



**STATE OF NEW YORK
DEPARTMENT OF HEALTH**

Office of Continuing Care 161 Delaware Avenue Delmar, New York 12054-1393

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The New York State Partnership for Long Term Care



QUARTERLY UPDATE

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Participating Insurers:

**G. E. Capital Life Assurance Co of NY
Finger Lakes Long Term Care Insurance
The Travelers Insurance
Mutual of Omaha
Conseco Life Insurance Co of NY
First Fortis Insurance Company
American Progressive**

**John Hancock Life Insurance
Metropolitan Life Insurance
New York Life Insurance
Teachers Insurance and Annuity Assoc
The Prudential
CNA Insurance Companies**

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 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 3rd quarter of 2000 (July 1 – September 30). 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, Finger Lakes Long Term Care Insurance Company, 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 The Travelers Insurance Company.**

From April 1993 through September 2000, the cumulative number of applications for the Partnership policies was **49,632**. Of the **44,205** applications which resulted in an underwriting decision **36,570** (83%) were approved for coverage while **7,635** (17%) were denied. As of September 30, 2000, there were **28,966** 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 (91%).

During the 3rd quarter of 2000, **1,572** applications were received by the 13 participating companies. Of the **1,743** applications which resulted in an underwriting decision, **1,389** (80%) were approved for coverage while **354** (20%) were denied. During the quarter, **218** policyholders lapsed or canceled their policies, including **37** who died. Another **111** individuals chose to relinquish their policy during the free-look period.

During the reporting quarter, **1,389** 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 **59** percent; married persons comprised **73** percent; and **95** percent were individual policies. The age of policyholders at purchase ranged from **30** to **87**, with a mean age of **64** years.

The average annual premium cost for all policyholders was **\$2,201**. Only **15.2** 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-seven (77) percent of policyholders selected a 100-day deductible, while **20** percent chose a deductible of 30 days or less; only **11%** selected a non-forfeiture option. Thirty-five (35) percent of the **34** policyholders who were 80 years of age or older at the time of purchase elected to buy optional inflation protection.

NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE

SUMMARY CUMULATIVE STATISTICS ON PARTNERSHIP ACTIVITY SINCE APRIL 1993

APPLICATIONS RECEIVED ^a	49,632
APPLICATIONS PROCESSED	44,205
APPLICATIONS APPROVED	36,570 (83%)
APPLICATIONS DENIED	7,635 (17%)
ACTIVE POLICYHOLDERS ^b	28,966
MALE	11,722 (41%)
FEMALE	17,244 (60%)
MARRIED	20,412 (71%)
NOT MARRIED	7,650 (26%)
UNKNOWN	904 (3%)
AGE	65 (Mean) 65 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	27,109 (94%)
UPGRADES (Internal)	1,567 (5%)
REPLACEMENTS (External)	288 (1%)
INDIVIDUAL	26,403 (94%)
GROUP	1,061 (4%)
ORG. SPONSORED	1,502 (5%)
NYC (Metro Area) ^c	7,592 (26%)
UPSTATE ^d	21,374 (74%)
POLICIES DROPPED ^e	7,624 3,924 Not Taken 344 Died 3,356 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 *JULY 1 TO SEPTEMBER 30, 2000*

APPLICATIONS RECEIVED^a	1,572
APPLICATIONS PROCESSED	1,743
APPLICATIONS APPROVED	1,389 (80%)
APPLICATIONS DENIED	354 (20%)
APPROVED POLICYHOLDERS	1,389
MALE	573 (41%)
FEMALE	816 (59%)
MARRIED	1,016 (73%)
NOT MARRIED	358 (26%)
UNKNOWN	15 (<1%)
AGE	64 (Mean) 64 (Median) 30 (Minimum) 87 (Maximum)
1st TIME PURCHASERS	1,366 (98%)
UPGRADES (Internal)	17 (1%)
REPLACEMENTS (External)	4 (<1%)
INDIVIDUAL	1,318 (95%)
GROUP	10 (1%)
ORG. SPONSORED	61 (4%)
NYC (Metro Area)^c	257 (19%)
UPSTATE^d	1,132 (81%)
POLICIES DROPPED^e	329 111 Not Taken 37 Died 181 Other
POLICIES REINSTATED	3

