Quarterly UPDATE

Connecticut Partnership for Long-Term Care

July - September 2011

The Connecticut PARTNERSHIP FOR LONG-TERM CARE™

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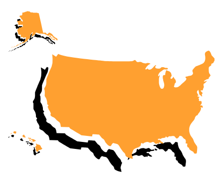
I. PARTNERSHIP EXPANSION & RECIPROCITY CONTINUES



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.

There are currently 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 programs. The approval was 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.

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. **However, we have recently learned that NY is exploring the possibility of joining the Compact.**

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/ltcpartnership/StateReciprocity.aspx or call the Connecticut Partnership at 860-418-6318.

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

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.

II. 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.

III. NEW CT MEDICAID COMMUNITY SPOUSAL ASSET CALCULATION

Due to recently passed State legislation, effective July 1, 2011, Connecticut's Medicaid program will revert back to the previous method it used to calculate how much of a couple's assets a community spouse can keep when the other spouse applies to Medicaid. Under the new calculation, the community spouse can keep ***half*** of the combined assets of the couple up to the maximum level of **$109,560**. For example, if the couple has $100,000 in combined assets, the community spouse can keep $50,000. If the couple has $200,000 in combined assets, the community spouse can keep $109,560 (the **maximum** shown above for 2011). If the couple has $300,000 in combined assets, the community spouse can keep $109,560.

IV. CHANGE IN MEDICAID PERSONAL NEEDS ALLOWANCE

Due to recently passed State legislation, effective July 1, 2011, the monthly Personal Needs Allowance (PNA) for Medicaid nursing home residents will be reduced from $69 per month to **$60 per month**. 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. The PNA for Veterans will be reduced to **$150/month**.

V. RATE INCREASE ACTIVITY

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

<u>Genworth</u>:

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.***

VI. JUST THE FACTS

Q: What type of inflation protection is required for LTC insurance products approved by the CT Partnership?

A: The CT 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 *($203/day for nursing home care and $101.50/day for home and community-based care for Partnership policies applied for in 2011*). 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. 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 increase in benefits would be less expensive than having to purchase a separate new policy that would have to meet the Partnership minimum benefit.

VII. USE OF THE 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.

VIII. WANTED

Insurance professionals **who have sold more than 10** CT Partnership policies during the six-month period between January 1st and June 30th, 2011. 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**.

IX. 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**.

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