be unable to pay for the care they will need.

Genworth has found that the proportion of claims and percentage of claim dollars related to cognitive care has increased dramatically. We have also found that the form of care provided is adapting in order to offer greater flexibility to families and caregivers.

For example, between 1993 and 2003, Genworth has seen an increase in the frequency of cognitive claims of 35 percent. The number of cognitive claims increased ten-fold in that time, reaching an all time high of approximately 6,000 claims in 2003.

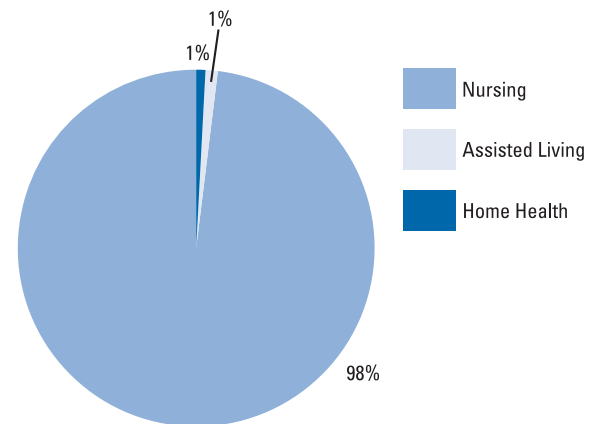
The incidence of cognitive claims has affected the percentage of dollars paid out for such care as well. The annual dollar amount paid out has experienced a 12-fold increase in that decade, reaching approximately \$120 million of cognitive care claims in 2003.

Genworth has noted that the allocation of cognitive care claims is moving from nursing homes to home health care and assisted living facilities. In 1993, the overwhelming choice for cognitive care was a nursing home. Almost all cognitive care claims – 98.5 percent – went to nursing homes. The remainder of claims

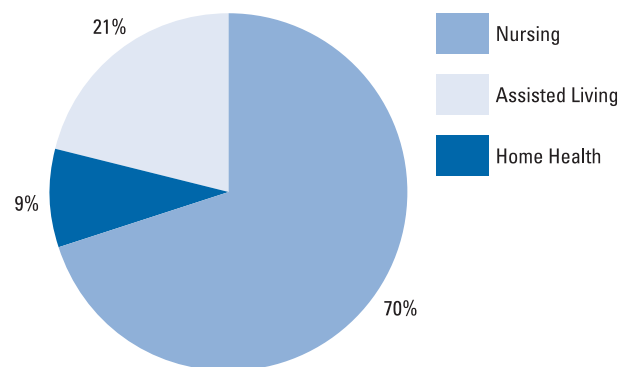
went to home health care, at one percent, and just one half of one percent went to assisted living facilities.

By 2003, the proportion of cognitive care claims going towards nursing home care fell to 70 percent. Home health care claims increased to nine percent, and assisted living facilities grew to 21 percent of cognitive care claims. This data demonstrates a change as to where Alzheimer's disease patients receive care, and Genworth has helped facilitate this trend by offering flexible long term care options (Figure 1).

Setting of Long Term Care 1993



Setting of Long Term Care 2003



Source: Genworth Financial, Inc., October 1, 2004
Figure 1

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In examining the past 30 years of claims data and looking at demographic trends in the coming decades, Genworth recognizes that although long term care insurance will help mitigate the costs to help address Alzheimer's disease, the situation requires a concerted campaign to study, prevent and treat the disease, as well as to educate Americans.

It is also a wake-up call for every American – including caregivers, health professionals, advocates, policymakers and those of us in business that we need a more cooperative and collaborative framework for treating and tackling these tragic ailments. It's not enough to insure for the expense of long term care, expand the funding of government health care programs or even focus on containing the rising cost of health care. We need to do all of that and more. We need to raise awareness and understanding among all Americans so that we can not only continue our focus on providing care and treatment today, but also put new energy into discovering cures and methods of prevention tomorrow.

This is the first of what we hope to be many initiatives for sharing Genworth's experience as the leading provider of long term care insurance. From the inception of our core business in 1974 to today, we know that long term care insurance has helped thousands of families care for those who suffer from Alzheimer's disease by providing an invaluable link between private sources of support and government programs. Long term care insurance enables families to provide consistent care without the patient having to lose all of their assets.

THE RISE OF ALZHEIMER'S DISEASE

Historical Perspective

First diagnosed by Dr. Alois Alzheimer, a German physician, in 1906¹, Alzheimer's disease is one of the fastest growing diseases in the United States. While not a new condition, studies on the pathology and symptoms of Alzheimer's disease have enabled physicians to refine the diagnoses of the mentally devastating disease. Alzheimer's disease was once classified simply as "senility" or "senile dementia,"² and the cause of death was often determined to be pneumonia, which is common in the advanced stages of the disease.

However, over the last three decades, there has been a significant increase in what we know about Alzheimer's disease. With better detection capabilities, experienced physicians can now diagnose Alzheimer's disease with up to 90 percent accuracy³. Yet experts believe that only half of those with Alzheimer's disease have been diagnosed⁴.

