



**STATE OF NEW YORK
DEPARTMENT OF HEALTH**

Office of Continuing Care

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The New York State Partnership for Long Term Care

QUARTERLY UPDATE

Volume 8 Number 2 April 1, 2000 – June 30, 2000

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Participating Insurers:

**G. E. Capital Life Assurance Co of NY
Finger Lakes Long Term Care Insurance
The Travelers Insurance
Mutual of Omaha
Conseco Life Insurance Co of NY
First Fortis Insurance Company**

**John Hancock Life Insurance
Metropolitan Life Insurance
New York Life Insurance
Teachers Insurance and Annuity Assoc
The Prudential
CNA Insurance Companies**

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. Fourteen insurance companies are currently approved to sell Partnership policies, which includes three 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 2nd quarter of 2000 (April 1 – June 30). Twelve insurance companies marketed Partnership policies during this quarter: **Conseco Life Insurance Company, CNA Insurance Companies, Finger Lakes Long Term Care Insurance Company, , 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, and The Travelers Insurance Company.**

From April 1993 through June 2000, the cumulative number of applications for the Partnership policies was **48,060**. Of the **42,462** applications which resulted in an underwriting decision **35,187** (83%) were approved for coverage while **7,281** (17%) were denied. As of June 30, 2000, there were **27,903** active Partnership policyholders. The majority of these policyholders were female (60%) and married (70%); their mean age was **65** years; they tended to be first-time purchasers of LTC insurance (93%); they purchased individual policies (91%).

During the second quarter of 2000, **2,023** applications were received by the 12 participating companies. Of the **1,810** applications which resulted in an underwriting decision, **1,428** (79%) were approved for coverage while **382** (21%) were denied. During the quarter, **170** policyholders lapsed or canceled their policies, including **28** who died. Another **140** individuals chose to relinquish their policy during the free-look period.

During the reporting quarter, **1,428** 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 **73** percent; and **94** percent were individual policies. The age of policyholders at purchase ranged from **29** to **93**, with a mean age of **64** years.

The average annual premium cost for all policyholders was **\$2,350**. Only **13** percent of all policies sold contained minimum daily benefit amounts, while packages as high as **\$300/day** for both nursing home and home care were also purchased. Seventy-four (74) percent of policyholders selected a 100-day deductible, while **24** percent chose a deductible of 30 days or less; only **9%** selected a non-forfeiture option. twenty-two (22) percent of the **56** policyholders who were 80 years of age or older at the time of purchase elected to buy optional inflation protection.

NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE

SUMMARY CUMULATIVE STATISTICS ON PARTNERSHIP ACTIVITY SINCE APRIL 1993

APPLICATIONS RECEIVED^a	48,060
APPLICATIONS PROCESSED	42,462
APPLICATIONS APPROVED	35,181 (83%)
APPLICATIONS DENIED	7,281 (17%)
ACTIVE POLICYHOLDERS^b	27,903
MALE	11,294 (41%)
FEMALE	16,609 (60%)
MARRIED	19,632 (70%)
NOT MARRIED	7,376 (26%)
UNKNOWN	895 (3%)
AGE	65 (Mean) 65 (Median) 19 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	26,047 (93%)
UPGRADES (Internal)	1,566 (6%)
REPLACEMENTS (External)	290 (1%)
INDIVIDUAL	25,380 (91%)
GROUP	1,058 (4%)
ORG. SPONSORED	1,465 (5%)
NYC (Metro Area)^c	7,411 (27%)
UPSTATE^d	20,492 (73%)
POLICIES DROPPED^e	7,298 3,814 Not Taken 307 Died 3,177 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 *APRIL 1 TO JUNE 30, 2000*

APPLICATIONS RECEIVED ^a	2,023
APPLICATIONS PROCESSED ^b	1,810
APPLICATIONS APPROVED	1,428 (79%)
APPLICATIONS DENIED	382 (21%)
APPROVED POLICYHOLDERS	1,428
MALE	572 (40%)
FEMALE	856 (60%)
MARRIED	1,042 (73%)
NOT MARRIED	379 (27%)
UNKNOWN	7 (1%)
AGE	64 (Mean) 64 (Median) 29 (Minimum) 93 (Maximum)
1st TIME PURCHASERS	1,400 (98%)
UPGRADES (Internal)	23 (2%)
REPLACEMENTS (External)	5 (<1%)
INDIVIDUAL	1,338 (94%)
GROUP	33 (2%)
ORG. SPONSORED	57 (4%)
NYC (Metro Area) ^c	287 (20%)
UPSTATE ^d	1,141 (80%)
POLICIES DROPPED ^e	310 140 Not Taken 28 Died 142 Other
POLICIES REINSTATED	11

^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=1,428)**

APRIL 1 TO JUNE 30, 2000

DEMOGRAPHICS

AGE RANGE: 29-93

AGE DISTRIBUTION

<=35	36-45	46-55	56-60	61-65	66-70	71-75	76-80	81-85	86+
1 (<1%)	19 (1%)	125 (9%)	286 (20%)	399 (28%)	315 (22%)	177 (12%)	63 (4%)	41 (3%)	2 (<1%)

DEMOGRAPHIC CATEGORY

COMPOSITION

MEAN AGE

Pct.

