

Quarterly UPDATE

Connecticut Partnership for Long-Term Care
April - June 2013





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I. 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.

- **May 8th -- WILTON**
Wilton Library
- **June 5th -- GLASTONBURY**
Riverfront Community Center
- **June 13th -- CANAAN**
Geer Village

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.



II. PARTNERSHIP SALES CONTINUE TO GROW

In the quarter ending December 31, 2012, total Partnership sales passed the **56,700** level with **56,713** policies sold to date. In addition, as of 12/31/12, over **69,600** Partnership applications had been submitted. The number of Partnership applications submitted in 2012 was more than **13% higher** than the number of applications submitted in 2011.

95% of purchasers are under the age of seventy and 58% under the age of 60. The average age at time of purchase is 57 and the average maximum benefit purchased is \$253,759. More than **\$140 million** in Medicaid Asset Protection had been earned as of 12/31/12 by Partnership policyholders receiving benefits under their policies. The Partnership estimates it has saved **over \$15.5 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.

III. RATE INCREASE ACTIVITY



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

Genworth:

In October 2012, Genworth requested rate increases that ranged from 35% - 95% for some older Partnership and non-Partnership policies. **In January 2013, the Connecticut Insurance Department approved a 40% increase for all affected Genworth policies.**

MetLife:

In January 2013, MetLife requested a 58% rate increase for some older Partnership and non-Partnership policies. **In March 2013, the Connecticut Insurance Department rejected the request and did not approve any increase for MetLife.**

IV. 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 **3.6%** from last year to **\$381 per day** or over **\$138,000 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 **5.6%**. 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 three publications, as well as others, 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.

V. NEW “POLICY COMPARISONS” REPORT



The Partnership’s **Policy Comparisons Report** has been revised. State Farm has been removed from the Report since they stopped selling long-term care insurance at the end of March 2013. The Report was also revised to reflect that Genworth, John Hancock, MassMutual and Transamerica Life no longer offer any paid-up options.

The Policy Comparisons Report is available electronically. A PDF version of the Report can be downloaded from the Partnership website by selecting “Policy Comparisons Report” from the following link:

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

Please note that you are prohibited from altering the Policy Comparisons Report in any manner, such as adding your name to the Report, attaching a business card, or reformatting or rearranging the Report in any way. You are free to make as many copies of the Report as you would like as long as the Report is not altered in any manner.

If you would like a printed copy of the Report, we can provide you at no cost with up to 10 copies of the May 2013 edition at this time. **Please note it may take 2-4 weeks for delivery.** To order, send an e-mail to: david.guttchen@ct.gov . **Please include your mailing address in your email**

VI. PARTNERSHIP EXPANSION & RECIPROCITY 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.

The 36 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, Washington, 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://w2.dehpg.net/LTCPartnership/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 at the time they applied to that state's Medicaid program, 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, Indiana and New York have joined the Reciprocity Compact. California has 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.

Quarterly UPDATE is published for certified producers and other professionals by the State of Connecticut, Office of Policy & Management.
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