



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

Volume 12 Number 3-4 July 1, 2004 – December 31, 2004

SPECIAL EDITION

(This report includes 3rd and 4th quarter 2004 statistics)

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Participating Insurers (as of the 4th quarter, 2004):

CNA Insurance Group
G. E. Capital Life Assurance Co of NY
John Hancock Life Insurance
MedAmerica Insurance Co. of NY
Metropolitan Life Insurance
Mutual of Omaha
New York Life Insurance
The Prudential

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 1st and 2nd quarters of 2004 (July 1 – December 31). Eight insurance companies marketed Partnership policies during this period: **CNA Insurance Companies, MedAmerica Insurance Company of New York, 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, and Prudential Insurance Company.**

From April 1993 through December 2004, the cumulative number of applications for the Partnership policies was **83,973**. Of the **75,454** applications which resulted in an underwriting decision, **61,358** (81%) were approved for coverage while **14,096** (19%) were denied. As of December 31, 2004, there were **47,539** active Partnership policyholders. The majority of these policyholders were female (59%) and married (72%); their mean age was **63** years; they tended to be first-time purchasers of LTC insurance (95%); they purchased individual policies (90%).

During the 3rd and 4th quarters of 2004, **5,720** applications were received by the 8 participating companies. Of the **4,069** applications which resulted in an underwriting decision, **3,159** (78%) were approved for coverage while **910** (22%) were denied. During these quarters, **553** policyholders lapsed or canceled their policies, including **208** who died. Another **222** individuals chose to relinquish their policy during the free-look period.

During the 3rd and 4th quarters of 2004, **3,159** 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 **78** percent; and **94** percent were individual policies. The age of policyholders at purchase ranged from **19** to **84**, with a mean age of **59** years.

The average annual premium cost for all policyholders was **\$2,333**. Only **24** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$400/day** for nursing home and **\$350/day** for home care were also purchased. Seventy-five (75) percent of policyholders selected a 100-day deductible, while **9** percent chose a deductible of 30 days or less; twenty (**20**) percent selected a non-forfeiture option. Thirty eight (**38**) percent of the **24** policyholders who were 80 years of age or older at the time of purchase elected to buy optional inflation protection.

Summary Report – NEW YORK

	Quarters 3&4 2004	Through 12/31/04
<i>Applications Received:</i>	5,720	83,973
Applications Denied:	910	14,096
Applications Pending & Withdrawn:	N/A	8,519
<i>Policies Purchased:</i>	3,159	61,358
Policies Dropped (voluntarily & for unknown reasons*):	337	6,236
Policies Not Taken Up (dropped within 30 day free look period):	222	5,917
<i>Total Policies In Force (active):</i>	N/A	47,539
Policyholders Who Received Service Payments:	642	1,248

**** 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	83,973
APPLICATIONS PROCESSED	75,454
APPLICATIONS APPROVED	61,358 (81%)
APPLICATIONS DENIED	14,096 (19%)
ACTIVE POLICYHOLDERS^b	47,539
MALE	19,337 (41%)
FEMALE	28,202 (59%)
MARRIED	34,297 (72%)
NOT MARRIED	11,886 (25%)
UNKNOWN	1,356 (3%)
AGE	63 (Mean) 63 (Median) 19 (Minimum) 96 (Maximum)
1st TIME PURCHASERS	45,323 (95%)
UPGRADES (Internal)	1,771 (4%)
REPLACEMENTS (External)	445 (1%)
INDIVIDUAL	42,923 (90%)
GROUP	2,095 (5%)
ORG. SPONSORED	2,521 (5%)
NYC (Metro Area) ^c	14,027 (30%)
UPSTATE ^d	33,512 (71%)
POLICIES DROPPED^e	13,840
	5,917 Not Taken
	1,644 Died
	6,279 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 PERIOD *JULY 1 TO DECEMBER 31, 2004*

APPLICATIONS RECEIVED ^a	5,720
APPLICATIONS PROCESSED ^b	4,069
APPLICATIONS APPROVED	3,159 (78%)
APPLICATIONS DENIED	910 (22%)
APPROVED POLICYHOLDERS	3,159
MALE	1,320 (42%)
FEMALE	1,839 (58%)
MARRIED	2,458 (78%)
NOT MARRIED	680 (22%)
UNKNOWN	20 (1%)
AGE	59 (Mean) 59 (Median) 19 (Minimum) 84 (Maximum)
1st TIME PURCHASERS	3,062 (97%)
UPGRADES (Internal)	58 (2%)
REPLACEMENTS (External)	39 (1%)
INDIVIDUAL	2,968 (94%)
GROUP	73 (2%)
ORG. SPONSORED	118 (4%)
NYC (Metro Area) ^c	1,425 (45%)
UPSTATE ^d	1,734 (55%)
POLICIES DROPPED ^e	775 222 Not Taken 208 Died 345 Other
POLICIES REINSTATED	13

