



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

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# **QUARTERLY UPDATE**

**Volume 11 Number 1 January 1, 2003 – March 31, 2003**

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#### **Participating Insurers (as of the 1st Quarter, 2003):**

**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  
TransAmerica Life Insurance Co.**

## 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. Eleven insurance companies are currently approved to sell Partnership policies, which includes five 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 2003 (January 1 – March 31). Thirteen insurance companies marketed Partnership policies during this quarter: **American Progressive Life & Health Insurance Company of N.Y., Conseco 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, Massachusetts Mutual Life Insurance Company, and TransAmerica Life Insurance Company.**

From April 1993 through January 2003, the cumulative number of applications for the Partnership policies was **67,715**. Of the **61,587** applications which resulted in an underwriting decision, **50,694** (82%) were approved for coverage while **10,893** (18%) were denied. As of January 31, 2003, there were **39,649** active Partnership policyholders. The majority of these policyholders were female (60%) and married (71%); their mean age was **64** years; they tended to be first-time purchasers of LTC insurance (95%); they purchased individual policies (90%).

During the 1st quarter of 2003, **1,728** applications were received by the 13 participating companies. Of the **1,804** applications which resulted in an underwriting decision, **1,506** (83%) were approved for coverage while **298** (17%) were denied. During the quarter, **290** policyholders lapsed or canceled their policies, including **91** who died. Another **135** individuals chose to relinquish their policy during the free-look period.

During the reporting quarter, **1,506** policyholders were approved for coverage (includes applicants from previous quarters.) Of these, **97** 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 **72** percent; and **91** percent were individual policies. The age of policyholders at purchase ranged from **29** to **85**, with a mean age of **61** years.

The average annual premium cost for all policyholders was **\$2,244**. Only **21** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$325/day** for nursing home and **\$300/day** for home care were also purchased. Seventy-six (76) percent of policyholders selected a 100-day deductible, while **14** percent chose a deductible of 30 days or less; fifty-two (**52**) percent selected a non-forfeiture option. Twenty-four (**24**) percent of the **34** policyholders who were 80 years of age or older at the time of purchase elected to buy optional inflation protection.

## Quarterly Summary Report – NEW YORK

|  | Quarter 1 2003 | Through 3/31/03 |
|--|----------------|-----------------|
| <b><i>Applications Received:</i></b>                                       | <b>1,728</b>   | <b>67,715</b>   |
| <b>Applications Denied:</b>  | 298            | 10,893          |
| <b>Applications Pending &amp; Withdrawn:</b>                               | N/A            | 6,128           |
| <b><i>Policies Purchased:</i></b>  | <b>1,506</b>   | <b>50,694</b>   |
| <b>Policies Dropped<br/>(voluntarily &amp; for unknown reasons*):</b>      | 198            | 4,926           |
| <b>Policies Not Taken Up<br/>(dropped within 30 day free look period):</b> | 135            | 5,126           |
| <b><i>Total Policies In Force (active):</i></b>                            | N/A            | <b>39,649</b>   |
| <b>Policyholders Who Received Service<br/>Payments:</b>                    | 382            | 773             |

*\* Does not include drops reported as deaths, rescissions or exhausted benefits.*

Note: All Partnership States (California, Connecticut, Indiana, and New York) have agreed to provide this Quarterly Summary Report with the same format and definitions.

# NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE

## SUMMARY CUMULATIVE STATISTICS ON PARTNERSHIP ACTIVITY SINCE APRIL, 1993

|  |  |
|--|--|
| <b>APPLICATIONS RECEIVED<sup>a</sup></b> | <b>67,715</b>  |
| <b>APPLICATIONS PROCESSED</b>            | <b>61,587</b>  |
| APPLICATIONS APPROVED                    | 50,694 (82%)   |
| APPLICATIONS DENIED                      | 10,893 (18%)   |
| <b>ACTIVE POLICYHOLDERS<sup>b</sup></b>  | <b>39,649</b>  |
| MALE                                     | 16,058 (41%)   |
| FEMALE                                   | 23,591 (60%)   |
| MARRIED                                  | 28,191 (71%)   |
| NOT MARRIED                              | 10,246 (26%)   |
| UNKNOWN                                  | 1,212 ( 3%)  |
| AGE                                      | 64 (Mean)<br>64 (Median)<br>19 (Minimum)<br>93 (Maximum) |
| 1st TIME PURCHASERS                      | 37,611 (95%)   |
| UPGRADES (Internal)                      | 1,682 ( 4%)  |
| REPLACEMENTS (External)                  | 356 ( 1%)  |
| INDIVIDUAL                               | 35,610 (90%)   |
| GROUP                                    | 1,958 ( 5%)  |
| ORG. SPONSORED                           | 2,081 ( 5%)  |
| NYC (Metro Area) <sup>c</sup>            | 11,040 (28%)   |
| UPSTATE <sup>d</sup>                     | 28,555 (72%)   |
| <b>POLICIES DROPPED<sup>e</sup></b>      | <b>11,066</b>  |
|  | 5,126 Not Taken  |
|  | 993 Died   |
|  | 4,947 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, 2003***

|   |  |
|---|--|
| <b>APPLICATIONS RECEIVED<sup>a</sup></b>  | <b>1,728</b>   |
| <b>APPLICATIONS PROCESSED<sup>b</sup></b> | <b>1,804</b>   |
| <b>APPLICATIONS APPROVED</b>              | 1,506 (83%)  |
| <b>APPLICATIONS DENIED</b>                | 298 (17%)  |
| <b>APPROVED POLICYHOLDERS</b>             | <b>1,506</b>   |
| <b>MALE</b>                               | 629 (42%)  |
| <b>FEMALE</b>                             | 877 (58%)  |
| <b>MARRIED</b>                            | 1,082 (72%)  |
| <b>NOT MARRIED</b>                        | 388 (26%)  |
| <b>UNKNOWN</b>                            | 36 ( 2%)   |
| <b>AGE</b>                                | 61 (Mean)<br>60 (Median)<br>29 (Minimum)<br>85 (Maximum) |
| <b>1st TIME PURCHASERS</b>                | 1,460 (97%)  |
| <b>UPGRADES (Internal)</b>                | 31 ( 2%)   |
| <b>REPLACEMENTS (External)</b>            | 15 ( 1%)   |
| <b>INDIVIDUAL</b>                         | 1,365 (91%)  |
| <b>GROUP</b>                              | 45 ( 3%)   |
| <b>ORG. SPONSORED</b>                     | 96 ( 6%)   |
| <b>NYC (Metro Area)<sup>c</sup></b>       | 584 (39%)  |
| <b>UPSTATE<sup>d</sup></b>                | 922 (61%)  |
| <b>POLICIES DROPPED<sup>e</sup></b>       | 425<br>135 Not Taken<br>91 Died<br>199 Other             |
| <b>POLICIES REINSTATED</b>                | <b>6</b>   |

<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=1,506)**

*JANUARY 1 TO MARCH 31, 2003*

**DEMOGRAPHICS**

**AGE RANGE: 29-85**

**AGE DISTRIBUTION**

| <=35       | 36-45      | 46-55        | 56-60        | 61-65        | 66-70        | 71-75      | 76-80      | 81-85      | 86+       |
|------------|------------|--------------|--------------|--------------|--------------|------------|------------|------------|-----------|
| 2<br>(<1%) | 28<br>(2%) | 318<br>(21%) | 437<br>(29%) | 360<br>(24%) | 207<br>(14%) | 96<br>(6%) | 30<br>(2%) | 28<br>(2%) | -<br>(-%) |

