

Quarterly UPDATE

Connecticut Partnership for Long-Term Care

January - March 2011



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.

Effective January 1, 2011, North Carolina became the 38th state to implement a Partnership program (34 new states and the four original Partnership programs in California, Connecticut, Indiana and New York).

The 34 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, 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 for Long-Term Care programs. The approval is 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. 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.

It's important to note that states are permitted to opt in and out of the Reciprocity Compact at any time. A state can opt out of the Reciprocity Compact by giving 60 days notice to the federal government. Consequently, the list of states participating in the Reciprocity Compact may change over time.

Of greatest importance to a Connecticut Partnership policyholder is whether Connecticut has Medicaid Asset Protection reciprocity with their state of residence **at the point the individual applies to that state's Medicaid program**. Because it is possible that the list of participating states may change as states exercise their option to opt in or out of the Reciprocity Compact, it is critical that policyholders and insurance producers alike understand that reciprocity will be granted based on state participation in the Reciprocity Compact **at the time the policyholder applies to Medicaid**.

Since state participation in the Reciprocity Compact is optional, we advise that a decision to purchase a Partnership policy should not be made based on reciprocity with other states. **Reciprocity should be viewed as a potential bonus for policyholders that does not add to the cost of their Partnership policy premium.** *The only firm guarantee the State of Connecticut can provide to a Connecticut Partnership policyholder is that Connecticut's Medicaid program will recognize their earned Medicaid Asset Protection.*

Please remember that Medicaid Asset Protection does not add to the cost of a Partnership policy. **A Partnership and non-Partnership policy from the same insurer will have identical premiums when the policy benefits are the same.** Therefore, if a Partnership policyholder did end up in a state that didn't have a Partnership program or a state who Connecticut did not have reciprocity with, he or she would not have paid any more premiums than if they had purchased an identical non-Partnership plan. However, if someone purchases a non-Partnership policy because the state they plan to move to doesn't have a Partnership program, they will be out of luck if that other state develops a Partnership program in the future and has reciprocity with Connecticut.

The Reciprocity Compact will only apply to Partnership policies so it's best to purchase a Partnership plan to start.

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

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.

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.

PARTNERSHIP SALES CONTINUE TO GROW

In the quarter ending September 30, 2010, total Partnership sales passed the **53,000** level with **53,064** sold to date. In addition, **over 65,000** Partnership applications have been submitted, bringing the total number of applications to **65,304**. Sales of Partnership policies for the quarter ending 9/30/10 were **36% higher** than sales for the same quarter in 2009. In addition, Partnership sales for the first nine months of 2010 were **22% higher** than for the first nine months of 2009.

95% of purchasers are under the age of seventy and 58% are under the age of 60. The average age at time of purchase is 58 and the average maximum benefit purchased is \$245,730. In addition, over \$85 million in Medicaid Asset Protection had been earned as of 9/30/10 by Partnership policyholders receiving benefits under their policies. For additional information about Partnership sales, go to the Partnership's website at <http://www.ct.gov/opm/cwp/view.asp?a=2995&q=383430>.

In addition, we estimate that the Partnership has saved the State over **\$10.5 million** in Medicaid long-term care costs.

POLICY COMPARISONS REPORT

The Partnership's **Policy Comparisons Report** has been revised to reflect updated information for 2011 regarding the Partnership's minimum daily benefit levels and tax-qualified policies.

In addition, in the revised Report, both MetLife and CUNA Mutual have been removed since they ceased selling long-term care insurance starting in January 2011.

As well, Transamerica Life recently received approval to market a Partnership-approved policy so they have been added to the revised Report.

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>

You can also download other Partnership publications from this link.

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 January 2011 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.**

RATE INCREASE ACTIVITY

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

MetLife of Connecticut (old Travelers policies):

In September 2010, the Insurance Department approved rate increases on some older policies originally sold by Travelers that are now owned by MetLife of Connecticut.

MetLife of Connecticut had requested 39% increases for 13 different policy forms (8 non-Partnership and 5 Partnership policies).

