



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

Volume 10 Number 2 April 1, 2002 – June 30, 2002

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Participating Insurers (as of the 2nd Quarter, 2002):

**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
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. Fourteen insurance companies are currently approved to sell Partnership policies, which includes four 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 2nd quarter of 2002 (April 1 – June 30). Fourteen 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, Teachers Insurance and Annuity Association, Massachusetts Mutual Life Insurance Company, and TransAmerica Life Insurance Company.**

From April 1993 through June 2002, the cumulative number of applications for the Partnership policies was **61,709**. Of the **55,596** applications which resulted in an underwriting decision **45,688** (82%) were approved for coverage while **9,908** (18%) were denied. As of June 30, 2002, there were **35,849** 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 2nd quarter of 2002, **2,786** applications were received by the 14 participating companies. Of the **2,351** applications which resulted in an underwriting decision, **2,020** (86%) were approved for coverage while **331** (14%) were denied. During the quarter, **232** policyholders lapsed or canceled their policies, including **86** who died. Another **103** individuals chose to relinquish their policy during the free-look period.

During the reporting quarter, **2,020** 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 **56** percent; married persons comprised **70** percent; and **64** percent were individual policies. The age of policyholders at purchase ranged from **30** to **86**, with a mean age of **60** years.

The average annual premium cost for all policyholders was **\$2,110**. Only **17** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$300/day** for nursing home and **\$295/day** for home care were also purchased. Fifty-five (55) percent of policyholders selected a 100-day deductible, while **14** percent chose a deductible of 30 days or less; **29%** selected a non-forfeiture option. Thirty-two (32) percent of the **25** 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 2 2002	Through 6/30/02
<i>Applications Received:</i>	2,786	61,709
Applications Denied:	331	9,908
Applications Pending & Withdrawn:	N/A	6,113
<i>Policies Purchased:</i>	2,020	45,688
Policies Dropped (voluntarily & for unknown reasons*):	144	4,430
Policies Not Taken Up (dropped within 30 day free look period):	103	4,660
<i>Total Policies In Force (active):</i>	N/A	35,849
Policyholders Who Received Service Payments:	313	611

** 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	61,709
APPLICATIONS PROCESSED	55,596
APPLICATIONS APPROVED	45,688 (82%)
APPLICATIONS DENIED	9,908 (18%)
ACTIVE POLICYHOLDERS^b	35,849
MALE	14,504 (41%)
FEMALE	21,345 (60%)
MARRIED	25,428 (71%)
NOT MARRIED	9,321 (26%)
UNKNOWN	1,100 (3%)
AGE	64 (Mean) 64 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	33,879 (95%)
UPGRADES (Internal)	1,651 (5%)
REPLACEMENTS (External)	319 (1%)
INDIVIDUAL	32,295 (90%)
GROUP	1,715 (5%)
ORG. SPONSORED	1,839 (5%)
NYC (Metro Area) ^c	9,010 (25%)
UPSTATE ^d	26,839 (75%)
POLICIES DROPPED^e	9,859
	4,660 Not Taken
	753 Died
	4,446 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 *APRIL 1 TO JUNE 30 2002*

APPLICATIONS RECEIVED^a	2,786
APPLICATIONS PROCESSED^b	2,351
APPLICATIONS APPROVED	2,020 (86%)
APPLICATIONS DENIED	331 (14%)
APPROVED POLICYHOLDERS	2,020
MALE	882 (44%)
FEMALE	1,138 (56%)
MARRIED	1,413 (70%)
NOT MARRIED	563 (28%)
UNKNOWN	44 (2%)
AGE	60 (Mean) 59 (Median) 30 (Minimum) 86 (Maximum)
1st TIME PURCHASERS	1,961 (97%)
UPGRADES (Internal)	41 (2%)
REPLACEMENTS (External)	18 (1%)
INDIVIDUAL	1,301 (64%)
GROUP	603 (30%)
ORG. SPONSORED	116 (6%)
NYC (Metro Area)^c	519 (26%)
UPSTATE^d	1,501 (74%)
POLICIES DROPPED^e	335 103 Not Taken 86 Died 146 Other
POLICIES REINSTATED	10

^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
 QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=2,020)**

