



The New York State Partnership for Long-Term Care

QUARTERLY UPDATE

Volume 13 Number 1-2 January 1, 2005 – June 30, 2005

SPECIAL EDITION

(This report includes 1st and 2nd quarter 2005 statistics)

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Participating Insurers (as of the 2nd 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 1st and 2nd quarters of 2005 (January 1 – June 30). 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 June 2005, the cumulative number of applications for the Partnership policies was **87,153**. Of the **79,018** applications which resulted in an underwriting decision, **64,139** (81%) were approved for coverage while **14,879** (19%) were denied. As of June 30, 2005, there were **49,574** active Partnership policyholders. The majority of these policyholders were female (60%) and married (74%); their mean age was **63** years; they tended to be first-time purchasers of LTC insurance (96%); they purchased individual policies (91%).

During the 1st and 2nd quarters of 2005, **3,180** applications were received by the 7 participating companies. Of the **3,564** applications which resulted in an underwriting decision, **2,781** (78%) were approved for coverage while 783 (22%) were denied. During these quarters, **523** policyholders lapsed or canceled their policies, including **202** who died. Another **223** individuals chose to relinquish their policy during the free-look period.

During the 1st and 2nd quarters of 2005, **2,781** policyholders were approved for coverage (includes applicants from previous quarters.) Of these, **99** 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 **57** percent; married persons comprised **78** percent; and **93** percent were individual policies. The age of policyholders at purchase ranged from **21** to **85**, with a mean age of **59** years.

The average annual premium cost for all policyholders was **\$2,396**. Only **32** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$420/day** for nursing home and **\$400/day** for home care were also purchased. Fifty-three (53) percent of policyholders selected a 100-day deductible, while **14** percent chose a deductible of 30 days or less; twenty-eight (**28**) percent selected a non-forfeiture option. Fifty-two (**52**) percent of the **21** 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 2005	Through 6/30/05
<i>Applications Received:</i>	3,180	87,153
Applications Denied:	783	14,879
Applications Pending & Withdrawn:	N/A	8,135
<i>Policies Purchased:</i>	2,781	64,139
Policies Dropped (voluntarily & for unknown reasons*):	760	6,996
Policies Not Taken Up (dropped within 30 day free look period):	223	6,140
<i>Total Policies In Force (active):</i>	N/A	49,574
Policyholders Who Received Service Payments:	693	1,387

**** 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	87,153
APPLICATIONS PROCESSED	79,018
APPLICATIONS APPROVED	64,139 (81%)
APPLICATIONS DENIED	14,879 (19%)
ACTIVE POLICYHOLDERS^b	49,574
MALE	20,657 (40%)
FEMALE	29,787 (60%)
MARRIED	36,464 (74%)
NOT MARRIED	12,566 (25%)
UNKNOWN	1,375 (1%)
AGE	63 (Mean) 63 (Median) 21 (Minimum) 96 (Maximum)
1st TIME PURCHASERS	48,068 (96%)
UPGRADES (Internal)	1,793 (3%)
REPLACEMENTS (External)	459 (1%)
INDIVIDUAL	45,518 (91%)
GROUP	2,141 (4%)
ORG. SPONSORED	2,661 (5%)
NYC (Metro Area) ^c	15,363 (30%)
UPSTATE ^d	34,955 (70%)
POLICIES DROPPED^e	14,586
	6,140 Not Taken
	1,846 Died
	6,600 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, 2005

APPLICATIONS RECEIVED ^a	3,180
APPLICATIONS PROCESSED ^b	3,564
APPLICATIONS APPROVED	2,781 (78%)
APPLICATIONS DENIED	783 (22%)
APPROVED POLICYHOLDERS	2,781
MALE	1,196 (43%)
FEMALE	1,585 (57%)
MARRIED	2,167 (78%)
NOT MARRIED	595 (21%)
UNKNOWN	19 (1%)
AGE	59 (Mean) 59 (Median) 21 (Minimum) 85 (Maximum)
1st TIME PURCHASERS	2,745 (99%)
UPGRADES (Internal)	22 (1%)
REPLACEMENTS (External)	14 (1%)
INDIVIDUAL	2,595 (93%)
GROUP	46 (2%)
ORG. SPONSORED	140 (5%)
NYC (Metro Area) ^c	1,243 (45%)
UPSTATE ^d	1,538 (55%)
POLICIES DROPPED ^e	746 223 Not Taken 202 Died 321 Other
POLICIES REINSTATED	14

