



## **The New York State Partnership for Long-Term Care**

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# **QUARTERLY UPDATE**

**Volume 12 Number 1-2 January 1, 2004 – June 30, 2004**

### **SPECIAL EDITION**

**(This report includes 1<sup>st</sup> and 2<sup>nd</sup> quarter 2004 statistics)**

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#### **Participating Insurers (as of the 2nd 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 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2004 (January 1 – June 30). Twelve 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 June 2004, the cumulative number of applications for the Partnership policies was **78,253**. Of the **71,385** applications which resulted in an underwriting decision, **58,119** (82%) were approved for coverage while **13,183** (18%) were denied. As of June 30, 2004, there were **45,142** 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 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2004, **4,178** applications were received by the 12 participating companies. Of the **4,041** applications which resulted in an underwriting decision, **3,002** (79%) were approved for coverage while **1,039** (26%) were denied. During this quarter, **546** policyholders lapsed or canceled their policies, including **192** who died. Another **204** individuals chose to relinquish their policy during the free-look period.

During the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2004, **3,002** 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 **75** percent; and **94** percent were individual policies. The age of policyholders at purchase ranged from **31** to **85**, with a mean age of **59** years.

The average annual premium cost for all policyholders was **\$2,297**. 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-four (74) percent of policyholders selected a 100-day deductible, while **10** percent chose a deductible of 30 days or less; twenty nine (**29**) percent selected a non-forfeiture option. Thirty two (**32**) percent of the **25** 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 1&2 2004	Through 6/30/04
<b><i>Applications Received:</i></b>	<b>4,147</b>	<b>78,253</b>
<b>Applications Denied:</b>	1,039	13,183
<b>Applications Pending &amp; Withdrawn:</b>	N/A	6,731
<b><i>Policies Purchased:</i></b>	<b>3,002</b>	<b>58,199</b>
<b>Policies Dropped (voluntarily &amp; for unknown reasons*):</b>	344	5,889
<b>Policies Not Taken Up (dropped within 30 day free look period):</b>	204	5,697
<b><i>Total Policies In Force (active):</i></b>	<b>N/A</b>	<b>45,142</b>
<b>Policyholders Who Received Service Payments:</b>	589	1,100

***\* 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

<b>APPLICATIONS RECEIVED<sup>a</sup></b>	<b>78,253</b>
<b>APPLICATIONS PROCESSED</b>	<b>71,385</b>
APPLICATIONS APPROVED	58,119 (82%)
APPLICATIONS DENIED	13,183 (18%)
<b>ACTIVE POLICYHOLDERS<sup>b</sup></b>	<b>45,142</b>
MALE	18,328 (41%)
FEMALE	26,814 (59%)
MARRIED	32,360 (72%)
NOT MARRIED	11,435 (25%)
UNKNOWN	1,347 (3%)
AGE	63 (Mean) 63 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	42,992 (95%)
UPGRADES (Internal)	1,750 (4%)
REPLACEMENTS (External)	400 (1%)
INDIVIDUAL	40,658 (90%)
GROUP	2,061 (5%)
ORG. SPONSORED	2,423 (5%)
NYC (Metro Area) <sup>c</sup>	12,932 (29%)
UPSTATE <sup>d</sup>	32,210 (71%)
<b>POLICIES DROPPED<sup>e</sup></b>	<b>13,078</b>
	5,697 Not Taken
	1,436 Died
	5,945 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 JANUARY 1 TO JUNE 30, 2004**

<b>APPLICATIONS RECEIVED<sup>a</sup></b>	<b>4,178</b>
<b>APPLICATIONS PROCESSED<sup>b</sup></b>	<b>4,041</b>
<b>APPLICATIONS APPROVED</b>	3,002 (74%)
<b>APPLICATIONS DENIED</b>	1,039 (26%)
<b>APPROVED POLICYHOLDERS</b>	<b>3,002</b>
<b>MALE</b>	1,248 (42%)
<b>FEMALE</b>	1,754 (58%)
<b>MARRIED</b>	2,262 (75%)
<b>NOT MARRIED</b>	712 (24%)
<b>UNKNOWN</b>	28 ( 1%)
<b>AGE</b>	59 (Mean) 59 (Median) 31 (Minimum) 85 (Maximum)
<b>1st TIME PURCHASERS</b>	2,905 (97%)
<b>UPGRADES (Internal)</b>	72 ( 2%)
<b>REPLACEMENTS (External)</b>	25 ( 1%)
<b>INDIVIDUAL</b>	2,808 (94%)
<b>GROUP</b>	63 ( 2%)
<b>ORG. SPONSORED</b>	131 ( 4%)
<b>NYC (Metro Area)<sup>c</sup></b>	1,385 (46%)
<b>UPSTATE<sup>d</sup></b>	1,617 (54%)
<b>POLICIES DROPPED<sup>e</sup></b>	<b>750</b> 204 Not Taken 192 Died 354 Other
<b>POLICIES REINSTATED</b>	<b>9</b>

<sup>a</sup> Refers to applications received during the current quarter, only.

<sup>b</sup> Refers to underwriting decisions made during the current quarter, regardless of application date.

<sup>c</sup> Includes NYC five boroughs, Nassau, Suffolk, & Westchester.

<sup>d</sup> Also includes policyholders whose addresses are under review.

