

Quarterly UPDATE

Connecticut Partnership for Long-Term Care

July – September 2006

PARTNERSHIP REACHES NEW MILESTONES

In the quarter ending March 31, 2006, Connecticut Partnership sales surpassed the 41,000 level with 41,362 Partnership policies purchased as of 3/31/06. In addition, the number of Partnership applications submitted reached the 50,000 level with 50,817 applications submitted as of 3/31/06.

Ninety-three percent of purchasers were under the age of seventy, with 79% under the age of 65. The average age at time of purchase is 58 and the average maximum benefit purchased is \$225,914. In addition, over \$25 million in Medicaid Asset Protection had been earned as of 3/31/06 by Partnership policyholders receiving benefits under their policies. 34 Partnership policyholders have accessed Medicaid after first using their Partnership benefits.

For additional information on Partnership sales, please visit the Partnership's website at www.ctpartnership.org.

JUST THE FACTS

- Q:** What type of inflation protection is required for LTC insurance products approved by the Partnership?
- A:** The Partnership requires that the daily, weekly or monthly benefits must increase by either 5% compounded annually or by changes in the average private pay rate. Lifetime benefits for persons under age 65 also must increase by 5% compounded annually. Persons age 65 and older may be offered the option to inflate only the daily, weekly and monthly benefits (and not the lifetime benefit). The decision to offer this option for persons age 65 and older rests with the company. Therefore, the option may not be available from all insurance companies participating in the Partnership. Please consult the Partnership's *Policy Comparisons Report* to learn which companies offer this option.

Q: Once eligible for Medicaid, are there any restrictions on what Partnership policyholders can do with their protected assets?

A: **NO**. As far as CT's Medicaid program is concerned, assets protected through the Partnership do not exist. Therefore, the protected assets can be spent, transferred, donated, etc. In addition, protected assets will NOT be recovered by Medicaid from the policyholder's estate.

The only limitation placed on the policyholder is that the amount of assets protected under the Partnership are fixed based on the amount of benefits paid by the Partnership long-term care insurance policy. This means any assets in excess of the amount protected under the Partnership and by other Medicaid allowances will need to be spent down.

Remember, the purpose of the Partnership's Medicaid Asset Protection feature is to give individuals control over their resources and to give them choices on how to utilize their assets. This feature is provided by the State of Connecticut and does not add any cost to the premium.

UPDATE ON MEDICAID PROVISIONS IN THE DEFICIT REDUCTION ACT

In the last Partnership Quarterly Update we provided an overview of some of the Medicaid provisions included in the Deficit Reduction Act (DRA) that was passed by Congress and signed by President Bush on February 8, 2006. Regarding the home equity provision, we provided the following information:

Individuals with more than \$500,000 in home equity are ineligible for Medicaid (states have the option to increase the home equity level to as high as \$750,000 – CT has not yet decided what level it will allow). If a spouse, child or adult disabled child is living in the home then the value of the home is not counted. The maximum equity level amount will be increased each year starting in 2011 based on a formula. The DRA does allow individuals to reduce the level of their home equity by taking out a reverse mortgage or a home equity loan.

By way of an update, CT has officially decided to go to the \$750,000 home equity level threshold. As noted above, this figure will increase each year, starting in 2011, based on a formula tied to the Consumer Price Index.

USE OF CT PARTNERSHIP LOGO

The Connecticut Partnership logo can only be used by the Partnership office or by a participating insurance company in conjunction with their company's logo, after receiving prior approval from the Partnership.

Insurance agents and agencies are prohibited from using the Partnership logo. Use of the Partnership logo by an agent or agency will result in a formal written complaint filed by the Partnership office with the Insurance Department.

PUBLIC FORUMS

In the near future, the Partnership will be scheduling its Public Forums for the Fall. We will notify you of the dates and locations as soon as they are available. The Forum schedule will also be posted on the Partnership website at www.ctpartnership.org. Click "Consumer" and then "Free Public Forums".

As a reminder, while agents are more than welcome to attend the Forums, **no sales or solicitations are allowed at the events.**

INCREASE IN MEDICAID PERSONAL NEEDS ALLOWANCE

Effective July 1, 2006, the Medicaid monthly personal needs allowance was increased to **\$61.00**. This is the amount a Connecticut Medicaid beneficiary who resides in a nursing home can keep each month to cover the cost of personal items such as clothing, toiletries, telephone, cable TV, etc. All other income gets applied to the cost of care.

WANTED

Insurance professionals **who have sold more than 10** CT Partnership policies during the six-month period between January 1st and June 30th 2006. Please e-mail the Partnership office at david.guttchen@po.state.ct.us and give us your name and the number of policies you sold during the past 6 months. Producers who respond will be recognized in the Fall issue of **Quarterly UPDATE**.

CT PARTNERSHIP TRAINING CERTIFICATES

The Partnership office has been conducting the required Partnership training sessions since 1994. If you attended a training in 1994 or after and you've misplaced your training certificate, the Partnership office will have a copy of your certificate that we can provide you. Just call us at 860-418-6318 or email at david.guttchen@po.state.ct.us.

If you attended a training conducted before 1994, the Partnership office will not have a copy of your certificate on file. In order to receive a copy of your certificate, you will need to contact Connie Fas at the CT Insurance Department at **860-297-3918** or email at **Constantina.Fas@po.state.ct.us**.

CT PARTNERSHIP CERTIFICATION TRAINING

Approved by the State of Connecticut Insurance Dept.
for 8 continuing education credits.

Sponsor #S11843 Course #C19619

Advance registration is required.

For more information and a list of available classes visit the Partnership's website. To register call (860) 418-6318.

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