| <u>DEMOGRAPHIC CATEGORY</u>      | <u>COMPOSITION</u> |      | <u>MEAN AGE</u> |
|----------------------------------|--------------------|------|-----------------|
|                                  | #                  | Pct. |                 |
| <b>ALL POLICYHOLDERS</b>         | 1,506              | 100  | 61              |
| <b>POLICY CATEGORY</b>           |                    |      |                 |
| INDIVIDUAL                       | 1,365              | 91   | 61              |
| GROUP                            | 45                 | 3    | 57              |
| ORGANIZATION-SPONSORED           | 96                 | 6    | 62              |
| <b>GENDER</b>                    |                    |      |                 |
| MALES                            | 629                | 42   | 61              |
| FEMALES                          | 877                | 58   | 61              |
| <b>MARITAL STATUS</b>            |                    |      |                 |
| NOT MARRIED                      | 388                | 26   | 62              |
| MARRIED                          | 1,082              | 72   | 60              |
| UNKNOWN                          | 36                 | 2    | 69              |
| <b>PURCHASE TYPE</b>             |                    |      |                 |
| UPGRADES (Internal Replacements) | 31                 | 2    | 64              |
| REPLACEMENTS (External)          | 15                 | 1    | 64              |
| NEW PURCHASERS                   | 1,460              | 97   | 61              |
| <b>GEOGRAPHIC REGIONS</b>        |                    |      |                 |
| NEW YORK CITY <sup>a</sup>       | 159                | 11   | 61              |
| DOWNSTATE COUNTIES <sup>b</sup>  | 446                | 30   | 61              |
| UPSTATE COUNTIES <sup>c</sup>    | 897                | 60   | 61              |

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.

➤ Due to rounding, percents may not equal 100.

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

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,506)**

*JANUARY 1 TO MARCH 31, 2003*

|                        |
|------------------------|
| <b>POLICY FEATURES</b> |
|------------------------|

**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          | 1,501                | 100  |
| 5 years             | 10 years         | 5                    | <1   |

**ELIMINATION PERIOD**

| <u>DAYS</u> | <u>POLICYHOLDERS</u> |      |
|-------------|----------------------|------|
|             | #                    | Pct. |
| 0           | 7                    | 1    |
| 20          | 68                   | 5    |
| 30          | 127                  | 8    |
| 45          | 13                   | 1    |
| 50          | 86                   | 6    |
| 60          | 25                   | 2    |
| 90          | 38                   | 3    |
| 100         | 1,142                | 76   |

**WAIVER OF PREMIUM**

| <u>PREMIUM WAIVED</u> | <u>POLICYHOLDERS*</u> |      |
|-----------------------|-----------------------|------|
|                       | #                     | Pct. |
| Nursing Home          | 1,056                 | 100  |
| Home Care             | 358                   | 24   |

\* 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=1,506)**

*JANUARY 1 TO MARCH 31, 2003*

|                        |
|------------------------|
| <b>POLICY FEATURES</b> |
|------------------------|

**NON-FORFEITURE BENEFIT**

| <u>NON-FORFEITURE OPTION</u> | <u>POLICYHOLDERS</u> |      |
|------------------------------|----------------------|------|
|                              | #                    | Pct. |
| None                         | 722                  | 48   |
| Shortened Benefit Period     | 784                  | 52   |

**PREMIUM PAYMENT MODE**

| <u>PAYMENT MODE</u> | <u>POLICYHOLDERS</u> |      |
|---------------------|----------------------|------|
|                     | #                    | Pct. |
| Monthly             | 190                  | 13   |
| Quarterly           | 434                  | 29   |
| Semi-Annual         | 143                  | 10   |
| Annual              | 739                  | 49   |

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

| <u>INFLATION STATUS</u> | <u>POLICYHOLDERS</u> |      |
|-------------------------|----------------------|------|
|                         | #                    | Pct. |
| None                    | 26                   | 77   |
| 5% Compounded           | 8                    | 24   |

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

➤ Due to rounding, percents may not equal 100.

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

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,506)**

*JANUARY 1 TO MARCH 31, 2003*

**POLICY FEATURES**

**MAXIMUM NURSING HOME DAILY BENEFIT**

**RANGE:           \$150-\$325**  
**MEAN:           \$183**  
**MEDIAN:         \$170**

| <b>MAXIMUM DAILY BENEFIT<br/>(\$)</b> | <b>POLICYHOLDERS<br/>(#)                   (Pct.)</b> |           |
|---------------------------------------|---|-----------|
| <b>≤ \$163*</b>                       | <b>579</b>  | <b>38</b> |
| <b>\$165 - \$169</b>                  | <b>82</b>   | <b>5</b>  |
| <b>\$170 - \$179</b>                  | <b>132</b>  | <b>9</b>  |
| <b>\$180 - \$189</b>                  | <b>91</b>   | <b>6</b>  |
| <b>\$190 - \$199</b>                  | <b>25</b>   | <b>2</b>  |
| <b>\$200</b>                          | <b>428</b>  | <b>28</b> |
| <b>\$201 - \$249</b>                  | <b>76</b>   | <b>5</b>  |
| <b>\$250+</b>                         | <b>93</b>   | <b>6</b>  |

