



Quarterly UPDATE
Connecticut Partnership for Long-Term Care
April - June 2016





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I. PARTNERSHIP EXPANSION & RECIPROCITY CONTINUES



We have recently been informed that the state of New Mexico has become the 39th new state to implement a Partnership for Long-Term Care program. Along with the four original Partnership states (California, Connecticut, Indiana and New York) this brings the total number of Partnership states to 43.

New Mexico has also chosen to become a member of the National Partnership Reciprocity Compact. All of the Partnership states, with the one exception of California, are members of the Reciprocity Compact.

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 39 new Partnership states that have received approval to implement Partnership programs are: **Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, 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 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.

As noted above, 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.

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.nyspltc.org/reciprocitymap.htm> 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

II. INSURER UPDATES

Effective February 15, 2016, MedAmerica ceased selling long-term care insurance policies, including Partnership policies, nationwide. MedAmerica will continue to administer their Partnership and non-Partnership plans. With MedAmerica's exit from the Partnership, there are currently four insurers (Bankers Life and Casualty, Genworth, MassMutual and Transamerica Life) marketing Connecticut Partnership policies.

III. IMPORTANT CHANGES TO CT PARTNERSHIP'S RULES

As previously reported, on April 13, 2015, some important changes to the CT Partnership for Long-Term Care regulations were approved. The changes allow for more affordable CT Partnership policies to be available and provide greater protections for CT Partnership policyholders.

The changes to the Partnership regulation:

- 1) Reduce the minimum inflation protection requirement for CT Partnership policies from 5% compounded to 3 ½% compounded;**
- 2) Reduce the increase in the minimum daily benefit from 5% each year to 3 ½%; and**
- 3) Allows policyholders who experience a lifetime cumulative rate increase of 50% or more to reduce their benefits below the Partnership inflation protection and minimum daily benefit requirements without having their policy lose its Partnership status. This means a CT Partnership policyholder in this situation can reduce their daily benefit to any level offered by the insurer in CT. They can also lower their inflation protection to any level, as long as they maintain some level of automatic inflation protection (meaning future purchase options are not allowed). This provision will be invaluable as more insurers receive approval for rate increases for their Partnership policies.**

Currently, Genworth and MassMutual are offering the 3.5% compound inflation protection option with their Partnership plans.

Please email David Guttchen at david.guttchen@ct.gov or call him at 860-418-6286 if you have any questions on these regulatory changes.

IV. 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 25th - CANTON**
Canton Public Library
- **June 1st - NORWICH**
Otis Library
- **June 7th - CHESHIRE**
Cheshire Public Library

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.

V. NEW PARTNERSHIP MINIMUM DAILY BENEFIT LEVELS FOR 2016



For Partnership policies applied for in **2016**, the minimum daily benefit levels are **\$256.00** for nursing home care and **\$128.00** for home care. The Partnership minimum benefit levels increase by 3.5% each year.

In addition, **please be aware that the annual allowable minimums also pertain to existing policyholders who wish to reduce their daily benefits.** In cases such as this, the daily benefit cannot be reduced below the Partnership allowable minimum benefit level for that year, with the only exception being if the Partnership policyholder has experienced a lifetime cumulative increase in their premiums of 50% or more.

If you have any questions on the Partnership's minimum daily benefit levels, please email David Guttchen at david.guttchen@ct.gov or call 860-418-6318.

VI. 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 **1.8%** from last year to **\$407 per day** or over **\$148,000 per year**. Over the last five years the inflation rate for nursing facility care has averaged **3.2%** per year and the average annual inflation rate since 1988 in Connecticut has been **5.2%**.

The ***Cost of Long-Term Care*** report also includes average private pay rates for a variety of home and community-based services, including skilled services, such as skilled nursing visits, and therapies and non-skilled services, such as adult day care and homemaker services.

The Partnership publication ***Frequently Asked Questions*** has also been revised to reflect the new long-term care cost information. These two 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 note that these Partnership publications are not to be modified or altered in any manner for any purpose.
Please allow 2-4 weeks for delivery of the publications.

VII. SPOUSAL ASSET LIMITS FOR CT MEDICAID FOR 2016



Effective January 1, 2016 the maximum amount of assets a spouse living at home can keep when his/her spouse is on Medicaid and receiving long-term care services is half of the couple's assets up to **\$119,220**. The minimum amount of assets a spouse can keep is **\$23,844**. (The primary residence is not considered a countable asset when one spouse is residing in it.) These levels did not change from the amounts allowed in 2015.

