



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

Volume 14 Number 2 April 1, 2006 – June 30, 2006

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Participating Insurers (as of the 2nd quarter, 2006):

**Genworth Life Insurance Co of NY
John Hancock Life Insurance
MedAmerica Insurance Co. of NY
Metropolitan Life Insurance
New York Life Insurance**

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. 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 2nd quarter of 2006 (April 1 – June 30). Seven insurance companies marketed Partnership policies and/or issued Partnership policy certificates during this period: **CNA Insurance Companies, MedAmerica Insurance Company of New York, Genworth Life Insurance Company of NY, John Hancock Life Insurance Company, Metropolitan Life Insurance Company, New York Life Insurance Company, and Prudential Insurance Company.**

Beginning with the 2nd quarter of 2006, the New York State Partnership has made available shorter, more affordable long-term care coverage. Currently the Partnership offers four plans. These basic plans include a Total Asset 50, Total Asset 100, Dollar for Dollar 50, and Dollar for Dollar 100. The notations 50 and 100 represent the percentage of benefit paid for the home care or home and community based care compared to the nursing home benefit.

The type of Partnership insurance plan selected determines how much of the policyholder's assets will be protected when qualifying for Medicaid Extended Coverage. Total Asset Protection plans protect all of the insured's assets. Dollar for Dollar Asset Protection plans protect the insured's assets in the amount equal to the benefits paid out by the Partnership policy.

From April 1993 through June 2006, the cumulative number of applications for the Partnership policies was **95,569**. Of the **85,968** applications which resulted in an underwriting decision, **69,690** (81%) were approved for coverage while **16,278** (19%) were denied. As of June 30, 2006, there were **53,344** active Partnership policyholders. The majority of these policyholders were female (**59%**) and married (**73%**); their mean age was **62** years; they tended to be first-time purchasers of LTC insurance (**96%**); they purchased individual policies (**90%**).

During the 2nd quarter of 2006, **2,660** applications were received by the **5** participating companies. Of the **1,932** applications which resulted in an underwriting decision, **1,549** (80%) were approved for coverage while **383** (20%) were denied. During the quarter, **273** policyholders lapsed or canceled their policies, including **112** who died. Another **196** individuals chose to relinquish their policy during the free-look period.

During the 2nd quarter of 2006, **1,549** policyholders were approved for coverage (includes applicants from previous quarters.) Of these, **99** 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 **75** percent; and **90** percent were individual policies. The age of policyholders at purchase ranged from **21** to **85**, with a mean age of **59** years.

The average annual premium cost for all policyholders was **\$2,614**. Only **8** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$400/day** for nursing home and **\$400/day** for home care were also purchased. Thirty-eight (**38**) percent of policyholders selected a 100-day deductible, while **21** percent chose a deductible of 30 days or less; fifty-one (**51**) percent selected a non-forfeiture option. Thirty-Six (**36**) percent of the **14** policyholders who were 80 years of age or older at the time of purchase elected to buy optional inflation protection.

Summary Report – NEW YORK

	Quarter 2 2006	Through 6/30/06
<i>Applications Received:</i>	2,660	95,569
Applications Denied:	383	16,278
Applications Pending & Withdrawn:	N/A	9,601
<i>Policies Purchased:</i>	1,549	69,690
Policies Dropped (voluntarily & for unknown reasons*):	155	7,357
Policies Not Taken Up (dropped within 30 day free look period):	196	6,641
<i>Total Policies In Force (active):</i>	N/A	53,344
Policyholders Who Received Service Payments:	716	1,649

*** 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

APPLICATIONS RECEIVED^a	95,569
APPLICATIONS PROCESSED	85,968
APPLICATIONS APPROVED	69,690 (81%)
APPLICATIONS DENIED	16,278 (19%)
ACTIVE POLICYHOLDERS^b	53,344
MALE	21,761 (41%)
FEMALE	31,583 (59%)
MARRIED	38,804 (73%)
NOT MARRIED	13,025 (24%)
UNKNOWN	1,513 (3%)
Age Mean	62
Median	62
Minimum	19
Maximum	96
1st TIME PURCHASERS	51,099 (96%)
UPGRADES (Internal)	1,774 (3%)
REPLACEMENTS (External)	460 (<1%)
INDIVIDUAL	47,742 (90%)
GROUP	2,168 (4%)
ORGANIZATION-SPONSORED	3,434 (6%)
NYC (Metro Area) ^c	16,575 (31%)
UPSTATE ^d	36,769 (69%)
POLICIES DROPPED^e	16,376
Not Taken	6,639 (41%)
Died	2,326 (14%)
Other	7,402 (45%)