^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=1,389)**

JULY 1 TO SEPTEMBER 30, 2000

DEMOGRAPHICS

AGE RANGE: 30-87

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
5 (<1%)	12 (1%)	167 (12%)	276 (20%)	402 (29%)	296 (21%)	154 (11%)	54 (4%)	19 (1%)	4 (<1%)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
ALL POLICYHOLDERS	1,389	100	64
POLICY CATEGORY			
INDIVIDUAL	1,318	95	64
GROUP	10	1	62
ORGANIZATION-SPONSORED	61	4	63
GENDER			
MALES	573	41	64
FEMALES	816	59	63
MARITAL STATUS			
NOT MARRIED	358	26	66
MARRIED	1,016	73	63
UNKNOWN	15	1	65
PURCHASE TYPE			
UPGRADES (Internal Replacements)	17	1	68
REPLACEMENTS (External)	4	<1	73
NEW PURCHASERS	1,368	98	63
GEOGRAPHIC REGIONS			
NEW YORK CITY ^a	76	6	66
DOWNSTATE COUNTIES ^b	197	14	65
UPSTATE COUNTIES ^c	1,116	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.

> Due to rounding, percents may not equal 100

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

QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,389)

JULY 1 TO SEPTEMBER 30, 2000

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	1,362	98
4 years	8 years	1	<1
5 years	6.67 years	7	1
	10 years	10	1
6 years	6 years	2	<1
	12 years	4	<1
Lifetime	Lifetime	3	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	24	2
20	159	11
30	91	7
60	48	4
100	1,067	77

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	1,389	100
Home Care	686	49

* 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=1,389)

JULY 1 TO SEPTEMBER 30, 2000

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	1,234	89
Shortened Benefit Period	155	11

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	205	15
Quarterly	191	14
Semi-Annual	98	7
Annual	895	64

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	22	65
5% Compounded	12	35

* 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.

➤ Due to rounding, percents may not equal 100.

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

QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,389)

JULY 1 TO SEPTEMBER 30, 2000

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE:	\$141-\$300
MEAN:	\$169
MEDIAN:	\$150

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#)	(Pct.)
≤ \$141*	249	18
\$142 - \$149	2	<1
\$150 - \$159	459	33
\$160 - \$169	91	7
\$170 - \$179	78	6
\$180 - \$189	156	11
\$190 - \$199	29	2
\$200	258	19
\$201 - \$249	23	2
\$250+	44	3

* New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$141 in 2000. This report also includes policies issued prior to 2000.

➤ Due to rounding, percents may not equal 100.

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

QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,389)

JULY 1 TO SEPTEMBER 30, 2000

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE: \$70-\$300
MEAN: \$98
MEDIAN: \$85

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$70*	211	15
\$71 - \$79	397	29
\$80 - \$89	125	9
\$90 - \$99	140	10
\$100 - \$124	270	19
\$125 - \$149	78	6
\$150 - \$199	122	9
\$200+	46	3

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$70 in 2000. This report also includes policies issued prior to 2000.

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,389)**

JULY 1 TO SEPTEMBER 30, 2000

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,201	1,389	\$2,032	154	\$2,224	1,208	\$2,122	27
<40	\$751	7	\$792	1	\$744	6	-	-
40 - 44	\$892	5	\$487	2	\$1,054	2	\$1,380	1
45 - 49	\$1,056	38	\$703	4	\$1,047	30	\$1,481	4
50 - 54	\$1,116	103	\$818	15	\$1,151	84	\$1,494	4
55 - 59	\$1,328	223	\$1,057	14	\$1,331	201	\$1,726	8
60 - 64	\$1,742	386	\$1,373	32	\$1,760	348	\$2,655	6
65 - 69	\$2,260	346	\$1,831	40	\$2,299	302	\$3,572	4
70 - 74	\$3,317	180	\$2,928	29	\$3,391	151	-	-
75 - 79	\$4,962	67	\$4,583	13	\$5,053	54	-	-
80 +	\$6,241	34	\$4,899	4	\$6,419	30	-	-

BASIC: Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$141 daily benefit for 2000);
- 2) 6 years of home care (\$70 daily benefit for 2000);
- 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 \$141 DBA for 2000);
- 2) 6 years of home care (minimally \$70 for 2000);
- 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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