Remember, these spousal asset limits **do not apply** to most people because only about 20% of individuals are married at the time they apply to Connecticut's Medicaid Program for long-term care services.

VIII. TAX QUALIFIED PREMIUM LIMITS FOR 2016



The limits for how much premium can be counted as an unreimbursed medical expense for tax-qualified policies has been revised for taxes filed for calendar year 2016. Please note that effective in 2013, the threshold for being able to deduct unreimbursed medical and dental expenses was increased to 10% of adjusted gross income from 7.5% for individuals under age 65. For those 65 and older, the 7.5% threshold will remain in effect but will increase to 10% as well in 2017. The new limits are noted below.

Attained Age Before the Close of the Tax Year	Tax Limitation on Premiums Calendar Year 2016
40 or less	\$390
41 – 50	\$730
51 – 60	\$1,460
61 – 70	\$3,900
71 and older	\$4,870

IX. NEW “BEFORE YOU BUY” PUBLICATION



The Partnership’s “Before You Buy” publication, that is required to be provided to every Partnership policy applicant, has been updated for 2016.

“Before You Buy” can be downloaded from the Partnership’s website at:

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

If you would prefer to obtain printed copies of “Before You Buy”, please contact your general agent or insurer. It is their responsibility to distribute printed copies of the publication to their producers.

X. NEW “POLICY COMPARISONS” REPORT



The Partnership’s **Policy Comparisons Report** has been revised to reflect updated information for 2016 regarding the Partnership’s minimum daily benefit levels and tax-qualified policies. The Report also was revised by removing information regarding John Hancock and MedAmerica since they are both no longer selling Partnership policies.

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 March 2016 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.**

XI. RATE INCREASE ACTIVITY



Bankers Life & Casualty:

In August 2015, Bankers Life & Casualty requested a 35% rate increase on some older Partnership and non-Partnership policies. **In October 2015, the Insurance Department disapproved the 35% rate increase but did approve a 15% increase.**

In addition, in October and November 2015, Bankers Life & Casualty requested a 15% rate increase on some other older Partnership and non-Partnership policies. **In January 2016, the Insurance Department disapproved the 15% increase and did not approve any increase.**

CNA:

In January 2016, CNA requested a 101.6% rate increase for some older Partnership and non-Partnership policies. **In February 2016, the Insurance Department disapproved the increase but did approve a 15% increase.**

Genworth:

In December 2015, Genworth requested rate increases ranging from 44.9% - 85.6% for some older Partnership and non-Partnership policies. **In March 2016, the Insurance Department disapproved the requested increase but did approve a 17% increase.**

In addition, in February 2016, Genworth requested a rate increase of 21.9% for some older Partnership and non-Partnership policies. **This request is under review by the Insurance Department.**

John Hancock:

In August 2015, John Hancock requested rate increases ranging from 2.4% - 106.1% for some older Partnership and non-Partnership policies.

In September 2015, the Insurance Department disapproved the requested rate increase and approved a 10% increase for three of the policy forms submitted and no increase for the other three policy forms included in the rate increase request.

MetLife:

In February 2016, MetLife requested rate increases ranging from 34% - 102% for some older Partnership and non-Partnership policies. **This request is under review by the Insurance Department.**

Transamerica Life:

In August 2015, Transamerica requested a 151% rate increase for some older Partnership and non-Partnership policies. **In February 2016, the Insurance Department disapproved the increase but did approve a 30% increase.**

XII. DID YOU KNOW?



- As of September 30, 2015, there were 230 licensed Nursing Facilities in Connecticut and 27,414 nursing facility beds. Please see the link below for a fact sheet with additional information:

http://www.ct.gov/opm/lib/opm/hhs/ltc/nf_fact_sheet_2015.pdf

- All CT Partnership policyholders who receive care in a CT licensed nursing facility are entitled to a 5% discount off the private pay cost for room and board and services in the facility. With an annual private pay rate of approximately \$148,500, that is over a \$7,400 discount. For information on additional provisions included in a Partnership policy that provide significant value to the policyholder, please see the link below:

http://www.ct.gov/opm/lib/opm/hhs/ltc/consumer_value_apdg.pdf

- Additional research studies performed by the CT Partnership can be found at:

http://www.ct.gov/opm/cwp/view.asp?a=2995&Q=383466&opmNav_GID=1814

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