Incidence

Today there are an estimated 4.5 million Americans with Alzheimer's.⁵ This number has more than doubled since 1980⁶. It is estimated that three percent of men and women ages 65-74 have Alzheimer's⁷ (Figure 2).

Alzheimer's Disease Prevalence with Aging

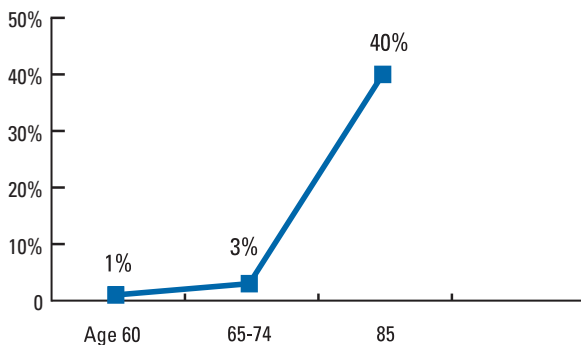


Chart based on data from: *Who Gets It?* Madison Institute Facts for Health. Retrieved September 27, 2004 from the World Wide Web: <http://www.alzheimers.factsforhealth.org/what/whogetsad.asp>. Figure 2

While there is clear evidence that the number of cases continues to escalate, the scientific community is studying how long patients can survive with the disease, and how to treat and delay the symptoms. Typically diagnosed over age 65, patients with Alzheimer's disease live an average of eight to ten years but may live as many as 20 years after the initial onset of symptoms.⁸ Approximately 100,000 victims are lost to the disease each year and there are 360,000 new cases of Alzheimer's disease annually⁹.

Today Alzheimer's disease is referred to as the "Disease of the Century" because of its escalating prevalence.

Demographics

There is a strong correlation between countries with high elderly populations and the incidence of Alzheimer's disease. In every nation where life expectancy has increased, so has the incidence of Alzheimer's disease. And although younger people can get Alzheimer's disease, it is much less common.

Alzheimer's disease is of particular concern to the United States because of our large aging population, especially the 77 million baby boomers who will begin to be eligible for retirement in the next several years. The strain of caring for aging boomers will create tremendous demographic and financial pressures on our country.

¹ *History*. Madison Institute Facts for Health. Retrieved September 27, 2004 from the World Wide Web: <http://www.alzheimers.factsforhealth.org/what/history.asp>.

² *Alzheimer's Disease: Unraveling the Mystery: New Techniques Help in Diagnosing AD*. National Institute on Aging. Retrieved September 24, 2004 from the World Wide Web: <http://www.alzheimers.org/unraveling/10.htm>.

³ *Alzheimer's Disease: Unraveling the Mystery: New Techniques Help in Diagnosing AD*. National Institute on Aging. Retrieved September 24, 2004 from the World Wide Web: <http://www.alzheimers.org/unraveling/10.htm>.

⁴ Decision Resources (April, 2000).

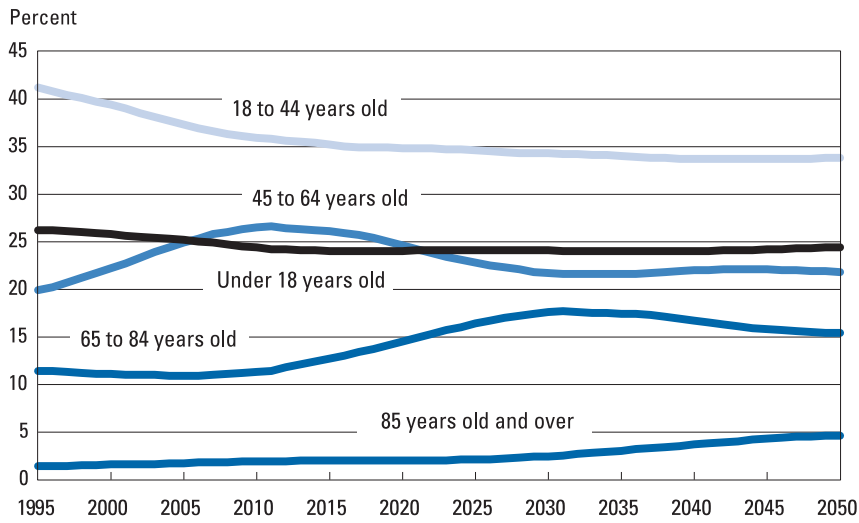
⁵ *Statistics about Alzheimer's Disease*. Alzheimer's Association. Retrieved September 23, 2004 from the World Wide Web: <http://www.alz.org/AboutAD/Statistics.asp>.

⁶ *Statistics about Alzheimer's Disease*. Alzheimer's Association. Retrieved September 23, 2004 from the World Wide Web: <http://www.alz.org/AboutAD/Statistics.asp>.

⁷ *Who Gets It?* Madison Institute Facts for Health. Retrieved September 27, 2004 from the World Wide Web: <http://www.alzheimers.factsforhealth.org/what/whogetsad.asp>.