<sup>e</sup> 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=3,002)**

*JANUARY 1 TO JUNE 30, 2004*

**DEMOGRAPHICS**

**AGE RANGE: 31-85**

**AGE DISTRIBUTION**

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
15 (1%)	109 (4%)	836 (28%)	829 (28%)	634 (21%)	359 (12%)	153 (5%)	48 (2%)	19 (1%)	- (-)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
<b>ALL POLICYHOLDERS</b>	3,002	100	59
<b>POLICY CATEGORY</b>			
INDIVIDUAL	2,808	94	59
GROUP	63	2	56
ORGANIZATION-SPONSORED	131	4	62
<b>GENDER</b>			
MALES	1,248	42	59
FEMALES	1,754	58	59
<b>MARITAL STATUS</b>			
NOT MARRIED	712	24	60
MARRIED	2,262	75	58
UNKNOWN	28	1	66
<b>PURCHASE TYPE</b>			
UPGRADES (Internal Replacements)	72	2	58
REPLACEMENTS (External)	25	1	60
NEW PURCHASERS	2,905	97	59
<b>GEOGRAPHIC REGIONS</b>			
NEW YORK CITY <sup>a</sup>	443	15	59
DOWNSTATE COUNTIES <sup>b</sup>	1,029	34	58
UPSTATE COUNTIES <sup>c</sup>	1,522	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=3,002)**

*JANUARY 1 TO JUNE 30, 2004*

<b>POLICY FEATURES</b>
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**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	2,947	98
4 years	8 years	7	<1
5 years	10 years	26	1
7 years	14 years	1	<1
Lifetime	Lifetime	21	1

**ELIMINATION PERIOD**

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	13	<1
20	117	4
30	158	5
45	76	3
50	276	9
60	67	2
90	64	2
100	2,231	74

**WAIVER OF PREMIUM**

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	3,002	100
Home Care	764	25

\* 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=3,002)**

*JANUARY 1 TO JUNE 30, 2004*

**POLICY FEATURES**

**NON-FORFEITURE BENEFIT**

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	2,428	81
Shortened Benefit Period	569	19
Return of Premium	5	<1

**PREMIUM PAYMENT MODE**

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	280	9
Quarterly	934	31
Semi-Annual	269	9
Annual	1,519	51

**INFLATION PROTECTION STATUS FOR AGE 80 AND OVER\***

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	17	68
5% Compounded	8	32

\* 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=3,002)**

*JANUARY 1 TO JUNE 30, 2004*

**POLICY FEATURES**

**MAXIMUM NURSING HOME DAILY BENEFIT**

**RANGE:                 \$160-\$400**  
**MEAN:                 \$193**  
**MEDIAN:               \$183**

<b>MAXIMUM DAILY BENEFIT (\$)</b>	<b>POLICYHOLDERS (#)                   (Pct.)</b>	
<b>≤ \$171*</b>	<b>1,004</b>	<b>33</b>
<b>\$172 - \$179</b>	<b>245</b>	<b>8</b>
<b>\$180 - \$189</b>	<b>260</b>	<b>9</b>
<b>\$190 - \$199</b>	<b>26</b>	<b>1</b>
<b>\$200</b>	<b>975</b>	<b>33</b>
<b>\$201 - \$249</b>	<b>192</b>	<b>6</b>
<b>\$250+</b>	<b>300</b>	<b>10</b>

**\* 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=3,002)**

*JANUARY 1 TO JUNE 30, 2004*

<b>POLICY FEATURES</b>
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**MAXIMUM HOME CARE DAILY BENEFIT**

<b>RANGE:</b>	<b>\$80 -\$400</b>
<b>MEAN:</b>	<b>\$113</b>
<b>MEDIAN:</b>	<b>\$100</b>

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$86*	865	29
\$ 86.50 - \$ 89	214	7
\$ 90 - \$ 99	230	8
\$100 - \$124	918	31
\$125 - \$149	261	9
\$150 - \$199	230	8
\$200+	284	10

\* 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.)	
<b>50% Nursing Home Benefit</b>	<b>2,464</b>	<b>82</b>
<b>80% Nursing Home Benefit</b>	<b>96</b>	<b>3</b>
<b>100% Nursing Home Benefit</b>	<b>442</b>	<b>15</b>

➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE  
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS  
(N=3,002)**

*JANUARY 1 TO JUNE 30, 2004*

**AVERAGE (MEAN) POLICY PREMIUMS**

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
<b>ALL AGE</b>	<b>\$2,297</b>	<b>3,002</b>	<b>\$2,202</b>	<b>532</b>	<b>\$2,354</b>	<b>2,415</b>	<b>\$2,431</b>	<b>55</b>
<40	\$ 989	36	\$ 982	5	\$1,190	31	\$1,246	-
40 - 44	\$1,036	56	\$1,115	11	\$1,030	22	\$1,109	2
45 - 49	\$1,281	227	\$1,131	42	\$1,419	179	\$2,312	6
50 - 54	\$1,462	495	\$1,242	92	\$1,513	392	\$2,129	11
55 - 59	\$1,669	806	\$1,463	126	\$1,824	664	\$2,131	16
60 - 64	\$2,121	701	\$1,969	31	\$2,305	397	\$2,382	10
65 - 69	\$3,038	410	\$2,878	75	\$3,134	327	\$3,211	8
70 - 74	\$4,338	182	\$4,033	35	\$4,869	146	\$5,570	1
75 - 79	\$6,241	64	\$6,429	12	\$6,877	51	\$4,742	1
80 +	\$8,235	25	\$6,783	3	\$8,495	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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