



## **The New York State Partnership for Long Term Care**

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# **QUARTERLY UPDATE**

**Volume 9 Number 1 January 1, 2001 – March 31, 2001**

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Report Prepared on November 21, 2001

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**Participating Insurers:**

**American Progressive  
CNA Insurance Companies  
Conseco Life Insurance Co of NY  
First Fortis Insurance Company  
G. E. Capital Life Assurance Co of NY  
John Hancock Life Insurance  
Massachusetts Mutual Life Insurance**

**MedAmerica Insurance Co. of NY  
Metropolitan Life Insurance  
Mutual of Omaha  
New York Life Insurance  
The Prudential  
Teachers Insurance and Annuity Assoc**

## EXECUTIVE SUMMARY

The New York State Partnership for Long Term Care is a unique program to finance long term care based on the concept of a public-private partnership, linking private insurance to Medicaid. The program became operational on March 1, 1993 when the first group of five insurance companies was approved by the New York State Department of Insurance to market Partnership policies. Thirteen insurance companies are currently approved to sell Partnership policies, which includes three group offerings. Program participation requires participating insurance companies to submit quarterly data on Partnership policy sales activity. This descriptive report is based on an analysis of these data.

This report presents basic data on cumulative Partnership policy sales since April 1993 and provides an in-depth description of activity which occurred during the 1st quarter of 2001 (January 1 – March 31). Thirteen insurance companies marketed Partnership policies during this quarter: **American Progressive Life & Health Insurance Company of N.Y., Conesco Life Insurance Company, CNA Insurance Companies, MedAmerica Insurance Company of New York, First Fortis Insurance Company, GE Capital Life Assurance Company of NY, John Hancock Life Insurance Company, Metropolitan Life Insurance Company, Mutual of Omaha Insurance Company, New York Life Insurance Company, Prudential Insurance Company, Teachers Insurance and Annuity Association, and Massachusetts Mutual Life Insurance Company.**

From April 1993 through March 2001, the cumulative number of applications for the Partnership policies was **53,052**. Of the **47,520** applications which resulted in an underwriting decision **39,117** (82%) were approved for coverage while **8,403** (18%) were denied. As of March 31, 2001, there were **30,858** active Partnership policyholders. The majority of these policyholders were female (60%) and married (71%); their mean age was **65** years; they tended to be first-time purchasers of LTC insurance (94%); they purchased individual policies (92%).

During the 1st quarter of 2001, **1,398** applications were received by the 14 participating companies. Of the **1,398** applications which resulted in an underwriting decision, **1,074** (78%) were approved for coverage while **303** (22%) were denied. During the quarter, **258** policyholders lapsed or canceled their policies, including **36** who died. Another **123** individuals chose to relinquish their policy during the free-look period.

During the reporting quarter, **1,074** policyholders were approved for coverage (includes applicants from previous quarters.) Of these, **98** percent were first time purchasers, while the remainder consisted of prior policyholders who either replaced their old policies from a different company or converted to a Partnership policy within the same company. Women accounted for **58** percent; married persons comprised **71** percent; and **95** percent were individual policies. The age of policyholders at purchase ranged from **24** to **85**, with a mean age of **63** years.

The average annual premium cost for all policyholders was **\$2,218**. Only **13.4** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$300/day** for both nursing home and home care were also purchased. Seventy-six (76) percent of policyholders selected a 100-day deductible, while **22** percent chose a deductible of 30 days or less; only **18%** selected a non-forfeiture option. Thirty two (32) percent of the **31** policyholders who were 80 years of age or older at the time of purchase elected to buy optional inflation protectio

# NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE

## SUMMARY CUMULATIVE STATISTICS ON PARTNERSHIP ACTIVITY SINCE APRIL 1993

APPLICATIONS RECEIVED <sup>a</sup>	53,052
APPLICATIONS PROCESSED	47,520
APPLICATIONS APPROVED	39,117 (82%)
APPLICATIONS DENIED	8,403 (18%)
ACTIVE POLICYHOLDERS <sup>b</sup>	30,858
MALE	12,486 (41%)
FEMALE	18,372 (60%)
MARRIED	21,810 (71%)
NOT MARRIED	8,069 (26%)
UNKNOWN	979 ( 3%)
AGE	65 (Mean) 65 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	28,982 (94%)
UPGRADES (Internal)	1,584 ( 5%)
REPLACEMENTS (External)	292 ( 1%)
INDIVIDUAL	28,210 (92%)
GROUP	1,090 ( 4%)
ORG. SPONSORED	1,558 ( 5%)
NYC (Metro Area) <sup>c</sup>	8,433 (27%)
UPSTATE <sup>d</sup>	22,425 (73%)
POLICIES DROPPED <sup>e</sup>	8,279
	4,161 Not Taken
	406 Died
	3,712 Other

