



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

Volume 10 Number 4 October 1, 2002 – December 31, 2002

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Participating Insurers (as of the 4th 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. Eleven insurance companies are currently approved to sell Partnership policies, which includes five 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 4th quarter of 2002 (October 1 – December 31). 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 December 2002, the cumulative number of applications for the Partnership policies was **65,987**. Of the **59,783** applications which resulted in an underwriting decision, **49,188** (82%) were approved for coverage while **10,595** (18%) were denied. As of December 31, 2002, there were **38,562** 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 4th quarter of 2002, **2,204** applications were received by the 14 participating companies. Of the **2,057** applications which resulted in an underwriting decision, **1,729** (84%) were approved for coverage while **328** (16%) were denied. During the quarter, **257** policyholders lapsed or canceled their policies, including **75** who died. Another **182** individuals chose to relinquish their policy during the free-look period.

During the reporting quarter, **1,729** 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 **72** percent; and **90** percent were individual policies. The age of policyholders at purchase ranged from **26** to **86**, with a mean age of **61** years.

The average annual premium cost for all policyholders was **\$2,245**. Only **25** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$300/day** for nursing home and **\$300/day** for home care were also purchased. Seventy-two (72) percent of policyholders selected a 100-day deductible, while **16** percent chose a deductible of 30 days or less; fifty (**50**) percent selected a non-forfeiture option. Twenty-six (**26**) percent of the **38** 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 4 2002	Through 12/31/02
<i>Applications Received:</i>	2,204	65,987
Applications Denied:	328	10,595
Applications Pending & Withdrawn:	N/A	6,204
<i>Policies Purchased:</i>	1,729	49,188
Policies Dropped (voluntarily & for unknown reasons*):	157	4,728
Policies Not Taken Up (dropped within 30 day free look period):	182	4,994
<i>Total Policies In Force (active):</i>	N/A	38,562
Policyholders Who Received Service Payments:	338	720

** 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	65,987
APPLICATIONS PROCESSED	59,783
APPLICATIONS APPROVED	49,188 (82%)
APPLICATIONS DENIED	10,595 (18%)
ACTIVE POLICYHOLDERS^b	38,562
MALE	15,617 (41%)
FEMALE	22,944 (60%)
MARRIED	27,396 (71%)
NOT MARRIED	9,980 (26%)
UNKNOWN	1,186 (3%)
AGE	64 (Mean) 64 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	36,548 (95%)
UPGRADES (Internal)	1,660 (4%)
REPLACEMENTS (External)	354 (1%)
INDIVIDUAL	34,629 (90%)
GROUP	1,945 (5%)
ORG. SPONSORED	1,994 (5%)
NYC (Metro Area) ^c	9,996 (26%)
UPSTATE ^d	28,566 (74%)
POLICIES DROPPED^e	10,647
	4,994 Not Taken
	902 Died
	4,751 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 *OCTOBER 1 TO DECEMBER 31, 2002*

APPLICATIONS RECEIVED^a	2,204
APPLICATIONS PROCESSED^b	2,057
APPLICATIONS APPROVED	1,729 (84%)
APPLICATIONS DENIED	328 (16%)
APPROVED POLICYHOLDERS	1,729
MALE	712 (41%)
FEMALE	1,017 (59%)
MARRIED	1,245 (72%)
NOT MARRIED	433 (25%)
UNKNOWN	51 (3%)
AGE	61 (Mean) 60 (Median) 26 (Minimum) 86 (Maximum)
1st TIME PURCHASERS	1,694 (98%)
UPGRADES (Internal)	18 (1%)
REPLACEMENTS (External)	17 (1%)
INDIVIDUAL	1,558 (90%)
GROUP	83 (5%)
ORG. SPONSORED	88 (5%)
NYC (Metro Area)^c	638 (37%)
UPSTATE^d	1,091 (63%)
POLICIES DROPPED^e	414 182 Not Taken 75 Died 157 Other
POLICIES REINSTATED	4

