The Connecticut PARTNERSHIP FOR LONG-TERM CARE™

RESEARCH INSTITUTE
DISCUSSION PAPER

CLAIMS EXPERIENCE: AN ANALYSIS OF CONNECTICUT PARTNERSHIP POLICYHOLDER CLAIMANTS

Laurie Kyzivat
Patricia H. Kelleher

DP 12-2002

The Connecticut PARTNERSHIP FOR LONG-TERM CARE™

RESEARCH INSTITUTE

The Partnership

The **Connecticut Partnership For Long-Term Care** is a joint public - private program, which encourages individuals to plan for their long-term care needs by purchasing insurance protection in an amount commensurate with assets, or more precisely, the amount of assets he or she wishes to protect. If and when an individual exhausts insurance benefits, he or she can apply for Medicaid in Connecticut and each dollar that the insurance policy has paid in benefits will be subtracted from the assets the individual still has so that those assets would not be recognized or considered in determining the individual's eligibility for Medicaid in Connecticut.

The Project

The **Connecticut Partnership For Long-Term Care** is a program of the State of Connecticut. It was launched in August 1989 with a three-year grant of nearly $1.8 million from the **Robert Wood Johnson Foundation**. The Foundation extended the grant and increased the award to $2.5 million. Connecticut was the first state to implement such an ambitious initiative to make long-term care insurance benefits available to many of its residents by combining private insurance with state Medicaid funds. The Connecticut Partnership program became a permanent state program in June 1994. The research component of the project includes special studies ranging from surveys of individuals denied insurance or dropping coverage, to the collection of baseline information on those newly insured.

Research Institute

The **Research Institute** was formed so that descriptive and analytical papers that grow out of this program can be efficiently distributed. The **Research Institute** issues three types of products: Discussion Papers; Reprints (of published papers); and Special Reports. These products have not undergone official review by the State of Connecticut; any opinions expressed are those of the authors alone. A list of products released by the **Research Institute** can be found at the end of this paper. Requests for copies and comments should be directed to:

David Guttchen, Director
Connecticut Partnership For Long-Term Care
State of Connecticut, Office of Policy and Management
450 Capitol Avenue, MS#52LTC, Hartford, CT 06106-1308
(860) 418-6318, e-mail: david.guttchen@po.state.ct.us

Website: www.CTpartnership.org (select “Research”)

CLAIMS EXPERIENCE: AN ANALYSIS OF CONNECTICUT PARTNERSHIP POLICYHOLDER CLAIMANTS

Laurie Kyzivat
Patricia H. Kelleher

April 2002

This study was supported by the
State of Connecticut Office of Policy and Management

Table of Contents

List of Tables and Charts

I. *Introduction and Data Collection Methods:*

The Connecticut Partnership for Long-Term Care (Partnership) is a unique alliance between State government and the private insurance industry developed to: 1) provide individuals with a way to plan for their long-term care needs without the risk of impoverishment; 2) enhance the standards of private long-term care insurance; 3) provide public education about long-term care; and 4) conserve State Medicaid funds. Connecticut was the first state in the country to implement a Partnership program. The program has been in operation since April 1992.

The Uniform Data Set (UDS) is the data reporting requirements and documentation developed collaboratively among the four original Partnership states (Connecticut, New York, California, Indiana), the National Partnership Program Office at the University of Maryland's Center on Aging, and the Program Evaluator, Laguna Research Associates. The UDS was specifically designed to provide a single reporting format for use by all of the long-term care insurance providers participating in each of the four Partnership states.

As part of the UDS, each participating company is required to send to the Office of Policy and Management (OPM – the State agency that administers the Connecticut Partnership) detailed information on each Partnership claim that is filed, including assessment information and service utilization, on a quarterly basis. This includes information such as: date and outcome of assessment, functional and behavioral status, cognitive test scores, services utilization, and amounts billed, paid, and protected.

In addition to the collection of the UDS data, each quarter the Partnership conducts a Survey of Persons Purchasing Partnership Insurance, also known as the Baseline Survey. In the past, this survey was sent to every Partnership policy purchaser. However, due to a substantial increase in the number of purchasers each quarter, the survey is now sent to a 50% random sample of purchasers in alternate reporting quarters. It is important to remember that the Baseline Survey is completed at time of purchase, and what may be true at time of purchase, such as marital status and living arrangements, may not necessarily be true at time of claim. For purposes of this paper, the Baseline Survey data was linked with the UDS data for 85 of the 129 claimants to obtain more comprehensive demographic information about claimants who responded to the survey.

