

# Quarterly UPDATE

## Connecticut Partnership for Long-Term Care

### April – June 2006

#### PARTNERSHIP REACHES SALES MILESTONE

During the quarter ending December 31, 2005, sales of Connecticut Partnership policies passed the 40,000 level. In addition, over 1,000 Partnership applications were submitted during the quarter, helping push the number of Partnership applications submitted to over 49,000. Sales of Partnership policies during the 4<sup>th</sup> quarter of 2005 were almost 20% higher than sales for the same period in 2004.

92% of purchasers are under the age of 70 and 78% under the age of 65. The average age at time of purchase is 58 and the average maximum benefit purchased is \$224,867. In addition, over \$23 million in Medicaid Asset Protection had been earned as of 12/31/05 by Partnership policyholders receiving benefits under their policies. For additional information about Partnership sales, go to the Partnership's website at [CTpartnership.org](http://CTpartnership.org)

#### TOP PRODUCERS

Congratulations to the following producers who sold **more than 10 Partnership policies** between July 1<sup>st</sup> and December 31<sup>st</sup>, 2005 (this information was self-reported by the producers who responded to our request in the last edition of the *Quarterly Update*):

Armen Abrahamian  
Marcia Bernstein  
Robert Beucler  
Robert Charnas  
Thomas Couvares  
Sean Deveau  
Rosanne Hauser  
Barbara Hayslip  
Edmond Hendrich

Charles Kelly  
Gerard Kenney  
Lisa Krawczyk  
Dennis McDermott  
James Meehan  
Jeanne Murray  
Richard Riccitelli, Sr.  
Frank Sparks  
Courtney Tillson

## **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 semi-private nursing facility room increased **8.0%** from last year to **\$284 per day** or **\$103,700 per year**. The following Partnership publications have also been revised to reflect the new long-term care cost information: ***Frequently Asked Questions, Partnership Policies Can Save You Money (issue sheet)***, and ***Cost of Waiting to Buy Long-Term Care Insurance (issue sheet)***.

These four publications can be downloaded from the Partnership's website by clicking on the following link:

<http://www.opm.state.ct.us/pdpd4/ltc/advisor/Publications.htm>

**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@po.state.ct.us](mailto:david.guttchen@po.state.ct.us) and note which publications you would like and in what quantities. ***Please include your mailing address when you email your publication request.***

***Please allow 2-4 weeks for delivery of the publications.***

## **NEW COMPANY JOINS PARTNERSHIP**

The Great American Life Insurance Company has recently received Partnership approval. Great American Life will be selling a comprehensive Partnership plan along with a comparable non-Partnership policy.

In the near future, the Partnership's **Policy Comparisons Report** will be updated to include information on Great America Life's Partnership policy. We will let you know when the new Report becomes available.

With the addition of Great American Life to the Partnership, the list of participating insurers is as follows:

American Network  
Bankers Life and Casualty  
CUNA Mutual  
Genworth Life  
Great American Life  
John Hancock  
MedAmerica  
MetLife  
State Farm

## **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.

- **April 3<sup>rd</sup> -- WESTPORT**  
Westport Town Hall
- **May 3<sup>rd</sup> -- SIMSBURY**  
Eno Memorial Hall
- **May 9<sup>th</sup> -- GROTON**  
Groton Senior Center

Forums run from 7:00 to 9:00 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**.

## **CONGRESS AUTHORIZES EXPANSION OF PARTNERSHIPS FOR LONG-TERM CARE TO OTHER STATES**

On February 8, 2006, President Bush signed into law the Deficit Reduction Act of 2005 (DRA). The DRA included provisions that allow for an expansion of Partnership for Long-Term Care programs to other states beside the existing Partnership programs in Connecticut, California, Indiana and New York.

Prior to the passage of the DRA, any new state that wished to develop a Partnership program was required by federal law to recover any protected assets left in a Medicaid client's estate when they died. CT, CA, IN & NY had always been exempt from this federal requirement and the law in CT prohibits the state from recovering against any protected assets. The DRA repealed the federal recovery requirement for new Partnership programs, opening the door for an expansion of the Partnerships.

The DRA does not require states to develop Partnership programs – it is up to each state whether they implement a Partnership. However, it is anticipated that over the next several years there could be as many as 15-20 new states with Partnership programs. In addition, the DRA does not require that states have reciprocal agreements between their Partnership programs for the granting of Medicaid Asset Protection. However, DRA does create the opportunity and incentive for reciprocal agreements and the hope is that CT will pursue reciprocal agreements with as many Partnership programs as possible.

## **CONGRESS TIGHTENS MEDICAID RULES**

The DRA also includes provisions designed to tighten Medicaid rules regarding asset transfers and access to Medicaid. Specifically, some of the highlights of the DRA include:

- For asset transfers made February 8, 2006 and after, the look back period for Medicaid is extended to 5 years from 3 years. For transfers made prior to February 8, 2006, the old 3 year look back period applies. The 5 year look back period for trusts and annuities is still in place.
- For asset transfers made February 8, 2006 and after, the penalty period for an improper transfer (a transfer made during the look back period for less than fair market value) is calculated from the date the Medicaid applicant would otherwise be eligible for Medicaid had they not made the improper transfer. For transfers made prior to February 8, 2006, the penalty period is calculated from the date the asset was transferred.

- Individuals with more than \$500,000 in home equity are ineligible for Medicaid (states have the option to increase the home equity level to as high as \$750,000 – CT has not yet decided what level it will allow). If a spouse, child or adult disabled child is living in the home then the value of the home is not counted. The maximum equity level amount will be increased each year starting in 2011 based on a formula. The DRA does allow individuals to reduce the level of their home equity by taking out a reverse mortgage or a home equity loan.
- The State must be named a remainder beneficiary on any annuity.

These are just some of the provisions included in the DRA that will make it more difficult for individuals to transfer and shelter assets and access Medicaid. Taken altogether, these measures send a very clear message from Congress that individuals need to plan for their own long-term care and encourages the purchase of long-term care insurance.

With the passage of the DRA, **the Partnership becomes all the more important since it will be the only legitimate mechanism to protect assets and access Medicaid.** The long-term impact of the DRA provisions should be an increase in the interest in long-term care insurance in general and the Partnership specifically.

Over the next several months, CT's Department of Social Services and the federal government will need to develop regulations and procedures to implement the DRA provisions. As the Partnership learns more details regarding this matter, we will let you know.

## **CT PARTNERSHIP CERTIFICATION TRAINING**

Approved by the State of Connecticut Insurance Dept.  
for 8 continuing education credits.

Sponsor #S11843 Course #C19619

*Advance registration is required.*

For more information and a list of available classes visit the Partnership's  
website. To register call (860) 418-6318.

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