**a. Includes applications which were withdrawn or are currently pending.**

**b. Excludes purchasers who dropped their policies as of end of quarter.**

**c. Includes NYC five boroughs, Nassau, Suffolk, & Westchester.**

**d. Includes policyholders who live outside N.Y. State or whose addresses are under review.**

**e. Adjusted for reinstatements.**

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE**  
**SUMMARY STATISTICS FOR THE QUARTER *JANUARY 1 TO MARCH 31 2001***

APPLICATIONS RECEIVED <sup>a</sup>	1,398
APPLICATIONS PROCESSED <sup>b</sup>	1,377
APPLICATIONS APPROVED	1,074 (78%)
APPLICATIONS DENIED	303 (22%)
APPROVED POLICYHOLDERS	1,074
MALE	450 (42%)
FEMALE	624 (58%)
MARRIED	767 (71%)
NOT MARRIED	276 (26%)
UNKNOWN	31 ( 3%)
AGE	63 (Mean) 63 (Median) 24 (Minimum) 85 (Maximum)
1st TIME PURCHASERS	1,054 (98%)
UPGRADES (Internal)	18 ( 2%)
REPLACEMENTS (External)	2 (<1%)
INDIVIDUAL	1,017 (95%)
GROUP	23 ( 2%)
ORG. SPONSORED	34 ( 3%)
NYC (Metro Area) <sup>c</sup>	191 (18%)
UPSTATE <sup>d</sup>	883 (82%)
POLICIES DROPPED <sup>e</sup>	381 123 Not Taken 36 Died 222 Other
POLICIES REINSTATED	11

<sup>a</sup> Refers to applications received during the current quarter, only.

<sup>b</sup> Refers to underwriting decisions made during the current quarter, regardless of application date.

<sup>c</sup> Includes NYC five boroughs, Nassau, Suffolk, & Westchester.

<sup>d</sup> Also includes policyholders whose addresses are under review.

<sup>e</sup> Refers to policyholders who dropped policies during current quarter.

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE  
QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,074)**

*JANUARY 1 TO MARCH 31, 2001*

**DEMOGRAPHICS**

AGE RANGE: 24-85

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
4 (<1%)	15 (1%)	147 (14%)	243 (23%)	261 (24%)	235 (22%)	106 (10%)	38 (4%)	25 (2%)	0 (0%)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
<b>ALL POLICYHOLDERS</b>	1,074	100	63
<b>POLICY CATEGORY</b>			
INDIVIDUAL	1,017	95	63
GROUP	23	2	55
ORGANIZATION-SPONSORED	34	3	61
<b>GENDER</b>			
MALES	450	42	63
FEMALES	624	58	63
<b>MARITAL STATUS</b>			
NOT MARRIED	276	26	65
MARRIED	767	71	62
UNKNOWN	31	3	64
<b>PURCHASE TYPE</b>			
UPGRADES (Internal Replacements)	18	2	67
REPLACEMENTS (External)	2	<1	62
NEW PURCHASERS	1,054	98	63
<b>GEOGRAPHIC REGIONS</b>			
NEW YORK CITY <sup>a</sup>	50	5	64
DOWNSTATE COUNTIES <sup>b</sup>	160	15	64
UPSTATE COUNTIES <sup>c</sup>	864	80	63

a The five boroughs of New York

b Metropolitan PMSA counties: Nassau, Putnam, Rockland, Suffolk, and Westchester.

c All other counties in New York State.

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**NEW YORK STATE PARTNERSHIP  
FOR LONG TERM CARE**

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,074)**

*JANUARY 1 TO MARCH 31, 2001*

<b>POLICY FEATURES</b>
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**MAXIMUM LENGTH OF NURSING HOME AND HOME CARE COVERAGE**

<u>NURSING HOME</u>	<u>HOME CARE</u>	<u>POLICYHOLDERS</u>	
		#	Pct.
3 years	6 years	1,059	99
5 years	6.67 years	5	<1
	10 years	4	<1
6 years	6 years	1	<1
	12 years	2	<1
Lifetime	Lifetime	3	<1

**ELIMINATION PERIOD**

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	12	1
20	158	15
30	62	6
60	21	2
90	4	<1
100	817	76

**WAIVER OF PREMIUM**

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	1,074	100
Home Care	452	42

\* Not mutually exclusive

Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP  
FOR LONG TERM CARE**

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,074)**

*JANUARY 1 TO MARCH 31, 2001*

<b>POLICY FEATURES</b>
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**NON-FORFEITURE BENEFIT**

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	879	82
Shortened Benefit Period	195	18

**PREMIUM PAYMENT MODE**

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	196	18
Quarterly	136	13
Semi-Annual	80	7
Annual	662	62

**INFLATION PROTECTION STATUS FOR AGE 80 AND OVER\***

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	21	68
5% Compounded	10	32

\* New York State Partnership for Long Term Care mandates a minimum rate of inflation protection of 5% compounded annually for Program participants under age 80.