II. Claimant Profile:

This paper focuses on claims data received through June 30, 2001. As of that date, 20,790 Connecticut Partnership policies had been purchased. 129 policyholders had filed claims since the inception of the Connecticut Partnership in April 1992. Of these 129 people, 117 have had services paid under their Partnership policies. No service utilization has been reported on the remaining 12 claimants for the following reasons: 5 were recently approved for benefits so their service data has not yet been reported; 2 were approved and then died before using any services; 4 were denied eligibility; and 1 was approved a number of years ago, but has chosen not to access service payments under his Partnership policy.

Table 1
UDS Data for Claimants
N=129

Male	36%
Female	64%
Average Age	71
Range	30 – 84
Standard Deviation	10
Married	22%
Not Married	12%
Unknown*	66%
Died	54
Dropped Voluntarily **	4

* The Partnership program was implemented using a state-specific data set that predated the development of the UDS. This earlier data set did not include marital status among its variables, resulting in missing marital status information on the earliest policy purchasers, who make up the majority of claimants to date. This accounts for the high percentage of unknown marital status.

** There is no way of knowing with any degree of certainty why these four individuals chose to drop their policies. It is possible that some or all of them actually died, but were incorrectly reported as dropping voluntarily. Two of the four were reported dropped after receiving unfavorable eligibility determinations. It is possible that they may have chosen to drop in response to having been denied benefits.

Table 2
UDS Data for Claimants Who Responded to Baseline Survey
(Survey filled out at time of purchase)
N=85

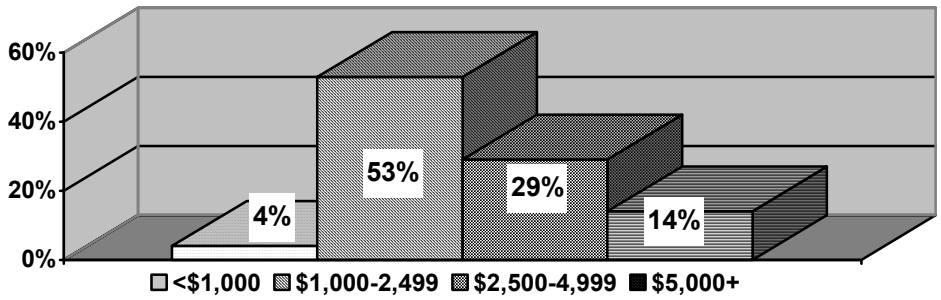
Married*	53%
Widowed	31%
Divorced	6%
Single, never married	11%
Live Alone	40%
Live With Spouse	50%
Live With Unmarried Partner	1%
Live With Relatives	10%
Live With Non-relatives	1%
Live With Children	5%
(categories not mutually exclusive)	
Number of People Living in Household	
1	38%
2	49%
3 or more	13%
Number of Adult Children Living Within a 1 Hour Drive	
0	27%
1	47%
2	27%

* More information on marital status is available when linking with the Baseline Survey data because the Baseline Survey has collected marital status information since the inception of the Partnership.

** Totals may not add up 100 percent due to rounding.

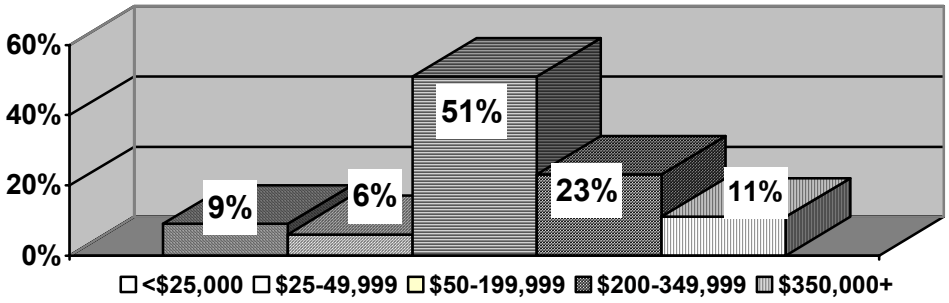
Respondents were asked to report their monthly household income and total household assets based on the ranges specified in the Baseline Survey. It is important to note that, for the purposes of the Baseline Survey, assets are defined as including: bank accounts, stocks, bonds, investment or business property and the cash value of any life insurance. Respondents are instructed **not** to include their house or car as an asset. However, there is no way to verify that respondents are adhering to these instructions when self-reporting income and assets.