For the Partnership policies, the Insurance Department denied the request for three of the policies, not allowing any level of increase. For the other two policies, the Insurance Department approved a 39% increase.

For the non-Partnership policies, the Insurance Department denied the request for two of the policies, not allowing any level of increase. For four of the policies, a 30% increase was approved and the other two policies received a 39% increase.

MetLife:

A request from MetLife for a 18% increase on some older Partnership and non-Partnership policies was recently denied by the Insurance Department.

Bankers Life:

Bankers Life has submitted a request to raise rates by 35% on some older Partnership and non-Partnership policies. *This request is pending review by the Insurance Department.*

John Hancock:

John Hancock has submitted a request to raise rates by 14.4% ranging up to 71.1%, depending on the policy form, on some older Partnership and non-Partnership policies. *This request is pending review by the Insurance Department.*

WANTED

Insurance professionals **who have sold more than 10** CT Partnership policies during the six-month period between July 1st and December 31st, 2010. 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 Spring 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.**

NEW MINIMUM BENEFIT LEVELS

Effective January 1, 2011, the minimum benefit amounts that can be purchased under the CT Partnership are **\$203 per day** for nursing home care and **\$101.50 per day** for home and community-based care. These minimum daily benefit levels do not necessarily reflect the recommended amount to purchase. Rather, they reflect the least amount in daily benefits that are allowed on a Partnership application. **Please note that insurers can set their own minimum benefit levels for their Partnership plans as long as the amount equals or exceeds the Partnership minimums.**

The Partnership minimum daily benefits are based on the date of application as opposed to the *date the policy is issued*. Under this method it does not matter when the policy is issued. The minimum benefit required will be based on the date the application is taken. Therefore, someone applying for Partnership coverage on 12/31/10 would be subject to the 2010 minimum benefit requirements even though the policy would be issued in 2011.

The minimum daily benefit requirements under the Partnership also apply to existing policyholders. In other words, if a policyholder wishes to reduce their daily benefit, they cannot reduce it to a level that is below the Partnership minimum for the current year. If they do so, their policy will no longer be a Partnership-approved policy.

SPOUSAL ASSET LIMITS FOR CT MEDICAID

Effective January 1, 2011 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 **\$109,560**. The minimum amount of assets a spouse can keep is **\$21,912**. (The primary residence is not considered a countable asset when one spouse is residing in it.) These amounts are unchanged from 2011. 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.

TAX QUALIFIED PREMIUM LIMITS FOR 2011

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 2011. The new limits are noted below.

Attained Age Before the Close of the Tax Year	Tax Limitation on Premiums Calendar Year 2011
40 or less	\$340
41 – 50	\$640
51 – 60	\$1,270
61 – 70	\$3,390
71 and older	\$4,240

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 2011.

“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.

Other Partnership publications available for downloading from the Partnership website are:

Cost of Care in Connecticut

Frequently Asked Questions

Connecticut Partnership Policies Can Save You Money

The Cost of Waiting to Buy Long-Term Care Insurance

Please note that these Partnership publications are not to be modified or altered in any manner for any purpose.

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. This training requirement had been met by producers attending a 7 hour classroom training conducted by CT Partnership staff.

The current training format 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 two outside vendors, while additional vendors may 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 Credits is handled directly by the vendors.

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 successfully complete the Prerequisite Online Course are eligible to register for the Partnership classroom course. The fee for the Partnership classroom course is \$125. Completion of both components is required before a producer will be certified to sell Partnership policies. For CT resident producers, the Prerequisite Online Course earns 8 Continuing Education (CE) credits (5 Life & Health and 3 Laws/Regulation/Ethics) and the 4 hour Partnership classroom course earns 4 CE credits (4 Life & Health).

This new 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. **If you are already Partnership certified, you will not be required to take the Prerequisite Online Course in order to register for the Partnership classroom 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.** Producers who take the Partnership class as a refresher course also must pay the \$125 course fee and are eligible to earn 4 Life & Health CE credits (CE credits only available for CT resident producers).

For detailed information on the Partnership training, visit the Partnership website at:

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

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