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 PERIOD April 1, 2006 – June 30, 2006

APPLICATIONS RECEIVED^a	2,660
APPLICATIONS PROCESSED	1,932
APPLICATIONS APPROVED	1,549 (80%)
APPLICATIONS DENIED	383 (20%)
ACTIVE POLICYHOLDERS^b	1,549
MALE	649 (42%)
FEMALE	900 (58%)
MARRIED	1,159 (75%)
NOT MARRIED	312 (20%)
UNKNOWN	78 (5%)
Age	
Mean	59
Median	59
Minimum	21
Maximum	85
1st TIME PURCHASERS	1,535 (99%)
UPGRADES (Internal)	4 (<1%)
REPLACEMENTS (External)	10 (<1%)
INDIVIDUAL	1,387 (90%)
GROUP	22 (1%)
ORGANIZATION-SPONSORED	140 (9%)
NYC (Metro Area) ^c	556 (36%)
UPSTATE ^d	993 (64%)
POLICIES DROPPED^e	469
Not Taken	196 (42%)
Died	112 (24%)
Other	161 (34%)
POLICIES REINSTATED	16

^a Refers to applications received during the current quarter, only.

^b Refers to underwriting decisions made during the current quarter, regardless of application date.

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

^d Also includes policyholders whose addresses are under review.

^e 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
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N= 1,549)**

April 1 – June 30, 2006

DEMOGRAPHICS

AGE RANGE: 21-85

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
6	68	423	458	340	169	58	16	11	-
(<1%)	(4%)	(27%)	(30%)	(22%)	(11%)	(4%)	(1%)	(<1%)	(-)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
ALL POLICYHOLDERS	1,549	100	59
POLICY CATEGORY			
INDIVIDUAL	1,387	96	59
GROUP	22	1	54
ORGANIZATION-SPONSORED	140	9	54
GENDER			
MALES	649	42	59
FEMALES	900	58	59
MARITAL STATUS			
NOT MARRIED	312	20	59
MARRIED	1159	75	58
UNKNOWN	78	5	64
PURCHASE TYPE			
UPGRADES (Internal Replacements)	4	<1	52
REPLACEMENTS (External)	10	1	58
NEW PURCHASERS	1535	99	59
GEOGRAPHIC REGIONS			
NEW YORK CITY ^a	219	14	58
DOWNSTATE COUNTIES ^b	412	27	59
UPSTATE COUNTIES ^c	916	59	59

^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, including those whose addresses are under review.

➤ Due to rounding, percents may not equal 100

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS**

(N= 1,549)

April 1 – June 30, 2006

POLICY FEATURES

MAXIMUM LENGTH OF NURSING HOME AND HOME CARE COVERAGE

<u>NURSING HOME</u>	<u>HOME CARE</u>	<u>POLICYHOLDERS</u>	
		#	Pct.
1.5 years	3 years	7	<1
2 years	2 years	2	<1
3 years	6 years	1,459	94
4 years	4 years	71	5
4 years	8 years	1	<1
5 years	5 years	6	<1
5 years	10 years	9	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	13	<1
20	160	10
30	161	10
45	82	5
60	69	5
90	480	31
100	584	38

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	1,419	100
Home Care	812	52

* Not mutually exclusive

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS**

(N=1,549)

April 1 – June 30, 2006

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	754	49
Shortened Benefit Period	499	32

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	147	10
Quarterly	334	22
Semi-Annual	113	7
Annual	955	62

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	9	64
5% Compounded	5	36

* New York State Partnership for Long Term Care mandates a minimum 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 SUMMARY STATISTICS OF APPROVED POLICYHOLDERS

(N= 1,549)

April 1 – June 30, 2006

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE: **\$189-\$400**
MEAN: **\$214**
MEDIAN: **\$200**

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS	
	(#)	(Pct.)
≤ \$189*	92	6
\$190 - \$199	421	27
\$200	555	36
\$201 - \$249	174	11
\$250+	307	20

* New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$189 in 2006. This report also includes policies issued prior to 2006.