Chart 1
UDS Data Linked with Baseline Survey Data
Partnership Claimants Monthly Household Income
N=76*



* Only 76 of those responding to the Baseline Survey provided information on their Monthly Household Income.

Chart 2
UDS Data Linked with Baseline Survey Data
Partnership Claimants Total Household Assets
N=65**



** Only 65 of those responding to the Baseline Survey provided information on their Total Household Assets.

It is interesting to note that the majority of claimants who have responded to the Baseline Survey report income and assets falling in the middle income and asset ranges. These responses differ noticeably from those of the total Baseline Survey population where the majority of respondents have reported income and assets at the highest levels. One reason for this difference could be that the claimants are older than the average age for Baseline Survey respondents and, therefore, are less likely to be working and accumulating and growing their assets.

By looking at the data collected on the 129 claimants, a profile of the average claimant begins to emerge. The average claimant is a married female over the age of 71 with at least one

child living nearby (within an hour's drive), earning less than $2,500 per month in income and having less than $200,000 in assets. Sixty-six percent of the claimants were female, 53% were married when they purchased their policy and 31% were widowed. Forty percent indicated that they lived alone and over two-thirds reported they had at least one adult child living within one hour's travel time at time of purchase. Fifty-seven percent earned less than $2,500 per month in income. Fifteen percent had less than $50,000 in assets and 66% had less than $200,000.

The average policyholder who responded to the Baseline Survey has a very different profile. The average purchaser is a married female around 59 years old with at least one adult child living nearby, earning over $2,500 per month and having more than $200,000 in assets. Fifty-seven percent of the claimants were female, 75% were married when they purchased their policy and 11% were widowed. Twenty percent indicated that they lived alone and over three quarters (76%) reported that they had at least one adult child living within one hour's travel time. Seventy-nine percent earned more than $2,500 per month in income. Sixty-three percent had more than $200,000 in assets.

When comparing claimants with all policyholders, it is clear there are proportionately more female claimants (66% vs. 57%). Fewer claimants were married at time of policy purchase (53%) when compared to all policyholders (75%) and more were widowed (31% vs. 11%). Forty percent of claimants lived alone compared to 20% of all policyholders. Claimants also reported lower incomes and fewer assets, and accordingly, purchased lower policy benefit amounts.

III. Policy Profile:

Looking at policy information, 13% of claimants purchased nursing home only policies, while 87% purchased policies with both nursing home and home care benefits. Eighty-one percent of the claimants are new (first time) purchasers, while 15% are upgrades (converted from a non-Partnership policy to a Partnership policy within the same company), and 4% replaced their current Partnership or non-Partnership policy with a new Partnership policy from a different company. The table below shows policy elimination periods for claimants:

Table 3
Elimination Periods

Elimination Periods	Nursing Home (N=129)	Home Care (N=112)
0 days		3%
14 days		5%
20 days	10%	12%
30 days	24%	26%
60 days	5%	5%
90 days	35%	36%
100 days	26%	13%

Over one-half (61%) of claimants have 90 or 100 day nursing home elimination periods, while 49% have 90 or 100 day home care elimination periods.

The total policy benefit amounts at time of purchase ranged from $31,025 to $711,750. The average benefit amount purchased was $148,977. The average benefit at time of claim was $161,926 (Partnership policies include an annual 5% compounded inflation feature). These averages do not include one claimant who purchased an unlimited (lifetime) policy benefit.

It is interesting to compare the average type of policy purchased by claimants with the average type purchased by all purchasers. When looking at claimants, 87% purchased comprehensive policies (both nursing home and home care coverage), 81% were first time purchasers, 15% were upgrades (converted from a non-Partnership policy to a Partnership policy within the same company), and 4% replaced their current Partnership or non-Partnership policy with a new Partnership policy from a different company. The total policy benefit amounts at time of purchase ranged from $31,025 to $711,750, with an average of $148,977. When looking at all purchasers, 98% purchased comprehensive policies, 94% were first time purchasers, 6% were upgrades or replacements and their total policy benefits ranged from $34,675 to $1,000,000, with an average of $196,858.