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Distribution of the Population by Age



Source: U.S. Bureau of the Census, Current Population Reports, Series P25-1130.

How We're Changing: Demographic State of the Nation: 1997. U.S. Department of Commerce, Bureau of the Census. (March, 1997). Retrieved September 29, 2004 from the World Wide Web: <http://www.census.gov/prod/2/pop/p23/p23-193.pdf>.

Figure 3

The most significant growth in this age category will be among those 85 and older, which will more than triple in size to 5.2 percent of the population by 2050¹⁰. This bracket causes the most concern for medical practitioners, as nearly half of all seniors ages 85 and above will develop Alzheimer's disease¹¹ (Figure 3).

Cost of the Crisis

The challenge of providing adequate care for the millions of Alzheimer's disease patients is acutely felt by families, caregiver communities and within all levels of government. Alzheimer's disease represents a significant financial burden, as patients with advanced stages of the disease require constant care and monitoring.

Annual direct and indirect treatment costs are estimated at \$100 billion, according to estimates used by the Alzheimer's Association and the National Institute on Aging.¹²

The Congressional Budget Office (CBO) calculated that total expenditures for long term care services for the elderly in 2004 – excluding the cost of donated care – will total approximately \$135 billion. Much of the long term care is required by those seniors suffering from Alzheimer's disease.

Financial Impact on Families

The financial impact of caring for an Alzheimer's disease patient can be enormous, and more and more families are confronting these costs. Today, Alzheimer's disease affects one out of every three families in the U.S.¹³

⁸ *Fact Sheet.* Alzheimer's Association. Retrieved September 30, 2004 from the World Wide Web: <http://www.alz.org/Resources/FactSheets/FSADFacts.pdf>.

⁹ Alzheimer's Health Assistance Foundation, "Alzheimer's Disease Research."

¹⁰ *How We're Changing: Demographic State of the Nation: 1997.* U.S. Department of Commerce, Bureau of the Census. (March, 1997). Retrieved September 29, 2004 from the World Wide Web: <http://www.census.gov/prod/2/pop/p23/p23-193.pdf>.

¹¹ *Who Gets It?* Madison Institute Facts for Health. Retrieved September 27, 2004 from the World Wide Web:

<http://www.alzheimers.factsforhealth.org/what/whogetsad.asp>

¹² *Statistics about Alzheimer's disease.* Alzheimer's Association. Retrieved September 23, 2004 from the World Wide Web: <http://www.alz.org/AboutAD/Statistics.asp>.

¹³ American Health Assistance Foundation, "Alzheimer's Disease Research." 2003

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Studies show that the average lifetime cost of care for an individual with Alzheimer's disease from diagnosis to death is \$170,000¹⁴. Most seniors are not financially prepared to pay for these long term needs. For example, the Bureau of Census found that just seven percent of American seniors have enough saved to cover even one year of nursing home care¹⁵.

As symptoms deteriorate, families have three options in caring for the Alzheimer's disease patient: at home care with no outside assistance, at home care with part-time or full-time care assistance, and full-time care at either an assisted living or skilled nursing facility. Each option entails major costs, either directly or through opportunity costs in lost wages.

Families who care for patients at home do not incur the direct expense of paying for visiting care or a facility; however, it is difficult to gauge the precise cost to families who shoulder the entire caregiver responsibility. Some economists have attempted to quantify it in terms of lost wages and productivity. In terms of health care expenses and lost wages of both patients and their caregivers, the cost of Alzheimer's disease nationwide is \$80-100 billion per year¹⁶.

Slightly more than half of Alzheimer's disease patients receive long term care services at home for daily activities such as bathing, dressing and eating. Half of caregivers spent at least 46 hours a week assisting patients with these activities. More than 50 percent of caregivers reported that they felt they were "on duty" 24 hours a day¹⁷.

The second option for families is to arrange for a combination of taking care of the patient themselves and arranging for outside part-time or full-time help. More than seven out of ten people with Alzheimer's disease live at home, where family and friends provide almost 75 percent of their care. The remainder is "paid care" costing an average of \$12,500 per year¹⁸. Yet as many families have learned, the progression of

Alzheimer's disease to advanced stages often requires full-time, professional care. For those families that must place the Alzheimer's disease patient in an assisted living or nursing facility, the costs are often staggering. The annual cost for nursing home care in the U.S. ranges from \$35,900 to \$166,700, with the average at \$57,700¹⁹. For comparison, the average cost for college undergraduate education is \$22,520 per year²⁰.

The largest part of the direct costs of caring for Alzheimer's disease patients comes from nursing home care. Almost all families pay this out of pocket²¹. The care of an Alzheimer's disease patient, viewed as custodial care, is not covered by Medicare or most health insurance plans²². Given that medical insurance coverage for any kind of long term care – cognitive or non-cognitive – is restricted, many patients and caregivers face severe financial burdens when the need for long term coverage arises.

