



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

Volume 11 Number 4 October 1, 2003 – December 31, 2003

SPECIAL EDITION

(This report includes 4th quarter 2003 statistics)

Prepared by:

Adrianna Takada, Ph.D., Patrick Breen

Participating Insurers (as of the 4th quarter, 2003):

American Progressive	MedAmerica Insurance Co. of NY
CNA Insurance Companies	Metropolitan Life Insurance
Conseco Life Insurance Co of NY	Mutual of Omaha
G. E. Capital Life Assurance Co of NY	New York Life Insurance
John Hancock Life Insurance	The Prudential
Massachusetts Mutual Life Insurance	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. 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 2003 (October 1 – December 31). Twelve insurance companies marketed Partnership policies during this period: **American Progressive Life & Health Insurance Company of N.Y., Conseco Life Insurance Company, 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, Prudential Insurance Company, Massachusetts Mutual Life Insurance Company, and TransAmerica Life Insurance Company.**

From October 1993 through December 2003, the cumulative number of applications for the Partnership policies was **74,075**. Of the **67,344** applications which resulted in an underwriting decision, **55,197** (82%) were approved for coverage while **12,147** (18%) were denied. As of December 31, 2003, there were **42,881** active Partnership policyholders. The majority of these policyholders were female (59%) and married (71%); their mean age was **63** years; they tended to be first-time purchasers of LTC insurance (95%); they purchased individual policies (90%).

During the 4th quarter of 2003, **2,126** applications were received by the 12 participating companies. Of the **2,114** applications which resulted in an underwriting decision, **1,668** (79%) were approved for coverage while **446** (21%) were denied. During this quarter, **390** policyholders lapsed or canceled their policies, including **73** who died. Another **134** individuals chose to relinquish their policy during the free-look period.

During the 4th quarter of 2003, **1,168** 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 **60** percent; married persons comprised **76** percent; and **92** percent were individual policies. The age of policyholders at purchase ranged from **30** to **85**, with a mean age of **60** years.

The average annual premium cost for all policyholders was **\$2,311**. Only **24** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$400/day** for nursing home and **\$400/day** for home care were also purchased. Seventy-seven (77) percent of policyholders selected a 100-day deductible, while **10** percent chose a deductible of 30 days or less; sixty three (**63**) percent selected a non-forfeiture option. Thirty three (**33**) percent of the **22** 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 2003	Through 12/31/03
<i>Applications Received:</i>	2,126	74,075
Applications Denied:	446	12,147
Applications Pending & Withdrawn:	N/A	6,731
<i>Policies Purchased:</i>	1,668	55,197
Policies Dropped (voluntarily & for unknown reasons*):	317	5,599
Policies Not Taken Up (dropped within 30 day free look period):	134	5,492
<i>Total Policies In Force (active):</i>	N/A	42,881
Policyholders Who Received Service Payments:	480	969

*** 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	74,075
APPLICATIONS PROCESSED	67,344
APPLICATIONS APPROVED	55,197 (82%)
APPLICATIONS DENIED	12,147 (18%)
ACTIVE POLICYHOLDERS^b	42,881
MALE	17,417 (41%)
FEMALE	25,464 (59%)
MARRIED	30,600 (71%)
NOT MARRIED	10,947 (26%)
UNKNOWN	1,334 (3%)
AGE	63 (Mean) 64 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	40,777 (95%)
UPGRADES (Internal)	1,707 (4%)
REPLACEMENTS (External)	397 (1%)
INDIVIDUAL	38,546 (90%)
GROUP	2,013 (5%)
ORG. SPONSORED	2,322 (5%)
NYC (Metro Area) ^c	11,782 (28%)
UPSTATE ^d	31,099 (73%)
POLICIES DROPPED^e	12,337
	5,492 Not Taken
	1,246 Died
	5,599 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 TO DECEMBER 31, 2003*

APPLICATIONS RECEIVED^a	2,126
APPLICATIONS PROCESSED^b	2,114
APPLICATIONS APPROVED	1,668 (79%)
APPLICATIONS DENIED	446 (21%)
APPROVED POLICYHOLDERS	1,668
MALE	679 (41%)
FEMALE	992 (60%)
MARRIED	1,264 (76%)
NOT MARRIED	335 (20%)
UNKNOWN	69 (4%)
AGE	60 (Mean) 60 (Median) 30 (Minimum) 85 (Maximum)
1st TIME PURCHASERS	1,633 (98%)
UPGRADES (Internal)	23 (1%)
REPLACEMENTS (External)	12 (1%)
INDIVIDUAL	1,529 (92%)
GROUP	29 (2%)
ORG. SPONSORED	110 (7%)
NYC (Metro Area)^c	666 (40%)
UPSTATE^d	1,002 (60%)
POLICIES DROPPED^e	524 134 Not Taken 73 Died 317 Other
POLICIES REINSTATED	5

