

Quarterly UPDATE

Connecticut Partnership for Long-Term Care

July - September 2010



PARTNERSHIP RECIPROCITY EXPANDS

The state of Wisconsin recently passed legislation that allows Wisconsin to join the Partnership National Reciprocity Compact. Wisconsin must amend their Medicaid State Plan Amendment to join the Compact which they plan on doing in the near future and then will be a member of the Compact.

With Wisconsin joining the Compact, all 33 new Partnership states will be members of the Compact. The new Partnership states are: **Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, Wisconsin and Wyoming.** In addition, **Connecticut and Indiana** are members of the Compact.

The only Partnership states that are not members of the Reciprocity Compact are California and New York.

For more information on the Reciprocity Compact, please review the information in the following link:

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

PARTNERSHIP SALES CONTINUE TO GROW

In the quarter ending December 31, 2009, **468** Partnership policies were purchased, bringing the total number of policies sold to date to **51,704**. In addition, **550** Partnership applications were submitted during the quarter, bringing the total number of applications to more than **63,700**.

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 \$242,646. More than \$71 million in Medicaid Asset Protection had been earned as of 12/31/09 by Partnership policyholders receiving benefits under their policies. The Partnership estimates it has saved **close to \$9 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.

NEW CT MEDICAID COMMUNITY SPOUSAL ASSET CALCULATION

Due to recently passed State legislation, effective May 27, 2010, Connecticut's Medicaid program started using a new calculation to determine 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 the **lesser** of the combined assets of the couple or the maximum level of **\$109,560**. For example, if the couple has \$100,000 in combined assets, the community spouse can keep \$100,000. If the couple has \$200,000 in combined assets, the community spouse can keep \$109,560 (the **maximum** shown above for 2010). If the couple has \$300,000 in combined assets, the community spouse can keep \$109,560.

NO CHANGE IN MEDICAID PERSONAL NEEDS ALLOWANCE

Effective July 1st each year, the monthly Personal Needs Allowance (PNA) for Medicaid nursing home residents is adjusted. However, for 2010 there will be no adjustment in the PNA since there was no cost of living adjustment for Social Security benefits. Therefore, the monthly PNA will remain at **\$69.00**. 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. The PNA for Veterans will also remain the same at **\$159.00/month**.

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 (*\$193/day for nursing home care and \$96.50/day for home and community-based care for Partnership policies applied for in 2010*). 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.

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.

WANTED

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

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