Most Americans are not wealthy enough to fully fund their long term care needs through private savings and must rely on public programs provided at taxpayer expense by state and federal government such as Medicaid and Medicare. In 1965, Congress passed the Social Security Act, which established these programs. Medicare addresses the specific medical care needs of the elderly, as well as the needs of persons with disabilities and kidney disease. Medicaid serves those who are destitute and financially unable to afford proper medical care (Figure 4).

¹⁴ Ernst, RL; Hay, JW. (1994). The U.S. Economic and Social Costs of Alzheimer's Disease Revisited. *American Journal of Public Health*, 84 (8), 1261-1264. Study cites figures based on 1991 data, which were updated in the journal's press release to 1994 figures.

¹⁵ U.S. Department of Health and Human Services

¹⁶ American Health Assistance Foundation, "Alzheimer's Disease Research." 2003

¹⁷ Schulz, Richard, PhD, Mendelsohn, Aaron, Ph.D. et al. (Nov. 13, 2003). End of Life Care and the Effects of Bereavement on Family Caregivers of Persons with Dementia. *New England Journal of Medicine*.

¹⁸ *Statistics about Alzheimer's Disease*. Alzheimer's Association. Retrieved September 23, 2004 from the World Wide Web: <http://www.alz.org/AboutAD/Statistics.asp>.

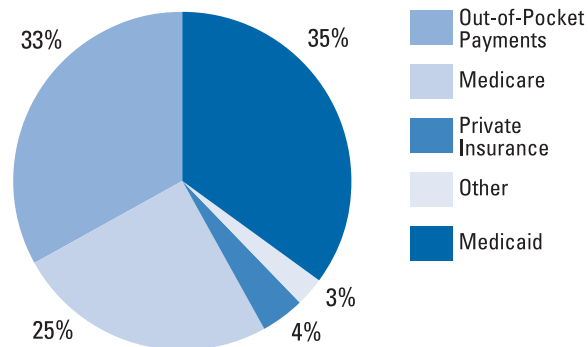
¹⁹ Rice, DP, et. al. "The Economic Burden of Alzheimer's Disease." *Health Affairs*, Summer 1993; 12 (2): 164-176.

²⁰ Digest of Education Statistics. (2002).

²¹ Rice, DP; et al. (Summer 1993). The Economic Burden of Alzheimer's Disease. *Health Affairs*, 12(2), 164 – 176.

²² American Health Assistance Foundation, "Alzheimer's Disease Research." 2003

Estimated Spending on Long Term Care for Older Adults in 2004, by Percentage of Care Type



Source: Congressional Budget Office, *Financing Long Term Care for the Elderly*, Washington, DC, April 2004. This calculation does not include informal care provided by family and friends.

Desonia, Randy A. (July 31, 2004). *The Promise and the Reality of Long Term Care Insurance*. National Health Policy Forum. Retrieved Sept. 29, 2004 from World Wide Web: http://www.nhpf.org/pdfs_bp/BP%5FLTCI%5F07%2D31%2D04%2Epdf.

Figure 4

However, families should not expect to rely on Medicaid or Medicare to provide all long term care for Alzheimer's disease patients. The services covered by Medicare include "reasonable and necessary" doctors' visits; physical, occupational or speech therapy; psychotherapy or behavioral management therapy by a mental health professional, and skilled home-care services (such as skilled nursing, speech or physical therapy). Currently, Medicare does not pay for prescription drugs for Alzheimer's disease, adult day care, room and board at assisted living facilities, or custodial care in a nursing home²³.

²³ *How is Alzheimer's Treatment Paid For?* Fischer Center for Alzheimer's Research Foundation. Retrieved Sept. 24, 2004 from the World Wide Web: <http://www.alzinfo.org/treatment/treatmentsummary/default.aspx#4>.

²⁴ *Why is it important to continue to fund research about Alzheimer's disease?* Fischer Center for Alzheimer's Research Foundation. Retrieved Sept. 30, 2004 from World Wide Web: <http://www.alzinfo.org/research/battle/default.aspx>.

²⁵ Centers for Medicare & Medicaid, November 2003 www.cms.hhs.gov/data/download/hcris

²⁶ *Medicare and Medicaid Costs for People with Alzheimer's Disease*. (April, 2001). The Lewin Group Washington, D.C. p.1.

In addition, according to a study by Georgetown University's Long Term Care Financing Project, state Medicaid programs and vulnerability to changing state budgets vary, so the security net provided by Medicaid is inconsistent. Coverage can be heavily dependent upon in which state the patient resides.

Financial Impact on Government:

Reliance on Medicaid and Medicare programs is burdensome for both families and the government. Medicare was established in response to the specific medical care needs of the elderly, while Medicaid was created as a response to the inadequacy of medical care for those receiving public assistance.

