



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

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Prepared by:
Adrianna Takada, Ph.D., Patrick Breen,
Amanda Sowle

Participating Insurers (as of the 4th quarter, 2005):

CNA Insurance Group
Genworth Life Insurance Co of NY
John Hancock Life Insurance
MedAmerica Insurance Co. of NY
Metropolitan Life Insurance
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 4th quarter of 2005 (October 1 – December 31). Seven insurance companies marketed Partnership policies 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.**

From April 1993 through December 2005, the cumulative number of applications for the Partnership policies was **90,908**. Of the **82,277** applications which resulted in an underwriting decision, **66,722** (81%) were approved for coverage while **15,555** (19%) were denied. As of December 31, 2005, there were **51,262** active Partnership policyholders. The majority of these policyholders were female (57%) and married (73%); their mean age was **62** years; they tended to be first-time purchasers of LTC insurance (96%); they purchased individual policies (89%).

During the 4th quarter of 2005, **1,894** applications were received by the **7** participating companies. Of the **1,602** applications which resulted in an underwriting decision, **1,266** (79%) were approved for coverage while **336** (21%) were denied. During the quarter, **392** policyholders lapsed or canceled their policies, including **156** who died. Another **81** individuals chose to relinquish their policy during the free-look period.

During the 4th quarter of 2005, **1,266** 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 **71** percent; and **68** percent were individual policies. The age of policyholders at purchase ranged from **32** to **83**, with a mean age of **59** years.

The average annual premium cost for all policyholders was **\$2,496**. Only **26** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$350/day** for nursing home and **\$350/day** for home care were also purchased. Thirty-six (36) percent of policyholders selected a 100-day deductible, while **19** percent chose a deductible of 30 days or less; eighteen (**18**) percent selected a non-forfeiture option. Sixty-Two (**62**) percent of the **16** 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 4 2005	Through 12/31/05
<i>Applications Received:</i>	1,894	90,908
Applications Denied:	336	15,555
Applications Pending & Withdrawn:	N/A	8,631
<i>Policies Purchased:</i>	1,266	66,722
Policies Dropped (voluntarily & for unknown reasons*):	223	6,972
Policies Not Taken Up (dropped within 30 day free look period):	81	6,350
<i>Total Policies In Force (active):</i>	N/A	51,262
Policyholders Who Received Service Payments:	622	1,487

*** 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	90,908
APPLICATIONS PROCESSED	82,277
APPLICATIONS APPROVED	66,722 (81%)
APPLICATIONS DENIED	15,555 (19%)
ACTIVE POLICYHOLDERS^b	51,262
MALE	21,876 (43%)
FEMALE	30,386 (57%)
MARRIED	37,217 (73%)
NOT MARRIED	12,642 (25%)
UNKNOWN	1,403 (3%)
AGE	62 (Mean) 62 (Median) 21 (Minimum) 96 (Maximum)
1st TIME PURCHASERS	49,033 (96%)
UPGRADES (Internal)	1,778 (3%)
REPLACEMENTS (External)	450 (1%)
INDIVIDUAL	45,774 (89%)
GROUP	2,148 (4%)
ORG. SPONSORED	3,340 (7%)
NYC (Metro Area) ^c	15,706 (31%)
UPSTATE ^d	35,556 (70%)
POLICIES DROPPED^e	15,481
	6,350 Not Taken
	2,097 Died
	7,034 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 *October 1 – December 31, 2005*

APPLICATIONS RECEIVED ^a	1,894
APPLICATIONS PROCESSED ^b	1,602
APPLICATIONS APPROVED	1,266 (79%)
APPLICATIONS DENIED	336 (21%)
APPROVED POLICYHOLDERS	1,266
MALE	525 (59%)
FEMALE	741 (42%)
MARRIED	902 (71%)
NOT MARRIED	318 (25%)
UNKNOWN	46 (4%)
AGE	59 (Mean) 59 (Median) 32 (Minimum) 83 (Maximum)
1st TIME PURCHASERS	1,234 (98%)
UPGRADES (Internal)	22 (2%)
REPLACEMENTS (External)	10 (<1%)
INDIVIDUAL	863 (68%)
GROUP	33 (3%)
ORG. SPONSORED	370 (29%)
NYC (Metro Area) ^c	488 (39%)
UPSTATE ^d	778 (62%)
POLICIES DROPPED ^e	473 81 Not Taken 156 Died 246 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=1,266)

October 1 – December 31, 2005

DEMOGRAPHICS

AGE RANGE: 32-83

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
2 (<1%)	47 (4%)	329 (26%)	389 (31%)	283 (22%)	135 (11%)	59 (5%)	10 (<1%)	12 (<1%)	- (-)

DEMOGRAPHIC CATEGORY

COMPOSITION

MEAN AGE

Pct.