IV. Health Conditions - Functional, Behavioral and Cognitive Status:

As noted earlier, insurance companies participating in the Partnership are required to submit quarterly information on all claims, including functional, cognitive and behavioral test results. Functional status is measured by looking at six Activities of Daily Living (ADLs) and determining if the claimant can perform these activities independently. There are several ways to qualify for benefits based on ADL deficiencies, cognitive impairment or a combination of cognitive impairment and behavioral problems. The six ADLs are: bathing, dressing, eating, toileting, transferring from bed to chair, and continence. Bathing (98%) and dressing (91%) were the most commonly reported ADL deficiencies among claimants. In fact, 90% of the assessments indicated that assistance was needed with both bathing and dressing. Transferring was the next most frequently reported ADL deficiency (72%), followed by continence (49%) and eating (32%).

The assessment also examines four behavioral problems: wandering, abusive or assaultive behavior, poor judgment and bizarre personal hygiene. The most frequently reported behavioral problem was poor judgment (38%). This was followed by wandering (17%), bizarre personal hygiene (10%) and abusive or assaultive behavior (6%). Almost one-half (47%) of the assessments reported some level of cognitive impairment. There are two standard cognitive tests administered as part of the assessment: the Short Portable Mental Status Questionnaire (MSQ) and the Folstein Mini-Mental State Examination (Folstein). The MSQ is composed of 10 questions and the Folstein has a maximum score of 30. Benefits can be accessed under a Partnership policy if the claimant fails to answer 7 questions correctly on the MSQ or, in combination with identified behavioral problems, such as wandering and assaultive behavior, fails to answer 4 questions correctly on the MSQ or scores 23 or lower on the Folstein.

Of the 58 claimants who were reported as having taken the MSQ, almost one-half (48%) answered all 10 questions correctly. Thirty-one percent answered 5-9 questions correctly and 21% answered less than half of the questions correctly. There were 72 claimants reported as having taken the Folstein test. Eighteen percent answered all of the questions correctly, one-half (49%) scored between 20 and 29, and one-third scored less than 20.

The Baseline Survey includes questions pertaining to self-reported health status and comparative health. The Baseline Survey data was linked with the UDS claimant data to examine what health problems claimants have had in the past. The first question asked the Baseline Survey respondent to rate their health compared to others their age. When looking at the Baseline Survey population as a whole, 56% reported excellent health, 42% reported their health was good, 3% reported fair and no one reported poor health. When looking at the Baseline Survey responses for those who filed Partnership claims, only 27% reported excellent health, 54% reported good health, 15% reported fair and 4% reported poor health.

The Baseline Survey lists a series of specific health conditions and asks the respondent to indicate which of these conditions they have had in the past. The following chart compares the prevalence of these health conditions in the entire Baseline Survey population with the claimants who responded to the Baseline Survey.

Table 4
Health Conditions

Health Conditions	**Baseline Survey Respondents (purchased through 6/30/00) N=6,972**	**Claimants who Responded to the Baseline Survey N=85**
Hypertension	19%	21%
Arthritis	13%	19%
Cancer	7%	14%
Diabetes	8%	11%
Stomach Disorder	12%	19%
Heart Condition	7%	6%

V. Service Utilization:

Of the 129 claimants, 117 (91%) were reported as having received service payments under their Partnership policies. The average amount of time elapsed between the date the claimant purchased the policy and the date of the initial eligibility determination was 3.5 years. Almost one-half (44%) of claimants spent some time in a nursing home and 39% received some type of home health care. Nursing home use ranged from 2 days to 1,385 days, with an average of 294 days. The chart below examines service use, as well as the percentage of the total amount billed that was paid. Of the 117 claimants who had some service use reported, 64% had their entire bill as reported paid by their Partnership policy. (It is important to note that, while the UDS requires that the insurers report the amount billed for each service, there is no guarantee that each insurer is reporting every service that is billed, or is aware of every service that is billed in cases where bills are sent directly to the claimant and then submitted by the claimant to the insurance company. In addition, payments from a Partnership policy may not cover 100% of the amount billed due to several reasons, such as a policy's Elimination Period and the level of benefit the policyholder purchased.)

Table 5
Service Utilization

Service Used	Percent of Population Who Used Service (N=117)	Percent of Total Amount Billed That Was Paid For By The Partnership Policy
Nursing Home	44%	54%
Assisted Living Facility	9%	90%
Home Health Skilled Services and Skilled Nursing Services	9%	64%
Home Health Aide	30%	69%
Adult Day Care	5%	100%
Companion	9%	90%
Homemaker	9%	100%
Personal Care/ Chore/Laundry Services	3%	100%
Personal Emergency Response System	6%	100%
Respite Services	2%	100%
Hospice	1%	100%
Housing Improvement	1%	100%
Durable Medical Equipment	9%	100%
Case Management Services	83%	100%

A total of $3,720,812 was paid out in benefits for the 117 claimants. Eight of these claimants have exhausted their policy benefits and accessed the Connecticut Medicaid program. A ninth claimant is simultaneously receiving policy benefits and Medicaid payments, having accessed Medicaid prior to exhausting his Partnership policy. As of June 30, 2001, four of these claimants were still actively receiving Medicaid benefits, while the remaining five claimants were deceased. These five claimants had protected a total of $470,282 in assets and Medicaid paid a total of $195,182 prior to their deaths.