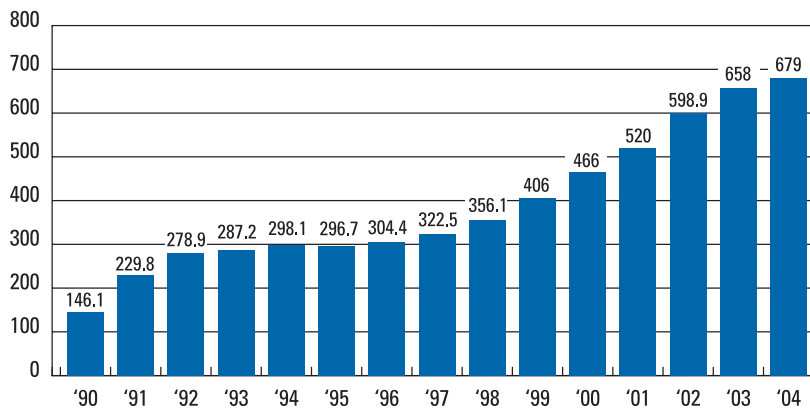
Medicaid requires those needing long term care services to spend down their assets, which may include their savings, home, and other assets before government programs will cover expenses such as nursing home care. According to the Department of Health and Human Services, this accounts for more than half of nursing home residents, who have technically become "poor enough" to qualify for Medicaid coverage.

For the government, the number of Alzheimer's disease cases and related care costs that are covered by Medicare and Medicaid are escalating at a rapid pace. Direct medical costs associated with Alzheimer's disease are expected to surpass \$250 billion each year²⁴.

The Medicare rate per 1,000 enrollees for skilled nursing facilities has grown five-fold from 1982 to 2001. The rate of persons served by home health agencies increased more than two-and a half times from 1982-1997, but has since declined²⁵.

By 2010, Medicare costs for beneficiaries with Alzheimer's disease are expected to increase 54.5 percent, from \$31.9 billion in 2000 to \$49.3 billion. Medicaid expenditures on residential dementia care will increase 80 percent, from \$18.2 billion to \$33 billion in 2010, according to a report commissioned by the Alzheimer's Association²⁶.

Federal Fending for Alzheimer Research Fiscal Years 1990-2004 (in millions of dollars)



Alzheimer's Association. Retrieved from the World Wide Web Sept. 27, 2004: <http://www.alz.org/Advocacy/successes/overview.asp>.
Figure 5

Because Medicaid coverage is maintained by individual states, those states which will have a greater proportion of seniors in the coming decade will have a greater financial burden. For example, all but two states, Pennsylvania and Rhode Island, and the District of Columbia will experience an increase in number/percentage of seniors with Alzheimer's disease between 2000 and 2025²⁷.

The government's financial role extends beyond helping families and caregivers assist Alzheimer's disease patients. In terms of Alzheimer's disease research, the federal government spent approximately \$660 million in fiscal year 2003²⁸. This represents a marked increase from 1980, when the National Institute on Aging allotted \$20 million to research the disease²⁹ (Figure 5). Within that time, many important medical advances have been made in the understanding, diagnosis and treatment of Alzheimer's disease. Increasing government resources to research Alzheimer's disease is an important investment towards mitigating the medical and financial effects that are projected for this disease in the coming decades.

²⁷ Alzheimer's Association Fact Sheet, "Alzheimer's Disease Growth: U.S. Will see average 44 percent increase in Alzheimer's disease by 2025." June 7, 2004

²⁸ Alzheimer's Association. Retrieved from the World Wide Web Sept. 27, 2004: <http://www.alz.org/Advocacy/successes/overview.asp>.

²⁹ Alzheimer's Association Fact Sheet, April 5, 2004.

Genworth Long Term Care Protection

As the past thirty years have demonstrated, the role of private long term care insurance providers has been an important option for families and caregivers of Alzheimer's disease patients. Private long term care insurance can fill the gap between an individual's ability to pay for care and what the government can provide through Medicaid and Medicare.

Long term care is different from health care, and it is not typically covered by health insurance plans, HMO plans, Medicare or Medicare supplemental policies. While health insurance is designed to cover care from a doctor or in a hospital, long term care includes personal care, such as help with bathing, eating or dressing.

As the private insurer who has provided more long term insurance coverage than any other in the U.S., Genworth is in a unique position to note trends in the proportion of cognitive care, and the form that care is taking because Genworth is the leading provider of long term care insurance in the U.S.

The number, frequency, and claim dollar amounts have all increased exponentially for cognitive care claims. For Genworth, nearly 40% of all claims paid on long term care policies are dementia related.

Between 1993 and 2003, Genworth has seen a 35 percent increase in the frequency of cognitive claims. In that same time, the number of cognitive claims increased ten-fold, reaching an all time high of approximately 6,000 claims in 2003.

Along with the frequency and number of cognitive claims, the annual dollar amount paid has experienced a 12-fold increase. Approximately \$120 million was dedicated to cognitive care claims in 2003.

At the same time, Genworth has noted a dramatic shift in the setting in which cognitive care is occurring. In 1993, the overwhelming choice for cognitive care was a nursing home. In fact, 98.5 percent of cognitive care claims dollars went towards nursing home claims. Just one percent went to home health care, and one half of one percent went to assisted living facilities.

