

Quarterly UPDATE

Connecticut Partnership for Long-Term Care

July – September 2007

PARTNERSHIP EXPANSION CONTINUES

Last *Quarterly Update* we noted that 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. Last *Update* we noted that eight new states, **Colorado, Florida, Georgia, Idaho, Minnesota, Nebraska, Nevada** and **Virginia** had received approval to implement Partnership programs. We are pleased to report that two additional states, **Kansas and North Dakota**, have received approval, bringing the total of new Partnership states to ten.

One more state, **South Dakota** is awaiting federal approval and there are another 12 to 15 states who are interested in developing Partnership programs. We will provide updates to you as more states receive federal approval.

The only new state where Partnership policies are currently being sold is Idaho. The rest of the states are in the process of developing their Partnerships and hope to have policies available sometime later this year.

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/> While the website is up and running, it is still in a development stage and so the information on new states is incomplete. We suggest you periodically check the website to see what new information has been included.

Sometime in 2007, the federal Department of Health and Human Services will be developing standards for reciprocity between Partnership states. Our hope is that these standards will lead to more reciprocal agreements along the lines of the agreement Connecticut currently has with Indiana for the granting of Medicaid Asset Protection. We will provide you with updated information on reciprocity as it becomes available to us.

PARTNERSHIP WELCOMES NEW STAFF PERSON

The Partnership is pleased to welcome Aldo Pantano to the Partnership team. Before joining the Partnership in April, Aldo worked for over 15 years with group long-term care insurance for several insurance companies. The Partnership is fortunate to be able to hire someone with Aldo's experience and expertise in long-term care insurance. Aldo will be assisting in public presentations, agent trainings and other Partnership-related activities.

POLICY COMPARISONS REPORT

The Partnership's **Policy Comparisons Report** has been revised to reflect a new Partnership policy available through CUNA Mutual and some additional updates.

To order copies of the July 2007 report, simply send an e-mail to:

david.guttchen@ct.gov - *we will be able to provide up to 10 copies of the report per request. Please note that, due to an anticipated high demand, it may take 2-4 weeks for delivery of your order. Please include your mailing address in your email.*

PARTNERSHIP REACHES NEW MILESTONES

In the quarter ending March 31, 2007, Connecticut Partnership sales surpassed the 44,000 level with 44,161 Partnership policies purchased as of 3/31/07. In addition, the number of Partnership applications submitted reached the 54,000 level with 54,229 applications submitted as of 3/31/07.

Ninety-three percent of purchasers are 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 \$231,557. In addition, over \$34 million in Medicaid Asset Protection had been earned as of 3/31/07 by Partnership policyholders receiving benefits under their policies. 36 Partnership policyholders have accessed Medicaid after first using their Partnership benefits.

In addition, the Partnership estimates that since its inception in 1992, it has saved the Connecticut Medicaid program **over \$4.0 million** in long-term care costs.

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

RECENT STATE LEGISLATION

The Connecticut legislature has recently completed its latest legislative session and there were several pieces of legislation passed that affect long-term care and long-term care insurance. The bills are summarized below:

Public Act #07-130 – An Act Establishing the Connecticut HomeCare Option Program for the Elderly:

This bill creates a fund to be administered by the State Comptroller that individuals can use to save funds for their future home care expenses. Interest earned on the funds deposited into the account will not be subject to Connecticut state income tax. *The funds in the account are designed to supplement, and not substitute, for any long-term care insurance coverage the individual may have.* In this regard, the fund can cover any co-payments that might exist or pay for services not covered by the long-term care policy. In addition, individuals who haven't purchased long-term care policies, or who aren't insurable, can benefit from the fund as a way to potentially save for their future home care costs. An Advisory Committee has been established to help develop the program and the Director of the CT Partnership will be a member of the Committee. The fund will be effective no earlier than October 1, 2007.

Public Act #07-28 – An Act Concerning Nonforfeiture Benefit Requirements with Respect to Long-Term Care Policies:

This bill requires that by July 1, 2008, all long-term care policies in Connecticut, non-Partnership and Partnership, must include a contingent nonforfeiture benefit which is modeled after the standard National Association of Insurance Commissioner's contingent nonforfeiture benefit. A contingent nonforfeiture is built into the policy, as opposed to being a Rider, and is triggered if a significant increase in premiums occurs (whether an increase in premium is significant is based on a chart and depends on the age of the policyholder and the percentage increase in premium). Once the contingent nonforfeiture benefit is triggered the policyholder can choose to not take the increase in premium and elect a paid-up reduced policy which is generally a benefit that is the greater of all the premiums paid to date or 30 times the daily benefit in place when the policy was lapsed.

Public Act #07-226 – An Act Establishing a Long-Term Care Initiative:

Currently the maximum Elimination Period that can be included in a long-term care insurance policy in Connecticut is 100 days. This bill, effective October 1, 2007, will allow an elimination period greater than 100 days but no greater than two years. However, in order to include an Elimination Period greater than 100 days there has to be documentation that an irrevocable trust has been established that is dedicated to paying for the individual's long-term care costs during the Elimination Period. It is not clear whether any insurance companies will develop policies that will include Elimination Periods greater than 100 days. The legislation just allows insurers to develop such products.

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 saved, 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 is fixed based on the amount of benefits paid by the Partnership long-term care insurance policy. This means assets in excess of the amount protected under the Partnership or 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 the freedom to choose how to utilize their assets. This feature is provided by the State of Connecticut and does not add any cost to the premium.

Q: If an individual has a Partnership policy can they purchase another Partnership policy with a daily benefit below the Partnership's minimum?

A: **NO.** Every Partnership policy, even if it is in addition to an existing Partnership policy, must include at least the minimum daily benefit required under the Partnership. However, if the policyholder's goal is to increase their benefit levels under their Partnership policy they should inquire with their insurer whether they can just increase the benefits under their existing policy. In this way, an amount of benefits less than what would be required under a separate Partnership policy can be added to an existing Partnership policy. This would be less expensive than having to purchase a separate new policy that would have to meet the Partnership minimum benefit.

PARTNERSHIP BANNER TO BE DISPLAYED IN JULY

A banner promoting the Connecticut Partnership will be hung outside of the State Office Building at 165 Capitol Avenue in Hartford (directly across from the Bushnell Theater) during the week of July 9th.

If you are in the neighborhood we encourage you to drive by the State Office Building and see the banner.

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 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

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.

- **October 2nd -- DANIELSON**
Quinebaug Valley Community College
- **October 11th -- TOLLAND**
Tolland High School
- **October 23rd -- NORWALK**
Norwalk Community College

Forums run from 7:00 to 9:00 p.m. *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**

INCREASE IN MEDICAID PERSONAL NEEDS ALLOWANCE

Effective July 1, 2007, the Medicaid monthly personal needs allowance was increased to **\$63.00**. 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, unless additional income is needed for a spouse living at home.

WANTED

Insurance professionals **who have sold more than 10** CT Partnership policies during the six-month period between January 1st and June 30th 2007. Please e-mail the Partnership office at david.guttchen@ct.gov 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**. As a reminder, we must hear from you if you wish to be recognized in our next Update. **We do not receive agent-specific sales information from the insurers.**

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@ct.gov.

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@ct.gov**.

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