**\* New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$163 in 2003. This report also includes policies issued prior to 2003.**

➤ **Due to rounding, percents may not equal 100.**

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

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,506)**

*JANUARY 1 TO MARCH 31, 2003*

|                        |
|------------------------|
| <b>POLICY FEATURES</b> |
|------------------------|

**MAXIMUM HOME CARE DAILY BENEFIT**

|                |                   |
|----------------|-------------------|
| <b>RANGE:</b>  | <b>\$75-\$300</b> |
| <b>MEAN:</b>   | <b>\$109</b>      |
| <b>MEDIAN:</b> | <b>\$96</b>       |

| MAXIMUM DAILY BENEFIT<br>(\$) | POLICYHOLDERS<br>(#) (Pct.) |    |
|-------------------------------|-----------------------------|----|
| ≤ \$82*                       | 435                         | 29 |
| \$ 82.50 - \$ 89              | 226                         | 15 |
| \$ 90 - \$ 99                 | 97                          | 6  |
| \$100 - \$124                 | 389                         | 26 |
| \$125 - \$149                 | 91                          | 6  |
| \$150 - \$199                 | 156                         | 10 |
| \$200+                        | 112                         | 7  |

\* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$82 in 2003. This report also includes policies issued prior to 2003.

| HOME CARE DAILY BENEFIT          | POLICYHOLDERS<br>(#) (Pct.) |              |
|----------------------------------|-----------------------------|--------------|
| <b>50% Nursing Home Benefit</b>  | <b>1,211</b>                | <b>80</b>    |
| <b>80% Nursing Home Benefit</b>  | <b>70</b>                   | <b>5</b>     |
| <b>85% Nursing Home Benefit</b>  | <b>1</b>                    | <b>&lt;1</b> |
| <b>100% Nursing Home Benefit</b> | <b>224</b>                  | <b>15</b>    |

➤ Due to rounding, percents may not equal 100.

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS  
(N=1,506)**

**JANUARY 1 TO MARCH 31, 2003**

**AVERAGE (MEAN) POLICY PREMIUMS**

| AGE RANGE | POLICY TYPE |       |         |     |          |       |         |   |
|-----------|-------------|-------|---------|-----|----------|-------|---------|---|
|           | ALL         | #     | BASIC   | #   | OPTIONAL | #     | BASIC+  | # |
| ALL AGE   | \$2,224     | 1,506 | \$2,266 | 102 | \$2,242  | 1,399 | \$2,412 | 5 |
| <40       | \$1,354     | 5     | -       | -   | \$1,354  | 5     | -       | - |
| 40 - 44   | \$ 978      | 21    | -       | -   | \$ 978   | 21    | -       | - |
| 45 - 49   | \$1,308     | 70    | \$ 941  | 5   | \$1,336  | 65    | -       | - |
| 50 - 54   | \$1,377     | 181   | \$ 972  | 9   | \$1,397  | 171   | \$1,604 | 1 |
| 55 - 59   | \$1,648     | 396   | \$1,229 | 22  | \$1,670  | 373   | \$2,529 | 1 |
| 60 - 64   | \$2,031     | 399   | \$1,615 | 15  | \$2,043  | 381   | \$2,642 | 3 |
| 65 - 69   | \$2,640     | 247   | \$2,120 | 22  | \$2,691  | 225   | -       | - |
| 70 - 74   | \$3,951     | 123   | \$3,257 | 20  | \$4,085  | 103   | -       | - |
| 75 - 79   | \$5,438     | 30    | \$5,870 | 7   | \$5,307  | 23    | -       | - |
| 80 +      | \$7,265     | 34    | \$6,768 | 2   | \$7,296  | 32    | -       | - |

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

- 1) 3 years of nursing home care (\$163 daily benefit for 2003);
- 2) 6 years of home care (\$82 daily benefit for 2003);
- 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 \$163 DBA for 2003);
- 2) 6 years of home care (minimally \$82 for 2003);
- 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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