In sharp contrast, by 2003 the proportion of cognitive care claims going towards nursing home care plummeted to 70 percent. Home health care claims increased to nine percent, and assisted living facilities grew to 21 percent of cognitive care claims. Patients and their families are opting for more flexible and varied choices to address Alzheimer's disease and dementia related problems. This data underscores the role of long term care insurance in providing options to families and caregivers as to how best to treat the Alzheimer's disease patient.

The number of individuals acquiring long term care insurance is limited, yet growing. More than nine million Americans have purchased long term health care insurance policies, and coverage continues to expand each year. Despite this growth, a nationwide analysis reveals a concentration of long term care insurance plans by states. As of 2002, half of all individual policies were sold in just ten states: California, Florida, Illinois, Iowa, Minnesota, New York, Ohio, Pennsylvania and Washington³⁰.

Looking Ahead

Demographic trends in the U.S. indicate that the size of the older population (65 and older) will double over the next 25 years, reaching 70 million by 2030. At this rate, the U.S. could see a 70 percent increase in Alzheimer's disease cases, affecting 7.7 million Americans.³¹ The 85 and older group is currently the fastest growing segment of the population,³² and is the group that carries the greatest likelihood of developing Alzheimer's disease.

The extended outlook is even more sobering. By 2050, 13.2 million older Americans are expected to have Alzheimer's disease if the current numbers hold and no preventive treatments or cure becomes available³³.

Despite several promising advances in the scientific study of the disease, if there are no breakthrough treatments or findings on preventative measures, the disease threatens to bankrupt the healthcare system. Alzheimer's disease and other forms of dementia requiring long term care will overburden Medicare and Medicaid.

Long Term Care — Impact of Not Having Coverage

As the past several years have revealed, many individuals who do not have long term care insurance and require home care or facility placement face an overwhelming financial burden. Nearly one-third of all long term care bills are paid by individuals and families out of pocket. As a result, 70 percent of single people and 50 percent of married couples who require long term care become destitute³⁴.

³⁰ AHIP LTC Insurance Market Surveys, "Ranking of Long Term Care Insurance Sales by State."

³¹ *Fact Sheet*. (June 7, 2004). Alzheimer's Association.

³² *Older Americans 2000: Key Indicators of Well-Being*. Federal Interagency Forum on Aging-Related Statistics. Retrieved Sept. 28, 2004 from the World Wide Web: <http://www.agingstats.gov/chartbook2000/population.html>.

³³ *New Prevalence Study Suggests Dramatically Rising Numbers of People with Alzheimer's Disease* (Aug. 18, 2003). National Institute on Aging. Retrieved Sept.23, 2004 from the World Wide Web: <http://www.nih.gov/news/pr/aug2003/nia-18.htm>.

³⁴ *Why should I buy long term care insurance?* Fischer Center for Alzheimer's Research Foundation. Retrieved Sept. 24, 2004 from the World Wide Web: <http://www.alzinfo.org/resources/paying/longterm/>.

According to a study by America's Health Insurance Plans, long term care insurance sales have been growing at rate of approximately ten percent annually from 1988 to 2002³⁵.

Genworth believes that long term care insurance helps Americans plan for long term care, instead of taking the financial risk of losing their life savings in order to become eligible for government programs.

In addition to long term care insurance, a multi-pronged strategy that includes more resources for research and education is required to adequately address the impending impact of the rise of Alzheimer's disease.

Expected benefits of increased funding, research and education.

Investing in research on the causes, diagnosis and treatment of Alzheimer's disease could help improve the quality of life for patients and possibly aid in preventing or delaying the onset of the disease. From a medical perspective, the earlier those patients can be diagnosed, the better the possibilities are for treatment that is more effective. Earlier detection, advances in medicine and thoughtful ways to think about how to finance care for patients can blunt some of the devastating effects of the disease.

Research

In the past thirty years, there have been tremendous advances in diagnosing and treating Alzheimer's disease. As early as November 1983, when President Ronald Reagan designated November as National Alzheimer's Disease month, the extent of the disease that would eventually claim him was not widely known. Our country lacked even a basic infrastructure for developing Alzheimer's disease research.

Despite many unknowns about the disease, ranging from diagnosis to treatment, there are opportunities for significant progress within the scientific community. According to the Fischer Center for Alzheimer's Research Foundation. Scientific research on Alzheimer's disease falls into five general areas of research:

1. Identifying possible causes – including risk factors, the clarification of the underlying biological processes associated with the disease and genetics. In fact, there is some evidence to suggest that some of the risk factors of heart disease and stroke – high blood pressure, high cholesterol, low levels of folate – might predispose people to Alzheimer's disease;
2. Improving early diagnosis of Alzheimer's disease – including the recognition of cognitive and biological "markers" for the disease and increasing the use of brain-imaging techniques to detect brain changes prior to symptoms;
3. Developing new treatments – including drugs that target the underlying biological changes in the brain and non-pharmacological approaches to managing the behavioral symptoms of the disease;
4. Prevention – including the role of education, diet and environment in the development of Alzheimer's disease. At the same time, studies showing that physical, mental and social activities could be protective factors against Alzheimer's disease; and
5. Caregiving – including acknowledging what types of educational programs are most effective and what types of support are most useful.³⁶

The research community is focused on the search for an "Alzheimer's disease vaccine"³⁷. The U.S Food and Drug Administration (FDA) has approved five drugs to treat Alzheimer's disease symptoms that affect memory and thinking skills and there are dozens of experimental Alzheimer's disease drugs at various stages of development worldwide.³⁸

³⁵ Susan Coronel, Long Term Care Insurance in 2002, *America's Health Insurance Plans*, June 2004.

