

Quarterly UPDATE

Connecticut Partnership for Long-Term Care
April - June 2011



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PARTNERSHIP EXPANSION CONTINUES

The Deficit Reduction Act (DRA) of 2005 removed restrictions that had been in place since 1993 on new states who wished to develop Partnership for Long-Term Care programs. With these restrictions lifted, the DRA set the stage for Partnerships to expand to new states.

West Virginia recently received approval from the federal government to implement a Partnership program. West Virginia becomes the 39th state to implement a Partnership program (35 new states and the four original Partnership programs in California, Connecticut, Indiana and New York).

The 35 new Partnership states that have received approval to implement Partnership programs are: **Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, West Virginia, Wisconsin and Wyoming.**

As reported in previous *Quarterly Updates*, on March 27, 2009, Connecticut received approval from the federal government to join the National Reciprocity Compact for the granting of Medicaid Asset Protection for states with Partnership for Long-Term Care programs. The approval is retroactive to January 1, 2009.

However, all Connecticut Partnership policyholders are covered under the Reciprocity Compact, regardless of when they purchased their Partnership policy.

Under the terms of the Reciprocity Compact, Connecticut Partnership policyholders who relocate to another state may be eligible to receive dollar-for-dollar Medicaid Asset Protection just as they would when they apply to Connecticut's Medicaid program. Two conditions must be met for a policyholder to be eligible for reciprocity in another state: (1) the policyholder must apply to and qualify under the other state's Medicaid program; and (2) at the time the policyholder applies to the other state's Medicaid program, Connecticut and the other state must be members of the Reciprocity Compact or Connecticut must have a separate reciprocal agreement with that state for the granting of Medicaid Asset Protection.

The Reciprocity Compact requires that any state participating in the Compact must agree to engage in reciprocity with every other state in the Compact for the purpose of granting dollar-for-dollar Medicaid Asset Protection. In addition, the original reciprocity agreement between Connecticut and Indiana remains in effect.

For a list of states currently participating in the Reciprocity Compact, go to the following website - <http://www.dehpg.net/lcpartnership/StateReciprocity.aspx> or call the Connecticut Partnership at 860-418-6318.

It's important to note that states are permitted to opt in and out of the Reciprocity Compact at any time. A state can opt out of the Reciprocity Compact by giving 60 days notice to the federal government. Consequently, the list of states participating in the Reciprocity Compact may change over time.

Of greatest importance to a Connecticut Partnership policyholder is whether Connecticut has Medicaid Asset Protection reciprocity with their state of residence **at the point the individual applies to that state's Medicaid program**. Because it is possible that the list of participating states may change as states exercise their option to opt in or out of the Reciprocity Compact, it is critical that policyholders and insurance producers alike understand that reciprocity will be granted based on state participation in the Reciprocity Compact **at the time the policyholder applies to Medicaid**.

Since state participation in the Reciprocity Compact is optional, we advise that a decision to purchase a Partnership policy should not be made based on reciprocity with other states. **Reciprocity should be viewed as a potential bonus for policyholders that does not add to the cost of their Partnership policy premium.** *The only firm guarantee the State of Connecticut can provide to a Connecticut Partnership policyholder is that Connecticut's Medicaid program will recognize their earned Medicaid Asset Protection.*

Please remember that Medicaid Asset Protection does not add to the cost of a Partnership policy. **A Partnership and non-Partnership policy from the same insurer will have identical premiums when the policy benefits are the same.** Therefore, if a Partnership policyholder did end up in a state that didn't have a Partnership program or a state who Connecticut did not have reciprocity with, he or she would not have paid any more premiums than if they had purchased an identical non-Partnership plan. However, if someone purchases a non-Partnership policy because the state they plan to move to doesn't have a Partnership program, they will be out of luck if that other state develops a Partnership program in the future and has reciprocity with Connecticut.

The Reciprocity Compact will only apply to Partnership policies so it's best to purchase a Partnership plan to start.

For more information for yourself, as well as for your clients, the Partnership has developed a handout on the Reciprocity Compact which includes a Frequently Asked Questions section. The handout can be accessed through the Partnership website at the following link:

http://www.ct.gov/opm/lib/opm/hhs/ltc/partnership_reciprocity_compact.pdf

All of the new Partnership states are part of the Reciprocity Compact.

Of the four original Partnership states (CA, CT, IN & NY), Connecticut and Indiana have joined the Reciprocity Compact. California and New York have indicated that, at this time, they do not plan to apply to join the Compact.