ALL POLICYHOLDERS

1,428 100 64

POLICY CATEGORY

INDIVIDUAL	1,338	94	64
GROUP	33	2	59
ORGANIZATION-SPONSORED	57	4	64

GENDER

MALES	572	40	64
FEMALES	856	60	64

MARITAL STATUS

NOT MARRIED	379	27	67
MARRIED	1,042	73	63
UNKNOWN	7	1	66

PURCHASE TYPE

UPGRADES (Internal Replacements)	23	2	66
REPLACEMENTS (External)	5	<1	61
NEW PURCHASERS	1,400	98	64

GEOGRAPHIC REGIONS

NEW YORK CITY ^a	80	6	65
DOWNSTATE COUNTIES ^b	230	16	66
UPSTATE COUNTIES ^c	1,118	78	64

^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=1,428)

APRIL 1 TO JUNE 30, 2000

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	1,394	98
4 years	8 years	2	<1
5 years	6.67 years	8	1
	10 years	7	<1
6 years	6 years	12	1
	12 years	2	<1
7 years	14 years	1	<1
Lifetime	Lifetime	2	<1

ELIMINATION PERIOD

<u>DAYS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
0	52	4
20	188	13
30	104	7
60	30	2
100	1,054	74

WAIVER OF PREMIUM

<u>PREMIUM WAIVED</u>	<u>POLICYHOLDERS*</u>	
	#	Pct.
Nursing Home	1,428	100
Home Care	697	49

* 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=1,428)

APRIL 1 TO JUNE 30, 2000

POLICY FEATURES

NON-FORFEITURE BENEFIT

<u>NON-FORFEITURE OPTION</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	1,295	91
Shortened Benefit Period	132	9
Benefit Bank	1	<1

PREMIUM PAYMENT MODE

<u>PAYMENT MODE</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
Monthly	221	16
Quarterly	181	13
Semi-Annual	141	10
Annual	885	62

INFLATION PROTECTION STATUS FOR AGE 80 AND OVER*

<u>INFLATION STATUS</u>	<u>POLICYHOLDERS</u>	
	#	Pct.
None	34	61
5% Compounded	22	39

* New York State Partnership for Long Term Care mandates a minimum rate of inflation protection of 5% compounded annually for Program participants under age 80.

> Due to rounding, percents may not equal 100.

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

QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,428)

APRIL 1 TO JUNE 30, 2000

POLICY FEATURES

MAXIMUM NURSING HOME DAILY BENEFIT

RANGE: \$134-\$300
MEAN: \$168
MEDIAN: \$150

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$141*	267	19
\$142 - \$149	6	<1
\$150 - \$159	473	33
\$160 - \$169	69	5
\$170 - \$179	102	7
\$180 - \$189	165	12
\$190 - \$199	31	2
\$200	253	18
\$201 - \$249	17	1
\$250+	45	3

*** New York State Partnership for Long Term Care requires a minimum Nursing Home Daily Benefit Amount of \$141 in 2000. This report also includes policies issued prior to 2000.**

> Due to rounding, percents may not equal 100.

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

QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,428)

APRIL 1 TO JUNE 30, 2000

POLICY FEATURES

MAXIMUM HOME CARE DAILY BENEFIT

RANGE: \$67-\$300
MEAN: \$96
MEDIAN: \$85

MAXIMUM DAILY BENEFIT (\$)	POLICYHOLDERS (#) (Pct.)	
≤ \$70*	230	16
\$71 - \$79	386	27
\$80 - \$89	139	10
\$90 - \$99	152	11
\$100 - \$124	296	21
\$125 - \$149	72	5
\$150 - \$199	125	9
\$200+	28	2

* New York State Partnership for Long Term Care requires a minimum Home Care Daily Benefit Amount of \$70 in 2000. This report also includes policies issued prior to 2000.
➤ Due to rounding, percents may not equal 100.

**NEW YORK STATE PARTNERSHIP FOR LONG TERM CARE
QUARTERLY STATISTICS OF APPROVED POLICYHOLDERS (N=1,428)**

APRIL 1 TO JUNE 30, 2000

AVERAGE (MEAN) POLICY PREMIUMS

AGE RANGE	POLICY TYPE							
	ALL	#	BASIC	#	OPTIONAL	#	BASIC+	#
ALL AGE	\$2,350	1,428	\$2,009	182	\$2,402	1,211	\$2,333	35
<40	\$512	4	\$504	3	\$536	1	-	-
40 - 44	\$786	10	\$805	4	\$773	6	-	-
45 - 49	\$958	35	\$718	6	\$954	27	\$1,725	2
50 - 54	\$1,070	74	\$865	10	\$1,097	63	\$1,444	1
55 - 59	\$1,331	230	\$1,037	19	\$1,329	198	\$1,791	13
60 - 64	\$1,710	398	\$1,354	50	\$1,743	328	\$2,335	11
65 - 69	\$2,352	351	\$1,838	43	\$2,426	304	\$2,232	4
70 - 74	\$3,477	211	\$2,967	24	\$3,530	184	\$4,316	3
75 - 79	\$5,024	68	\$4,390	13	\$5,160	54	\$5,912	1
80 +	\$6,450	56	\$5,333	10	\$6,693	46	-	-

BASIC: Basic policy includes the following policy features:

- 1) 3 years of nursing home care (\$141 daily benefit for 2000);
- 2) 6 years of home care (\$70 daily benefit for 2000);
- 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 \$141 DBA for 2000);
- 2) 6 years of home care (minimally \$70 for 2000);
- 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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