³⁶ *What are the primary areas of Alzheimer's research?* Fischer Center for Alzheimer's Research Foundation. Retrieved Sept. 23, 2004 from the World Wide Web: <http://www.alzinfo.org/research/battle/default.aspx>.

³⁷ *What are the primary areas of Alzheimer's research?* Fischer Center for Alzheimer's Research Foundation. Retrieved Sept. 23, 2004 from the World Wide Web: <http://www.alzinfo.org/research/battle/default.aspx>.

³⁸ *Reason to Hope*. Alzheimer's Association. Retrieved Sept. 23, 2004 from the World Wide Web: <http://www.alz.org/Research/overview.asp>

Preliminary research points to immunotherapy, a treatment that stimulates the body's immune system, as a potential approach to preventing Alzheimer's disease.

Although a cure may seem out-of-reach today, scientists claim that with sufficient investment in research, preventing Alzheimer's disease may become an achievable goal within the next 10 years³⁹.

Education

There are opportunities for improving the outlook for Alzheimer's disease care by targeting consumers and physicians with key facts about the disease. By raising awareness among primary care and general practitioners as to the cognitive tests they might conduct on patients, there is a greater possibility that the disease might be identified earlier.

Physicians, even those who do not specialize in geriatrics, must become more aware of warning signs and be knowledgeable about the newest treatments available to stave off the effects of Alzheimer's disease. Because there is such a defined trajectory of the number of likely Alzheimer's disease cases as the population ages, concerted efforts should be made to make any interaction between a senior and a medical practitioner as informative as possible.

On an individual patient level, there is a relatively low awareness of Alzheimer's disease, particularly in regard to the importance of being tested. Seniors should be prepared for doctor's visits including bringing a list of symptoms such as memory problems and their frequency, a list of past and current medical problems and a current list of medications, herbal remedies and dietary supplements.

In addition, the Alzheimer's Association has developed the following list of Ten Warning Signs to

³⁹ *What are the primary areas of Alzheimer's research?*
Fischer Center for Alzheimer's Research Foundation.
Retrieved Sept. 23, 2004 from the World Wide Web:
<http://www.alzinfo.org/research/battle/default.aspx>.

By educating Americans about Alzheimer's disease and encouraging them to get tested, they can better prepare for the immediate and long term care issues that the disease presents. An early diagnosis of Alzheimer's disease helps patients and their families plan for care-taking. It also enables the patient to have an active role in the decision making.

Ten Warning Signs of Alzheimer's Disease

1. **Memory loss.** One of the most common early signs of dementia is forgetting recently learned information. While it's normal to forget appointments, names or telephone numbers, those with dementia will forget such things more often and not remember them later.
2. **Difficulty performing familiar tasks.** People with dementia often find it hard to complete everyday tasks that are so familiar we usually do not think about how to do them. A person with Alzheimer's may not know the steps for preparing a meal, using a household appliance or participating in a lifelong hobby.
3. **Problems with language.** Everyone has trouble finding the right word sometimes, but a person with Alzheimer's often forgets simple words or substitutes unusual words, making his or her speech or writing hard to understand. If a person with Alzheimer's is unable to find his or her toothbrush, for example, the individual may ask for "that thing for my mouth."
4. **Disorientation to time and place.** It's normal to forget the day of the week or where you're going. But people with Alzheimer's disease can become lost on their own street. They may forget where they are and how they got there, and may not know how to get back home.
5. **Poor or decreased judgment.** No one has perfect judgment all of the time. Those with Alzheimer's may dress without regard to the weather, wearing several shirts on a warm day or very little clothing in cold weather. Those with dementia often show poor judgment about money, giving away large sums to telemarketers or paying for home repairs or products they don't need.
6. **Problems with abstract thinking.** Balancing a checkbook is a task that can be challenging for some. But a person with Alzheimer's may forget what the numbers represent and what needs to be done with them.
7. **Misplacing things.** Anyone can temporarily misplace a wallet or key. A person with Alzheimer's disease may put things in unusual places, like an iron in the freezer or a wristwatch in the sugar bowl.
8. **Changes in mood or behavior.** Everyone can become sad or moody from time to time. Someone with Alzheimer's disease can show rapid mood swings — from calm to tears to anger — for no apparent reason.
9. **Changes in personality.** Personalities ordinarily change somewhat with age. But a person with Alzheimer's can change dramatically, becoming extremely confused, suspicious, fearful or dependent on a family member.
10. **Loss of initiative.** It's normal to tire of housework, business activities or social obligations at times. The person with Alzheimer's disease may become very passive, sitting in front of the television for hours, sleeping more than usual or not wanting to do usual activities.

