

Quarterly UPDATE

Connecticut Partnership for Long-Term Care

July – September 2008

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. To date, 20 new states, have received approval to implement Partnership programs. The new Partnership states are: **Arkansas, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Minnesota, Missouri, Nebraska, Nevada, New Jersey, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Texas and Virginia.** This is in addition to the four original Partnership programs in California, Connecticut, Indiana and New York.

Four more states, **Michigan, New Hampshire, Tennessee and Wisconsin** have applied for federal approval and there are several other states who are interested in developing a Partnership program. We will provide updates to you as more states receive federal approval for a Partnership program.

The federal Department of Health and Human Services is required to develop standards for reciprocity between Partnership states. Our hope is that these standards will be in place in the near future and 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.

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/lcpartnership/> We suggest you periodically check the website to see what new information has been included.

NEW COMPANIES JOIN PARTNERSHIP

Allianz and MassMutual have recently received Partnership approval, bringing the number of insurers currently participating in the Partnership to 12. Allianz will be selling a comprehensive Partnership plan along with a comparable non-Partnership policy while MassMutual will be offering a comprehensive and facility-only Partnership policy along with comparable non-Partnership plans.

See below for information on a revised **Policy Comparisons Report**.

With the addition of Allianz and MassMutual to the Partnership, the list of participating insurers is as follows:

Allianz
American Network
Bankers Life and Casualty
CUNA Mutual
Genworth Life
Great American Life
John Hancock
MassMutual
MedAmerica
MetLife
Prudential
State Farm

POLICY COMPARISONS REPORT

The Partnership's **Policy Comparisons Report** has been revised to reflect the addition of Allianz and MassMutual along with some additional minor changes.

To order copies of the July 2008 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, 2008, Connecticut Partnership sales surpassed the 47,000 level with 47,068 Partnership policies purchased as of 3/31/08. In addition, the number of Partnership applications submitted reached the 58,000 level with 58,192 applications submitted as of 3/31/08.

Ninety-four percent of purchasers are under the age of seventy, with 80% under the age of 65. The average age at time of purchase is 58 and the average maximum benefit purchased is \$238,030. In addition, over \$46 million in Medicaid Asset Protection had been earned as of 3/31/08 by Partnership policyholders receiving benefits under their policies. Fifty 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 \$5.5 million** in long-term care costs.

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 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.

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.

INCREASE IN MEDICAID PERSONAL NEEDS ALLOWANCE

Effective July 1, 2008, the Medicaid monthly personal needs allowance was increased to **\$65.00**. 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. Veterans are allowed to keep **\$155.00** in income per month.

WANTED

Insurance professionals **who have sold more than 10** CT Partnership policies during the six-month period between January 1st and June 30th 2008. 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**.

NEW PARTNERSHIP TRAINING FORMAT PROVIDES REFRESHER COURSE OPPORTUNITY FOR CERTIFIED AGENTS

By regulation, any producer who wishes to sell or market a CT Partnership policy must have at least 7 hours of training on long-term care issues and the Partnership.

The Partnership Certification Training Program consists of two components.

The first component is a **Prerequisite Online Course** that covers basic long-term care subjects, including how long-term care insurance works, Medicare, Medicaid, etc. This course is currently being offered by an outside vendor, with additional vendors likely to be approved to offer the course in the future. The course culminates in an exam that must be passed in order to be eligible to register for the second component of the training. The fee for the online course and its related Continuing Education (CE) Credits will be handled directly by the vendor(s). The Prerequisite Online Course provides 8 CE credits (5 Life & Health and 3 Law, Ethics & Regulation credits) for CT resident producers only.

The second mandatory component of the training is a **4 hour Classroom Training Course** to be conducted by CT Partnership staff. This training will focus solely on the Partnership. Only producers who take the Prerequisite Online Course are eligible to register for the Partnership classroom course. Completion of both components is required before a producer will be certified to sell Partnership policies. The Partnership Classroom Training Course provides 4 Life & Health CE credits for CT resident producers only.

This training format only applies to producers who have NOT yet been Partnership certified. If you are already Partnership certified, you are not required to take any additional Partnership courses since the Partnership certification is a one-time requirement.

However, if you are already Partnership certified, you are welcome to attend the Partnership's 4 hour training course. **We will just need to verify your Partnership certification when you call to register. The 4 hour Partnership training course can provide a useful refresher for producers who are already Partnership certified, especially those that attended the Partnership training many years ago.**

For detailed information on the Partnership Certification Training Program, visit the Partnership website at:

<http://www.ct.gov/opm/cwp/view.asp?a=2995&q=383398>

Please note that the only approved training courses for Partnership certification are those listed on the Partnership website at the link included above.

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