^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=1,668)**

OCTOBER 1 TO DECEMBER 31, 2003

DEMOGRAPHICS

AGE RANGE: 30-85

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
5 (<1%)	35 (2%)	400 (24%)	478 (29%)	379 (23%)	229 (14%)	89 (5%)	40 (2%)	13 (1%)	- (-)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
ALL POLICYHOLDERS	1,668	100	60
POLICY CATEGORY			
INDIVIDUAL	1,529	92	60
GROUP	29	2	57
ORGANIZATION-SPONSORED	110	7	62
GENDER			
MALES	679	41	61
FEMALES	992	60	60
MARITAL STATUS			
NOT MARRIED	335	20	61
MARRIED	1,264	76	59
UNKNOWN	69	4	62
PURCHASE TYPE			
UPGRADES (Internal Replacements)	23	1	63
REPLACEMENTS (External)	12	1	63
NEW PURCHASERS	1,633	98	60
GEOGRAPHIC REGIONS			
NEW YORK CITY ^a	199	12	60
DOWNSTATE COUNTIES ^b	511	31	60
UPSTATE COUNTIES ^c	957	57	60

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=1,668)

OCTOBER 1 TO DECEMBER 31, 2003

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	1,648	99
4 years	8 years	3	<1
5 years	10 years	13	<1
7 years	7 years	3	<1
Lifetime	Lifetime	1	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	18	1
20	62	4
30	81	5
45	22	1
50	131	8
60	43	3
90	23	1
100	1,288	77

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	1,668	100
Home Care	398	24

* 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=1,668)**

OCTOBER 1 TO DECEMBER 31, 2003

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	624	37
Shortened Benefit Period	1,031	62
Return of Premium	1	1

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	188	11
Quarterly	462	28
Semi-Annual	152	9
Annual	866	52

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	14	67
5% Compounded	7	33

* 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=1,668)**

OCTOBER 1 TO DECEMBER 31, 2003

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

**RANGE: \$110-\$400
MEAN: \$187
MEDIAN: \$180**

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$163*	502	30
\$165 - \$169	153	9
\$170 - \$179	178	11
\$180 - \$189	139	8
\$190 - \$199	19	1
\$200	437	26
\$201 - \$249	85	5
\$250+	155	9

*** New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$163 in 2003. This report also includes policies issued prior to 2003.**

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

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

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=1,668)**

OCTOBER 1 TO DECEMBER 31, 2003

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE:	\$55 -\$400
MEAN:	\$113
MEDIAN:	\$100

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#)	(Pct.)
≤ \$82*	671	40
\$ 82.50 - \$ 89	25	2
\$ 90 - \$ 99	124	7
\$100 - \$124	382	23
\$125 - \$149	136	8
\$150 - \$199	168	10
\$200+	162	10

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$82 in 2003. This report also includes policies issued prior to 2003.

HOME CARE DAILY BENEFIT	POLICYHOLDERS (#)	(Pct.)
50% Nursing Home Benefit	1,316	79
80% Nursing Home Benefit	56	3
100% Nursing Home Benefit	296	18

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=1,668)**

OCTOBER 1 TO DECEMBER 31, 2003

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,311	1,668	\$2,201	78	\$2,312	1,570	\$2,721	20
<40	\$ 989	18	-	-	\$ 989	10	-	-
40 - 44	\$1,036	24	-	-	\$1,030	22	\$1,109	2
45 - 49	\$1,281	84	\$ 858	1	\$1,282	82	\$1,626	1
50 - 54	\$1,462	247	\$1,026	7	\$1,474	239	\$1,544	1
55 - 59	\$1,669	451	\$1,163	15	\$1,686	430	\$1,656	6
60 - 64	\$2,121	425	\$1,505	22	\$2,138	397	\$3,220	6
65 - 69	\$3,038	246	\$2,312	16	\$3,072	228	\$5,011	2
70 - 74	\$4,338	116	\$3,572	10	\$4,408	105	\$4,681	1
75 - 79	\$6,241	44	\$5,140	6	\$6,452	37	\$5,073	1
80 +	\$8,235	21	\$9,293	1	\$8,172	20	-	-

BASIC: Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$163 daily benefit for 2003);
- 2) 6 years of home care (\$82 daily benefit for 2003);
- 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 \$163 DBA for 2003);
- 2) 6 years of home care (minimally \$82 for 2003);
- 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.



www.nyspltc.org