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**NEW YORK STATE PARTNERSHIP  
FOR LONG TERM CARE**

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,074)**

*JANUARY 1 To MARCH 31, 2001*

**POLICY FEATURES**

**MAXIMUM NURSING HOME DAILY BENEFIT**

**RANGE:                 \$141-\$300**  
**MEAN:                 \$171**  
**MEDIAN:               \$160**

<b>MAXIMUM DAILY BENEFIT (\$)</b>	<b>POLICYHOLDERS (#)</b>	<b>(Pct.)</b>
<b>≤ \$148*</b>	<b>163</b>	<b>15</b>
<b>\$150 - \$159</b>	<b>362</b>	<b>34</b>
<b>\$160 - \$169</b>	<b>70</b>	<b>7</b>
<b>\$170 - \$179</b>	<b>73</b>	<b>7</b>
<b>\$180 - \$189</b>	<b>128</b>	<b>12</b>
<b>\$190 - \$199</b>	<b>17</b>	<b>2</b>
<b>\$200</b>	<b>196</b>	<b>18</b>
<b>\$201 - \$249</b>	<b>15</b>	<b>1</b>
<b>\$250+</b>	<b>50</b>	<b>5</b>

\* New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$148 in 2001. This report also includes policies issued prior to 2001.

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP  
FOR LONG TERM CARE**

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,074)**

*JANUARY 1 TO MARCH 31, 2001*

**POLICY FEATURES**

**MAXIMUM HOME CARE DAILY BENEFIT**

**RANGE:               \$70-\$300**  
**MEAN:                \$100**  
**MEDIAN:             \$85**

<b>MAXIMUM DAILY BENEFIT (\$)</b>	<b>POLICYHOLDERS (#)               (Pct.)</b>	
<b>≤ \$74*</b>	<b>149</b>	<b>14</b>
<b>\$75 - \$79</b>	<b>289</b>	<b>27</b>
<b>\$80 - \$89</b>	<b>114</b>	<b>11</b>
<b>\$90 - \$99</b>	<b>106</b>	<b>10</b>
<b>\$100 - \$124</b>	<b>190</b>	<b>18</b>
<b>\$125 - \$149</b>	<b>75</b>	<b>7</b>
<b>\$150 - \$199</b>	<b>111</b>	<b>10</b>
<b>\$200+</b>	<b>40</b>	<b>4</b>

- \* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$74 in 2001. This report also includes policies issued prior to 2001.
- Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE  
QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,074)**

*JANUARY 1 TO MARCH 31, 2001*

**AVERAGE (MEAN) POLICY PREMIUMS**

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,218	1,074	\$2,030	86	\$2,229	973	\$2,552	15
<40	\$666	8	\$331	3	\$867	5	-	-
40 - 44	\$930	10	\$748	1	\$950	9	-	-
45 - 49	\$945	27	\$778	5	\$983	22	-	-
50 - 54	\$1,305	87	\$851	3	\$1,146	76	\$2,987	8
55 - 59	\$1,354	224	\$1,136	11	\$1,355	209	\$1,933	4
60 - 64	\$1,745	261	\$1,385	15	\$1,761	243	\$2,219	3
65 - 69	\$2,359	237	\$1,946	23	\$2,404	214	-	-
70 - 74	\$3,313	139	\$2,720	15	\$3,385	124	-	-
75 - 79	\$5,017	50	\$4,587	9	\$5,112	41	-	-
80 +	\$6,420	31	\$6,276	1	\$6,425	30	-	-

**BASIC:** Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$148 daily benefit for 2001);
- 2) 6 years of home care (\$74 daily benefit for 2001);
- 3) inflation protection at the annual rate of 5% compounded;
- 4) 100 day elimination period;
- 5) no non-forfeiture benefit; and
- 6) all other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39). Enriched benefit coverage may be provided if there is no or minimal (2% or less) premium impact from the premium cost without such enriched benefits.

**OPTIONAL:** Optional policy includes the following policy features:

- 1) 3 years of nursing home (minimally \$148 DBA for 2001);
- 2) 6 years of home care (minimally \$74 for 2001);
- 3) inflation protection minimally at the annual rate of 5% compounded;
- 4) up to 100 day elimination period; and
- 5) at minimum, all other benefit standards defined in New York Insurance Department Regulation No. 144 (11 NYCRR 39).

**BASIC+:** Basic+ policy is defined as policies offering benefit coverage beyond those provided by Basic and Optional policies.





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