ALL POLICYHOLDERS

1,266 100 59

POLICY CATEGORY

INDIVIDUAL	863	68		60
GROUP		33	3	56
ORGANIZATION-SPONSORED	370	29		58

GENDER

MALES	525	42		59
FEMALES	741	59		59

MARITAL STATUS

NOT MARRIED	318	25		60
MARRIED	902	71	58	
UNKNOWN	46	7		64

PURCHASE TYPE

UPGRADES (Internal Replacements)	22	2		60
REPLACEMENTS (External)	10	1		62
NEW PURCHASERS	1,234	98		59

GEOGRAPHIC REGIONS

NEW YORK CITY^a			148	12		60	DOWNSTATE
COUNTIES^b	412	33			58		
UPSTATE COUNTIES^c			705	56		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=1,266)

October 1 – December 31, 2005

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	1,223	97
4 years	8 years	21	1
5 years	10 years	19	1
7 years	14 years	3	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
		# Pct.
0	8	<1
20	118	9
30	109	9
45	107	9
60	25	2
90	445	35
100	454	36

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
		# Pct.
Nursing Home	1,266	100
Home Care	859	68

* 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=1,266)

October 1 – December 31, 2005

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	1032	82
Shortened Benefit Period	232	18
Return of Premium	2	<1

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	124	10
Quarterly	284	22
Semi-Annual	97	8
Annual	761	60

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	6	38
5% Compounded	10	62

* 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=1,266)

October 1 – December 31, 2005

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE: \$180-\$350
MEAN: \$207
MEDIAN: \$200

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS	
	(#)	(Pct.)
≤ \$180*	488	39
\$181 - \$189	12	<1
\$190 - \$199	10	<1
\$200	410	32
\$201 - \$249	100	8
\$250+	246	19

* New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$180 in 2005. This report also includes policies issued prior to 2005.

➤ Due to rounding, percents may not equal 100.

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

(N=1,266)

October 1 – December 31, 2005

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE: **\$90 - \$350**
MEAN: **\$129**
MEDIAN: **\$100**

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS	
	(#)	(Pct.)
≤ \$90*	391	31
\$91 - \$99	11	<1
\$100 - \$124	381	30
\$125 - \$149	120	10
\$150 - \$199	159	13
\$200+	204	16

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$90 in 2005. This report also includes policies issued prior to 2005.

HOME CARE DAILY BENEFIT	POLICYHOLDERS	
	(#)	(Pct.)
50% Nursing Home Benefit	945	75
80% Nursing Home Benefit	38	3
100% Nursing Home Benefit	283	22

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=1,266)**

October 1 – December 31, 2005

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,496	1,266	\$2,301	27	\$2,509	1,196	\$2,233	43
<40	\$1,043	14	-	-	\$1,044	14	-	-
40-44	\$1,451	27	-	-	\$1,453	26	\$1,385	1
45-49	\$1,753	79	-	-	\$1,748	72	\$1,809	7
50-54	\$1,825	200	\$1,630	3	\$1,821	185	\$1,928	12
55-59	\$2,034	381	\$1,340	8	\$2,021	361	\$2,494	16
60-64	\$2,501	307	\$1,644	9	\$2,527	292	\$2,532	6
65-69	\$3,359	158	\$2,677	5	\$3,379	152	\$3,742	1
70-74	\$4,479	71	\$3,128	4	\$4,560	67	-	-
75-79	\$6,121	13	-	-	\$6,121	13	-	-
80+	\$8,196	16	\$5,592	2	\$8,568	14	-	-

BASIC: Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$180 daily benefit for 2005);
- 2) 6 years of home care (\$90 daily benefit for 2005);
- 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 \$180 DBA for 2005);
- 2) 6 years of home care (minimally \$90 for 2005);
- 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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