The Department of Health and Human Services has contracted for the development of a website where information on new Partnership programs is available. The link to the website is <http://www.dehpg.net/ltcpartnership/> We suggest you periodically check the website to see what new information has been included.

PARTNERSHIP SALES CONTINUE TO GROW

In the quarter ending December 31, 2010, total Partnership sales passed the **53,500** level with **53,522** policies sold to date. In addition, **over 425** Partnership applications were submitted during the quarter, bringing the total number of applications to more than **65,700**. Partnership sales for 2010 were **15% higher** than sales for 2009.

95% of purchasers are under the age of seventy and 58% under the age of 60. The average age at time of purchase is 58 and the average maximum benefit purchased is \$246,884. More than **\$90 million** in Medicaid Asset Protection had been earned as of 12/31/10 by Partnership policyholders receiving benefits under their policies. The Partnership estimates it has saved **over \$11 million** in Medicaid long-term care funds since its inception in 1992, with larger savings projected in the future.

For additional information about Partnership sales, go to the Partnership's website at www.ctpartnership.org and click "Consumer" on the left hand side.

TOP PRODUCERS

Congratulations to the following producers who sold **more than 10 Partnership policies** between July 1st and December 31st, 2010 (this information was self-reported by the producers who responded to our request in the last edition of the *Quarterly Update*):

Robert Charnas
Sean Deveau
Larry Golfin
Curtis Gunn
Rosanne Hauser
Charles Kelly
Jerry Kenney
Rich Levine
James Meehan
Lynn Pensky
Kathleen Ruane
Susan Sullivan

RATE INCREASE ACTIVITY

Below is some information on recent rate increase requests to the Connecticut Insurance Department that affect Partnership policies.

Bankers Life:

Bankers Life submitted a request to raise rates by 35% on some older Partnership and non-Partnership policies. ***This request was denied by the Insurance Department and no increase was allowed.***

Genworth:

Genworth submitted a request to raise rates by 18% on some older Partnership and non-Partnership policies. ***This request is under review by the Insurance Department.***

John Hancock:

John Hancock submitted a request to raise rates by 14.4% ranging up to 71.1%, depending on the policy form, on some older Partnership and non-Partnership policies. ***The Insurance Department recently granted only an 8% increase for the non-Partnership and Partnership policies included in this request.***

MedAmerica:

MedAmerica submitted a request to raise rates by 39% on some older Partnership and non-Partnership policies. ***This request was denied by the Insurance Department and no increase was allowed.***

COST OF LONG-TERM CARE IN CONNECTICUT

The Partnership's publication, ***Cost of Long-Term Care in Connecticut***, has been revised to reflect updated nursing facility and home care costs. The average private pay rate for a Connecticut semi-private nursing facility room increased **2.1%** from last year to **\$348 per day** or over **\$127,000 per year**. Over the last five years the inflation rate for nursing facility care has been **4.1%** per year and the average annual inflation rate since 1988 in Connecticut has been **5.7%**. The following Partnership publications have also been revised to reflect the new long-term care cost information: ***Frequently Asked Questions*** and ***Cost of Waiting to Buy Long-Term Care Insurance (issue sheet)***.

These four publications can be downloaded from the Partnership's website by clicking on the following link:

<http://www.ct.gov/opm/cwp/view.asp?a=2995&q=383402>

We encourage you to download these publications since it will be the quickest way to access the materials and will reduce our printing and mailing costs. However, if you would like printed copies of the publications, we can send you up to 10 copies free of charge at this time. To order copies of these publications, please email david.guttchen@ct.gov and note which publications you would like and in what quantities. ***Please include your mailing address when you email your publication request.***

Please allow 2-4 weeks for delivery of the publications.

PARTNERSHIP PUBLIC FORUMS

Don't miss out on the following opportunities to educate your clients and prospects about long-term care insurance. These events provide basic information about long-term care and what features to look for in long-term care insurance. A description of the Partnership's enhanced standards, including Medicaid Asset Protection, is also provided.

- **April 6th -- LITCHFIELD**
Litchfield Community Center
- **April 27th -- NORWICH**
Norwich Technical High School

Forums run from 6:00 P.M. to 8:00 P.M. and are free to the public. *Please remember, no sales materials or solicitations are allowed at these events.*

To register yourself and/or your clients, call the Partnership's Consumer Information Service at **(800) 547-3443** or you can register online at http://www.ct.gov/opm/cwp/view.asp?a=2995&q=383414&opmNav_GID=1814.

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Direct inquiries to: Connecticut Partnership for Long-Term Care, 450 Capitol Ave.- MS# 52LTC, Hartford, CT 06106-1379, (860) 418-6318.