^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=1,729)**

OCTOBER 1 TO DECEMBER 31, 2002

DEMOGRAPHICS

AGE RANGE: 26-86

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
6 (<1%)	31 (2%)	419 (24%)	451 (26%)	390 (23%)	244 (14%)	116 40 (7%)	31 (2%)	1 (2%)	<1%

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
ALL POLICYHOLDERS	1,729	100	61
POLICY CATEGORY			
INDIVIDUAL	1,558	90	61
GROUP	83	5	55
ORGANIZATION-SPONSORED	88	5	64
GENDER			
MALES	714	41	61
FEMALES	1,017	59	60
MARITAL STATUS			
NOT MARRIED	433	25	62
MARRIED	1,245	72	60
UNKNOWN	51	3	66
PURCHASE TYPE			
UPGRADES (Internal Replacements)	18	1	58
REPLACEMENTS (External)	17	1	64
NEW PURCHASERS	1,694	98	61
GEOGRAPHIC REGIONS			
NEW YORK CITY^a	189	11	59
DOWNSTATE COUNTIES^b	461	27	60
UPSTATE COUNTIES^c	1,076	62	61

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=1,729)

OCTOBER 1 TO DECEMBER 31, 2002

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	1,716	99
5 years	10 years	12	1
Lifetime	Lifetime	1	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	19	1
20	93	5
30	166	10
45	16	1
50	97	6
60	29	2
90	63	4
100	1,246	72

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	1,729	100
Home Care	342	20

* 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=1,729)**

OCTOBER 1 TO DECEMBER 31, 2002

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	867	50
Shortened Benefit Period	859	50
Death Benefit	3	<1

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	294	17
Quarterly	412	24
Semi-Annual	147	9
Annual	876	51

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	28	74
5% Compounded	10	26

* 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=1,729)**

OCTOBER 1 To DECEMBER 31, 2002

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE:	\$116-\$300
MEAN:	\$181
MEDIAN:	\$175

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$155*	580	34
\$160 - \$169	220	13
\$170 - \$179	86	5
\$180 - \$189	161	9
\$190 - \$199	30	2
\$200	472	27
\$201 - \$249	81	5
\$250+	99	6

* 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=1,729)**

OCTOBER 1 TO DECEMBER 31, 2002

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE:	\$58-\$300
MEAN:	\$105
MEDIAN:	\$95

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$77*	3	<1
\$ 77 ⁵⁰	475	28
\$ 80 - \$ 89	259	15
\$ 90 - \$ 99	155	9
\$100 - \$124	463	27
\$125 - \$149	85	5
\$150 - \$199	188	11
\$200+	101	6

* 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	1,417	82
80% Nursing Home Benefit	63	4
85% Nursing Home Benefit	1	<1
100% Nursing Home Benefit	248	14

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS
(N=1,729)**

OCTOBER 1 TO DECEMBER 31, 2002

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,245	1,729	\$2,082	115	\$2,254	1,601	\$2,642	13
<40	\$ 847	14	-	-	\$ 847	14	-	-
40 - 44	\$1,129	17	-	-	\$1,129	17	-	-
45 - 49	\$1,228	71	\$1,008	2	\$1,235	69	-	-
50 - 54	\$1,341	240	\$ 950	5	\$1,349	233	\$1,360	2
55 - 59	\$1,558	458	\$1,144	29	\$1,562	423	\$3,244	6
60 - 64	\$2,010	433	\$1,656	30	\$2,032	398	\$2,433	5
65 - 69	\$2,646	260	\$1,922	20	\$2,706	240	-	-
70 - 74	\$4,021	147	\$3,128	20	\$4,162	127	-	-
75 - 79	\$6,131	50	\$5,269	7	\$6,271	43	-	-
80 +	\$6,990	39	\$5,982	2	\$7,044	37	-	-

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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