APRIL 1 TO JUNE 30, 2002

DEMOGRAPHICS

AGE RANGE: 30-86

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
13 (1%)	94 (5%)	548 (27%)	455 (23%)	449 (22%)	280 (14%)	117 (6%)	48 (2%)	15 (1%)	1 (<1%)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct .	
ALL POLICYHOLDERS	2,020	100	60
POLICY CATEGORY			
INDIVIDUAL	1,301	64	62
GROUP	603	30	54
ORGANIZATION-SPONSORED	116	6	64
GENDER			
MALES	882	44	60
FEMALES	1,138	56	59
MARITAL STATUS			
NOT MARRIED	563	28	59
MARRIED	1,413	70	59
UNKNOWN	44	2	67
PURCHASE TYPE			
UPGRADES (Internal Replacements)	41	2	62
REPLACEMENTS (External)	18	1	61
NEW PURCHASERS	1,961	97	59
GEOGRAPHIC REGIONS			
NEW YORK CITY^a	200	10	57
DOWNSTATE COUNTIES^b	342	17	61
UPSTATE COUNTIES^c	1,473	73	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.

➤ Due to rounding, percents may not equal 100.

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

QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=2,020)

APRIL 1 TO JUNE 30, 2002

POLICY FEATURES

MAXIMUM LENGTH OF NURSING HOME AND HOME CARE COVERAGE

<u>NURSING HOME</u>	<u>HOME CARE</u>	<u>POLICYHOLDERS</u>	
		<u>#</u>	<u>Pct.</u>
3 years	6 years	2,015	100
5 years	10 years	4	<1
6 years	6 years	1	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	<u>#</u>	<u>Pct.</u>
0	14	1
20	97	5
30	169	8
45	9	<1
50	39	2
60	38	2
90	606	30
100	1,048	52

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	<u>#</u>	<u>Pct.</u>
Nursing Home	2,020	100
Home Care	922	46

* 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=2,020)**

APRIL 1 TO JUNE 30, 2002

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	1,437	71
Shortened Benefit Period	582	29
Death Benefit	1	<1

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	568	28
Quarterly	385	19
Semi-Annual	122	6
Annual	945	47

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	17	68
5% Compounded	8	32

* 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=2,020)**

APRIL 1 To JUNE 30, 2002

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE: \$148-\$300
MEAN: \$182
MEDIAN: \$180

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS	
	(#)	(Pct.)
≤ \$155*	646	32
\$160 - \$169	214	11
\$170 - \$179	105	5
\$180 - \$189	395	20
\$190 - \$199	13	1
\$200	376	19
\$201 - \$249	70	4
\$250+	198	10

*** New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$155 in 2002. This report also includes policies issued prior to 2002.**

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

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

**QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS
(N=2,020)**

APRIL 1 TO JUNE 30, 2002

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE:	\$74-\$295
MEAN:	\$100
MEDIAN:	\$90

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$77*	221	11
\$ 77 ⁵⁰	334	17
\$ 80 - \$ 89	274	14
\$ 90 - \$ 99	397	20
\$100 - \$124	393	20
\$125 - \$149	196	10
\$150 - \$199	151	8
\$200+	54	3

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$77 in 2002. This report also includes policies issued prior to 2002.

	POLICYHOLDERS (#) (Pct.)	
50% Nursing Home Benefit	1,783	88
80% Nursing Home Benefit	82	4
85% Nursing Home Benefit	1	<1
100% Nursing Home Benefit	154	8

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS
(N=2,020)**

APRIL 1 TO JUNE 30, 2002

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,110	2,020	\$2,272	148	\$2,097	1,867	\$2,018	5
<40	\$1,021	35	\$299	1	\$1,042	34	-	-
40 - 44	\$1,104	57	\$391	1	\$1,117	56	-	-
45 - 49	\$1,232	128	\$748	4	\$1,247	124	-	-
50 - 54	\$1,489	334	\$1,053	10	\$1,502	324	-	-
55 - 59	\$1,607	459	\$1,145	26	\$1,630	428	\$2,018	5
60 - 64	\$2,001	465	\$1,673	33	\$2,026	432	-	-
65 - 69	\$2,625	326	\$2,326	39	\$2,665	287	-	-
70 - 74	\$3,775	136	\$3,372	16	\$3,828	120	-	-
75 - 79	\$5,543	55	\$4,509	14	\$5,897	41	-	-
80 +	\$6,641	25	\$7,318	4	\$6,513	21	-	-

BASIC: Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$155 daily benefit for 2002);
- 2) 6 years of home care (\$77 daily benefit for 2002);
- 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 \$155 DBA for 2002);
- 2) 6 years of home care (minimally \$77 for 2002);
- 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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