VI. Conclusion:

The differences evident when comparing the overall policyholder population with the subset of policyholders who have filed claims will continue to be monitored over time by Partnership staff as additional UDS and Baseline Survey data is collected. While it is relatively early to paint a comprehensive picture of Partnership policyholder service utilization, the analysis provided here shows that the majority of bills submitted for a wide variety of long-term care services are being paid under Partnership policies.

It is also important to note that 125 (97%) of the 129 policyholders who were assessed for eligibility under their Partnership policy were approved for benefits, with only 4 having their claims denied. While still early in the Partnership's claims experience, this data suggests that long-term care insurance benefits can be an accessible, valuable resource for those in need of long-term care.

The Connecticut PARTNERSHIP FOR LONG-TERM CARE™

RESEARCH INSTITUTE

Discussion Papers Series: (DP)

#1-1989 An Analysis of the Spend-Down Patterns of Individuals Admitted to Nursing Homes in the State of Connecticut - *Leonard Gruenberg, Ken Farbstein, Paul Hughes-Cromwick, Christine Pattee and Kevin J. Mahoney*

#2-1989 The Connecticut Partnership For Long-Term Care: An Example of the Public and Private Sectors Working Together - *Kevin J. Mahoney*

#3-1990 The Connecticut Partnership For Long-Term Care: Community Care Data Project Final Report - *Richard A. Lusky*

#4-1990 Long-Term Care Data Linkage - *Anne C. Judge*

#5-1990 When Nursing Home Spend-Down Occurs: An Analysis of Multiple Episodes of Nursing Home Use from a Discharge Cohort - *Ken Farbstein, Leonard Gruenberg and Christine Pattee*

#6-1990 Case Management Lessons From a Public/Private Partnership To Finance Long Term Care - *Kevin J. Mahoney* **(Updated by RP #1-1993)**

#7-1990 Public/Private Solutions Revisited: A State Perspective on Financing Long Term Care - *Kevin J. Mahoney* **(Updated by RP #3-1993)**

#8-1990 Nursing Home Stays and Spend-Down in the State of Connecticut 1978-1983 Admission Cohorts - *Thomas W. Bice and Christine Pattee*

#9-1992 An Analysis of Utilization Patterns in the Promotion of Independent Living Program - *Marilyn A. Hines and Leonard Gruenberg*

#10-1993 Establishing the Insured Event for Connecticut's Public/Private Partnership to Finance Long-Term Care - *Darlene M. O'Connor and Kevin J. Mahoney*

#11-1999 Spend-Down Patterns of Individuals Admitted To Nursing Homes in Connecticut – *Cynthia Gruman and Leslie Curry*

#12-2002 Claims Experience: An Analysis of Connecticut Partnership Policyholder Claimants – *Laurie Kyzivat and Patricia H. Kelleher*

The Connecticut PARTNERSHIP FOR LONG-TERM CARE™

RESEARCH INSTITUTE

Reprint Series: (RP)

#1-1993 Case Management Lessons from a Public/Private Partnership to Finance Long Term Care - *Kevin J. Mahoney* **(Updates DP #6-1990)**

#2-1993 How Tight Budgets are Affecting Services for the Elderly: A View from Connecticut - *Kevin J. Mahoney*

#3-1993 Financing Long-Term Care with Limited Resources: Combining the Resources of Public and Private Sectors - *Kevin J. Mahoney* **(Updates DP #7-1990)**

#4-1993 The Connecticut Partnership For Long-Term Care - *Kevin J. Mahoney and Lea Nordlicht Shedd*

#5-1993 Identifying and Promoting Consumer Awareness of Long Term Care Insurance in Connecticut - *Constance Saltz, Kevin J. Mahoney, Richard A. Lusky, and Andrew Wright*

#6-1994 The Transition from Community to Nursing Home: A Survey of Recently Admitted Nursing Home Residents - *Terrie Wetle, Leslie Curry Walker, Genevieve De Matteo, Leonard Gruenberg and Cynthia Gruman*