^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=3,159)**

JULY 1 TO DECEMBER 31, 2004

DEMOGRAPHICS

AGE RANGE: 19-84

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
18 (1%)	104 (3%)	879 (28%)	883 (28%)	712 (23%)	364 (12%)	118 (4%)	64 (2%)	17 (1%)	- (-)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
ALL POLICYHOLDERS	3,159	100	59
POLICY CATEGORY			
INDIVIDUAL	2,968	94	59
GROUP	73	2	59
ORGANIZATION-SPONSORED	118	4	61
GENDER			
MALES	1,320	42	59
FEMALES	1,839	58	58
MARITAL STATUS			
NOT MARRIED	680	22	60
MARRIED	2,458	78	58
UNKNOWN	20	1	61
PURCHASE TYPE			
UPGRADES (Internal Replacements)	58	2	59
REPLACEMENTS (External)	39	1	61
NEW PURCHASERS	3,062	97	59
GEOGRAPHIC REGIONS			
NEW YORK CITY ^a	474	15	59
DOWNSTATE COUNTIES ^b	1,069	34	58
UPSTATE COUNTIES ^c	1,615	51	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**

SUMMARY STATISTICS OF APPROVED POLICYHOLDERS (N=3,159)

JULY 1 TO DECEMBER 31, 2004

POLICY FEATURES

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	3,097	98
4 years	6 years	34	1
5 years	6 years	21	1
7 years	6 years	5	<1
Lifetime	Lifetime	2	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	8	<1
20	141	5
30	151	5
45	88	3
50	281	9
60	45	1
90	63	2
100	2,382	75

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	3,159	100
Home Care	863	27

* Not m

➤ Due to rounding, percents may not equal 100.

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

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=3,159)**

JULY 1 TO DECEMBER 31, 2004

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	2,518	80
Shortened Benefit Period	640	20
Return of Premium	1	<1

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	287	9
Quarterly	993	31
Semi-Annual	237	8
Annual	1,642	52

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	15	63
5% Compounded	9	38

* 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**

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=3,159)**

JULY 1 TO DECEMBER 31, 2004

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE: \$163-\$400
MEAN: \$198
MEDIAN: \$200

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$171*	920	29
\$172 - \$179	169	5
\$180 - \$189	260	8
\$190 - \$199	35	1
\$200	1,126	36
\$201 - \$249	241	8
\$250+	408	13

*** New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$171 in 2004. This report also includes policies issued prior to 2004.**

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

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

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=3,159)**

JULY 1 TO DECEMBER 31, 2004

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE:	\$82 -\$350
MEAN:	\$115
MEDIAN:	\$100

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#)	(Pct.)
≤ \$86*	782	25
\$ 86.50 - \$ 89	167	5
\$ 90 - \$ 99	229	7
\$100 - \$124	1,119	35
\$125 - \$149	293	9
\$150 - \$199	286	9
\$200+	283	9

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$86 in 2004. This report also includes policies issued prior to 2004.

HOME CARE DAILY BENEFIT	POLICYHOLDERS (#)	(Pct.)
50% Nursing Home Benefit	2,627	83
80% Nursing Home Benefit	75	2
100% Nursing Home Benefit	457	14

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=3,159)**

JULY 1 TO DECEMBER 31, 2004

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,333	3,159	\$2,212	546	\$2,350	2,551	\$2,698	62
<40	\$1,173	27	\$ 926	5	\$1,229	22	-	-
40 - 44	\$1,315	71	\$1,124	4	\$1,327	67	-	-
45 - 49	\$1,450	237	\$1,159	32	\$1,497	203	\$1,318	2
50 - 54	\$1,546	525	\$1,195	73	\$1,602	437	\$1,619	15
55 - 59	\$1,811	878	\$1,506	143	\$1,867	719	\$2,033	16
60 - 64	\$2,349	757	\$1,978	131	\$2,419	612	\$2,762	14
65 - 69	\$3,144	409	\$2,836	88	\$3,206	310	\$3,857	11
70 - 74	\$4,653	163	\$4,246	45	\$4,776	115	\$6,014	3
75 - 79	\$7,203	68	\$6,305	23	\$7,638	44	\$8,696	1
80 +	\$7,749	24	\$7,160	2	\$7,802	22	-	-

BASIC: Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$171 daily benefit for 2004);
- 2) 6 years of home care (\$86 daily benefit for 2004);
- 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 \$171 DBA for 2004);
- 2) 6 years of home care (minimally \$86 for 2004);
- 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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