^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=2,781)**

JANUARY 1 TO JUNE 30, 2005

DEMOGRAPHICS

AGE RANGE: 21-85

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
12	78	765	838	639	292	106	38	13	-
(<1%)	(3%)	(28%)	(30%)	(23%)	(11%)	(4%)	(1%)	(1%)	(-)

<u>DEMOGRAPHIC CATEGORY</u>	<u>COMPOSITION</u>		<u>MEAN AGE</u>
	#	Pct.	
ALL POLICYHOLDERS	2,781	100	59
POLICY CATEGORY			
INDIVIDUAL	2,595	93	59
GROUP	46	2	59
ORGANIZATION-SPONSORED	140	4	60
GENDER			
MALES	1,196	43	59
FEMALES	1,585	57	58
MARITAL STATUS			
NOT MARRIED	595	21	60
MARRIED	2,167	78	58
UNKNOWN	19	1	64
PURCHASE TYPE			
UPGRADES (Internal Replacements)	22	1	57
REPLACEMENTS (External)	14	1	62
NEW PURCHASERS	2,745	99	59
GEOGRAPHIC REGIONS			
NEW YORK CITY ^a	411	15	58
DOWNSTATE COUNTIES ^b	925	33	59
UPSTATE COUNTIES ^c	1,443	52	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.

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

SUMMARY STATISTICS OF APPROVED POLICYHOLDERS (N=2,781)

JANUARY 1 TO JUNE 30, 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	2706	97
4 years	6 years	37	1
5 years	6 years	31	1
5 years	10 years	30	1
7 years	14 years	7	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	7	<1
20	192	7
30	187	7
45	142	5
50	129	5
60	66	2
90	574	21
100	1484	53

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	2781	100
Home Care	986	36

* Not mutually exclusive

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

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=2,781)**

JANUARY 1 TO JUNE 30, 2005

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	2016	73
Shortened Benefit Period	475	17
Return of Premium	7	<1
Other	283	10

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	281	10
Quarterly	765	28
Semi-Annual	233	8
Annual	1502	54

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	10	48
5% Compounded	11	52

* 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.

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

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=2,781)**

JANUARY 1 TO JUNE 30, 2005

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE: \$150-\$420
MEAN: \$203
MEDIAN: \$200

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$180*	1131	41
\$181 - \$189	10	<1
\$190 - \$199	21	1
\$200	959	35
\$201 - \$249	205	7
\$250+	455	16

* 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.

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- Due to rounding, percents may not equal 100.

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

**SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=2,781)**

JANURARY 1 TO JUNE 30, 2005

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE:	\$75 -\$400
MEAN:	\$122
MEDIAN:	\$100

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#)	(Pct.)
≤ \$90*	940	34
\$ 91 - \$ 99	23	1
\$100 - \$124	885	32
\$125 - \$149	279	10
\$150 - \$199	301	11
\$200+	353	13

* 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	2,207	79
80% Nursing Home Benefit	66	2
100% Nursing Home Benefit	508	18

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**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
SUMMARY STATISTICS OF APPROVED POLICYHOLDERS
(N=2,781)**

JANUARY 1 TO JUNE 30, 2005

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,396	2781	\$2,031	179	\$2,420	2527	\$2,480	75
<40	\$1,506	26	\$ 985	2	\$1,570	22	\$1,319	2
40-44	\$1,379	44	\$1,004	6	\$1,438	38	-	-
45-49	\$1,514	164	\$1,124	7	\$1,527	153	\$1,706	4
50-54	\$1,720	479	\$1,234	39	\$1,767	428	\$1,605	12
55-59	\$1,935	832	\$1,499	47	\$1,956	754	\$2,082	31
60-64	\$2,426	680	\$2,078	40	\$2,441	625	\$2,711	15
65-69	\$3,150	367	\$2,922	22	\$3,150	337	\$3,771	8
70-74	\$4,689	133	\$4,457	11	\$4,645	119	\$7,288	3
75-79	\$7,162	35	\$5,001	3	\$7,365	32	-	-
80+	\$9,656	21	\$8,846	2	\$9,741	19	-	-

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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