



Quarterly UPDATE
Connecticut Partnership for Long-Term Care
October - December 2015



IN THIS ISSUE:

- I. PARTNERSHIP EXPANSION & RECIPROCITY CONTINUES***
- II. PARTNERSHIP REGULATION REVISIONS UPDATE***
- III. MEDICAID ASSET PROTECTION EXPANDS THE LONG-TERM CARE INSURANCE MARKET***
- IV. PUBLIC FORUMS***
- V. INSURER UPDATE***
- VI. PARTNERSHIP MINIMUM DAILY BENEFIT LEVELS FOR 2016***
- VII. RATE INCREASE ACTIVITY***
- VIII. CT PARTNERSHIP TRAINING CERTIFICATES***

I. PARTNERSHIP EXPANSION & RECIPROCITY CONTINUES



As reported in a previous *Quarterly Update*, the state of Utah has become the 38th new state to implement a Partnership for Long-Term Care program, bringing the total number of Partnership states to 42.

Utah 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.

We are aware that New Mexico is seriously considering developing a Partnership program, and there is also interest in Illinois.

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 38 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, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming.**

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, in 1999, Connecticut entered into a reciprocity agreement with Indiana and that agreement 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/lrc/partnership_reciprocity_compact.pdf

II. PARTNERSHIP REGULATION REVISIONS UPDATE

Effective April 13, 2015, the regulation that governs the approval of CT Partnership policies was revised to lower the minimum inflation protection requirement for Partnership policies from 5% compounded to 3.5% compounded. The 3.5% compounded level is a minimum requirement, meaning insurers must include inflation protection at a level of at least 3.5% compounded.

To date, two insurers, Genworth and MassMutual, have received approval to offer a 3.5% compounded inflation protection option for their currently marketed Partnership policies. Both insurers hope to make this new inflation protection option available sometime before the end of 2015. No other insurers have filed rates with the Insurance Department for the 3.5% compounded inflation protection option.

Insurers are not required to offer the new 3.5% compound inflation protection option. Insurers must offer the 5% compound inflation protection option and then, at their discretion, can offer other inflation protection options, as long as they are at least at the level of 3.5% compounded.

In addition, whether an existing Partnership policyholder will be able to lower their inflation protection from 5% compounded to a level below 5% compounded (but no less than 3.5% compounded) will be determined by each individual insurer. Questions regarding what inflation protection options an insurer will make available to their Partnership policyholders should be directed to the insurer.

III. MEDICAID ASSET PROTECTION EXPANDS THE LONG-TERM CARE INSURANCE MARKET



One of the biggest advantages of the Partnership's Medicaid Asset Protection feature is that it can expand your market for suitable long-term care insurance candidates, helping make the purchase of long-term care insurance more of a reality for the middle class. Medicaid Asset Protection allows consumers to purchase an amount of insurance based on the amount of assets they wish to protect. For those with more moderate amounts of assets, the Partnership can make the purchase of long-term care insurance more affordable since they can tailor their purchase to their level of wealth.

With a non-Partnership policy, consumers take some level of risk if they purchase anything less than lifetime or unlimited benefits since they will still be exposed to spending down their assets if they outlive their insurance benefits. Medicaid Asset Protection makes the purchase of shorter term coverage (i.e., 1, 2 or 3 years of coverage) a more suitable and feasible purchase based on someone's assets and the amount of income they can spend on the policy.

IV. PUBLIC FORUMS



Don't miss out on the following opportunities to educate your clients and prospects about long-term care insurance. These Forums will 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.

- **October 1st -- FAIRFIELD**
Black Rock Church
- **October 27th -- WOODBRIDGE**
Jewish Community Center

The Forums will run from 6:00 to 8:00 p.m. Registration begins at 5:30 p.m. *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 register online at: http://www.ct.gov/opm/cwp/view.asp?a=2995&q=383414&opmNav_GID=1814.

If you have clients who are interested in attending a presentation on the Partnership, but are unable to attend one of the Public Forums noted above, please have them contact the Partnership at (860) 418-6318 to see if there are any other presentations in locations convenient to them. Also, if you would like to sponsor a presentation, please contact Aldo Pantano at 860-418-6365.

V. INSURER UPDATE

Effective August 24, 2015, John Hancock ceased accepting applications for their CT Partnership policies. John Hancock will continue to administer all of their existing CT Partnership policies. They will also continue to market non-Partnership policies in CT.

VI. MINIMUM DAILY BENEFIT LEVELS FOR 2016



For Partnership policies applied for in **2016**, the minimum daily benefit levels will be **\$256.00** for nursing home care and **\$128.00** for home care.

With the revision to the Partnership regulation that went into effect on April 13, 2015, the minimum daily benefits for Partnership policies will increase each year by 3.5%, as opposed to the previous increase level of 5%. The 2016 minimum levels represent a 3.5% increase from 2015.

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.

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.

VII. RATE INCREASE ACTIVITY



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

Bankers Life & Casualty:

In August 2015, Bankers Life & Casualty requested a 35% rate increase on some older Partnership and non-Partnership policies. **This request is under review by the Connecticut Insurance Department.**

John Hancock:

In August 2015, John Hancock requested rate increases ranging from 2.4% - 69.9% for some older Partnership and non-Partnership policies. **This request is under review by the Connecticut Insurance Department.**

Transamerica Life:

In August 2015, Transamerica requested a 151% rate increase for some older Partnership and non-Partnership policies. **This request is under review by the Connecticut Insurance Department.**

There are no other rate increase requests currently pending with the Connecticut Insurance Department.

VIII. 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 prior to 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 Tanya Penman-Sterling at the CT Insurance Department at **860-297-3882** or email at **Tanya.Penman.Sterling@ct.gov**.

<p>Quarterly UPDATE is published for certified producers and other professionals by the State of Connecticut, Office of Policy & Management. Direct inquiries to: Connecticut Partnership for Long-Term Care, 450 Capitol Ave.- MS# 52LTC, Hartford, CT 06106-1379, (860) 418-6318.</p>
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