Figure 6

RISING TO MEET THE CHALLENGE AHEAD

The looming Alzheimer's disease crisis and the challenges we face as family members and citizens in providing adequate care are evident.

The financial challenges are significant. Alzheimer's disease cost American businesses \$61 billion each year. Of that figure, \$24.6 billion covers Alzheimer's disease health care and \$36.5 billion covers costs related to caregivers of individuals with Alzheimer's disease, including lost productivity, absenteeism and worker replacement⁴⁰.

Teamwork is Essential: Genworth, Alzheimer's Association, Elected Officials

As with any major national-reaching issue, the campaign to address Alzheimer's disease requires commitment/resources from families, the private sector and government. Groups such as the Alzheimer's Association are taking a leadership role in promoting and advancing research, providing guidance to family members of patients, and educating Americans on the crippling disease.

The burden of Alzheimer's disease rests heavily on unpaid family members, and shifting demographics indicate that as the number of seniors and those with Alzheimer's disease swells, the proportion of younger family members to act as caregivers diminishes. Government programs are threatened by lack of resources to handle the amount of cognitive care required by the volume of Alzheimer's disease patients within the next 30 years.

One way that government and private insurance companies now share the responsibility for providing long term care while easing budget burdens for governments and individual families is "The Partnership for Long Term Care." State partnership programs are available in California, Connecticut, Indiana and New York, and allow consumers to purchase a long term care policy as a supplement to Medicaid, effectively securing the best of both worlds. Congress and agency policymakers are currently exploring ways to develop a national partnership model that will expand this solution.

States require participating companies to meet strict criteria, including protection against future insolvency and consumer protection requirements in order to participate in the partnership program. Consumers may purchase state-approved private insurance policies to cover the first one to three years of long term care benefits. In addition, supplemental coverage is available to allow policyholders to improve the quality of their coverage without surrendering their Medicaid benefit. The program was initiated in 1987 with the support of the Robert Wood Johnson Foundation, which described the idea as a win-win-win – something that would benefit consumers, Medicaid and private insurers.

Yet the partnership program is just one example of how individuals, the private sector, non-governmental organizations and governments can work together towards addressing the challenge of long term care. With Alzheimer's disease, we need to explore areas where each sector might contribute to prevention, treatment, education and providing care.

Legislation: Help for Caregivers and Families that are Straining to Deal with Loved Ones.

Congress is considering bills that would devote much-needed resources to Alzheimer's disease research, and would codify existing research programs into law.

In honor of the former President, Senators Christopher S. "Kit" Bond (R-MO) and Barbara A. Mikulski (D-MD) introduced The Ronald Reagan Alzheimer's Breakthrough Act of 2004 (S. 2533). We expect a similar bill to be introduced in 2005. Senators Bond and Mikulski also sponsored the Alzheimer's Disease, Research, Prevention, and Care Act of 2003 (S. 566/H.R. 1138).

The Ronald Reagan Alzheimer's Breakthrough Act of 2004 would double the funding for National Institutes of Health (NIH) Alzheimer's disease research by increasing authorization levels to \$1.4 billion beginning in fiscal year 2005. The bill would also require the U.S. Department of Health and Human

⁴⁰ Alzheimer's Association Fact Sheet, April 5, 2004.

Services to host a National Summit on Alzheimer's Disease to examine the current Alzheimer's disease research agenda at NIH, priorities for current and future federally supported Alzheimer's disease initiatives, information and education programs for health care professionals and the public, and challenges and opportunities for the research community and the public.

In addition, the Act would codify three existing Alzheimer's disease research programs into law at the National Institute on Aging (NIA): 1) the Alzheimer's Disease Prevention Initiative, 2) Cooperative Clinical Research, and 3) Caregiving Research.

The Act would strengthen the federal government's commitment to Alzheimer's disease research, provide much-needed financial support to caregivers and educate the public about advances in research. By doubling the funding for Alzheimer's disease research at the National Institute of Health, researchers will have the resources to make significant breakthroughs.

The legislation would help families who care for Alzheimer's disease patients by increasing the availability of respite services such as respite care, home health care, counseling and training. The bill proposes doubling funds for two existing initiatives, the National Caregiver Support Program – from \$125 million to \$250 million – and the Alzheimer's Demonstration Grant Program – from \$12 million to \$25 million. The bill would also help family caregivers pay for the costs of caring for a loved one by providing a \$5,000 tax credit, which would be an immediate help to the millions of families who cope with this devastating disease.

Although we have focused primarily on the financial aspect of long term care for Alzheimer's disease, Genworth fully recognizes that increased funding of government health care programs, medical research and education are significant priorities in addressing the impending epidemic. With access to data trends on incidence of disease and types of care required over the past 30 years, we have a better sense as to

where individuals, private insurers, non-governmental organizations and the government must focus on to prepare the country to deal with this devastating disease.