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS**

(N= 1,549)

April 1 – June 30, 2006

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE: \$95 -\$400
MEAN: \$171
MEDIAN: \$190

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS	
	(#)	(Pct.)
≤ \$95*	216	14
\$96 - \$99	2	<1
\$100 - \$124	262	17
\$125 - \$149	60	4
\$150 - \$199	356	23
\$200+	653	42

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$95 in 2006. This report also includes policies issued prior to 2006.

HOME CARE DAILY BENEFIT	POLICYHOLDERS	
	(#)	(Pct.)
50% Nursing Home Benefit	526	34
50%< Nursing Home Benefit <100%	129	8
100% Nursing Home Benefit	346	58

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N= 1,549)**

April 1 – June 30, 2006

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,614	1,549	\$1,596	6	\$2,601	1,462	\$2,924	81
<40	\$1,404	20	-	-	\$1,382	19	\$1,810	1
40-44	\$1,433	41	-	-	\$1,404	38	\$1,804	3
45-49	\$1,655	111	-	-	\$1,585	102	\$2,446	9
50-54	\$2,027	253	-	-	\$2,000	233	\$2,339	20
55-59	\$2,180	446	\$1,383	5	\$2,132	414	\$3,069	27
60-64	\$2,657	379	-	-	\$2,614	362	\$3,573	17
65-69	\$3,292	189	\$2,662	1	\$3,273	184	\$4,296	4
70-74	\$4,681	73	-	-	\$4,681	73	-	-
75-79	\$7,559	23	-	-	\$7,559	23	-	-
80+	\$10,647	14	-	-	\$10,647	14	-	-

1) BASIC: Basic policy includes the following policy features:

Total Asset Protection 50

- 3 years of nursing home care (\$189 daily benefit for 2006)
- 6 years of home care (\$95 daily benefit for 2006)
- 100 day elimination period
- Inflation protection at the annual rate of 5% compounded
- No non-forfeiture benefit
- All other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

Total Asset Protection 100

- 4 years of nursing home care (\$189 daily benefit for 2006)
- 4 years of home care (\$95 daily benefit for 2006)
- 100 day elimination period
- Inflation protection at the annual rate of 5% compounded
- No non-forfeiture benefit
- All other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

Dollar for Dollar Asset Protection 50

- 1.5 years of nursing home care (\$189 daily benefit for 2006)
- 3 years of home care (\$95 daily benefit for 2006)
- 60 day elimination period
- Inflation protection at the annual rate of 5% compounded
- No non-forfeiture benefit
- All other benefit standards defined in New York State Insurance

Department Regulation No. 144 (11 NYCRR 39)

Dollar for Dollar Asset Protection 100

- 2 years of nursing home care (\$189 daily benefit for 2006)
- 2 years of home care (\$95 daily benefit for 2006)
- 60 day elimination period
- Inflation protection at the annual rate of 5% compounded
- No non-forfeiture benefit
- All other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

2) OPTIONAL: Optional policy includes the following policy features:

Total Asset Protection 50

- 3 years of nursing home care (minimally \$189 daily benefit for 2006)
- 6 years of home care (minimally \$95 daily benefit for 2006)
- Up to 100 day elimination period
- Inflation protection minimally at the annual rate of 5% compounded
- At minimum, all other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

Total Asset Protection 100

- 4 years of nursing home care (minimally \$189 daily benefit for 2006)
- 4 years of home care (minimally \$95 daily benefit for 2006)
- Up to 100 day elimination period
- Inflation protection minimally at the annual rate of 5% compounded
- At minimum, all other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

Dollar for Dollar Asset Protection 50

- 1.5 years of nursing home care (minimally \$189 daily benefit for 2006)
- 3 years of home care (minimally \$95 daily benefit for 2006)
- Up to elimination period
- Inflation protection minimally at the annual rate of 5% compounded
- At minimum, all other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

Dollar for Dollar Asset Protection 100

- 2 years of nursing home care (minimally \$189 daily benefit for 2006)
- 2 years of home care (minimally \$95 daily benefit for 2006)
- Up to 60 day elimination period
- Inflation protection minimally at the annual rate of 5% compounded
- At minimum, all other benefit standards defined in New York State Insurance Department Regulation No. 144 (11 NYCRR 39)

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



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