



Quarterly Update

2nd Quarter 2011

April 1, 2011 – June 30, 2011

Insurance companies marketing Partnership policies as of June 30, 2011:

*Genworth Life Insurance Company of New York
MedAmerica Insurance Company of New York
Massachusetts Mutual Life Insurance Company
New York Life Insurance Company*

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Executive Summary

The New York State Partnership for Long Term Care is a public-private partnership program designed to finance long-term care by 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.

Currently, four Partnership insurance companies offer four plans: Total Asset 50, Total Asset 100, Dollar for Dollar 50, & Dollar for Dollar 100. The notations, 50 & 100, represent the percentage of benefit paid for the home care or home & community based care compared to the nursing home benefit.

Since April 1993, participating insurance companies have been submitting data quarterly on Partnership policy sales, any changes to these policies, & use of the policies. This report is based on an analysis of these data. Following are the highlights:

- Since April 1993, 133,248 applications for Partnership policies have been received. Of these, 22,531 (17%) were denied, 15,015 (11%) are pending or have been withdrawn, & 95,702 (72%) were approved & purchased.
- Of the 95,702 policies purchased, 23,392 were dropped—37% because the policy was dropped voluntarily, 30% because the policy was cancelled during the 30-day free-look period, & 24% because the policyholder died. As of the end of 2nd quarter 2011, 72,310 policies were in-force.
- Since April 1993, four percent of policies lapsed by their one-year anniversary, 6% by two years, 8% by three years, 10% by four years, 12% by five years, & 18% by 10 years.
- During 2nd quarter 2011, 683 policies were purchased (a 34% decline from 2nd quarter 2010 and a 22% decline from 2nd quarter 2009), 174 were dropped, & 4 were reinstated.
- The table below compares several demographic characteristics & policy features of individuals who purchased a policy during 2nd quarter 2011 with all who purchased prior to 2nd quarter 2011. Among policies purchased during 2nd quarter 2011, statistically significant differences are italicized in the table.

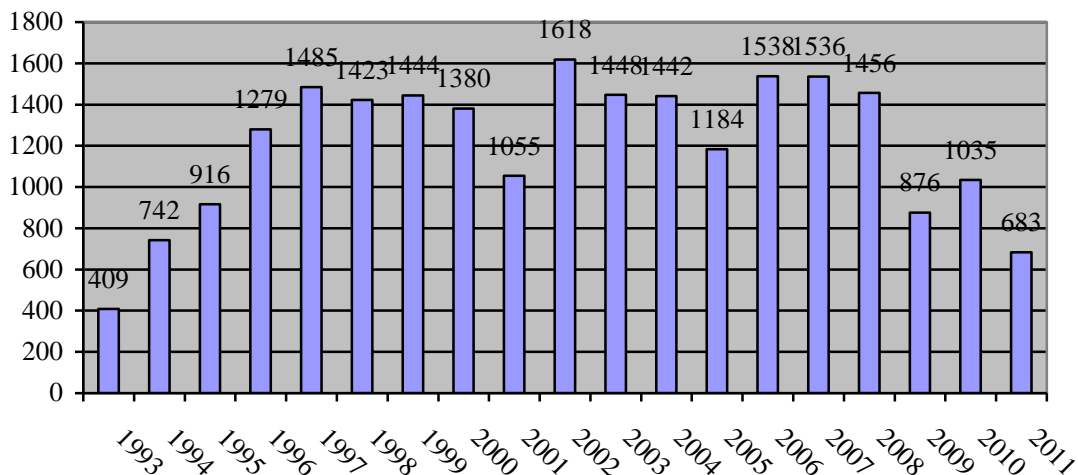
	Purchased during 2nd quarter 2011 (683 policies)	Purchased prior to 2nd quarter 2011 (95,016 policies)
Average age	60 years	62 years
Female	58%	58%
Married	80%	75%
Live in upstate counties	60%	66%
Purchased Total Asset 50 plan	73% <i>Those who were living in upstate counties more likely to purchase</i>	91%
Purchased Total Asset 100 plan	25% <i>Those who were living in New York City or downstate counties more likely to purchase</i>	8%
Purchased group policy	2% <i>Females & those who were not married more likely to purchase</i>	3%
Purchased organization-sponsored policy	22% <i>Males & those who were married more likely to purchase</i>	8%
Average deductible period	83 days <i>Those who were living in New York City more likely to choose a shorter period</i>	78 days
Average maximum daily nursing home benefit	\$264 <i>Those who were younger & living in New York City or downstate counties more likely to choose higher amount</i>	\$194
Average maximum daily home care benefit	\$187 <i>Those who were younger & living in New York City or downstate counties more likely to choose higher amount</i>	\$127
Average annual premium	\$2,855 <i>Those who were older, not married & living in New York City had the highest premiums</i>	\$2,420

- Since April 1993, insurers have approved 95% of requests for benefits based on their assessment of policyholders' inability to perform activities of daily living (ADLs) or severe cognitive impairment.
- Since April 1993, there have been 3,878 policies with at least one service payment made. 472 individuals met the minimum duration requirement making them eligible to apply for Medicaid Extended Coverage (MEC). 287 received MEC benefits out of the 472.

How Many Partnership Policies Have Been Purchased & Dropped?

	Cumulative since April 1993		2nd quarter 2011	
	n	%	n	%
<i>Applications received</i>	133,248		1,154	
Denied	22,531	17%	167 ¹	
Pending/withdrawn	15,015	11%		
Policies purchased	95,702	72%	683	
<i>Policies dropped</i>	23,392 ²		174 ³	
Died	5,695	24%	83	48%
Dropped voluntarily	8,582	37%	15	9%
Unknown	1,761	8%	35	20%
Cancelled during 30-day free-look period	7,107	30%	29	17%
Exhausted benefits	234	1%	12	7%
Non-forfeiture (Partnership status lost)	4	< 1%	0	0%
Rescission	9	< 1%	0	0%
Policies reinstated	603		4 ⁴	
Active policies⁵	72,310			

**Number of Partnership Policies Newly Purchased
in 2nd Quarter, by Year**



¹ Applications may have been received in a previous quarter.

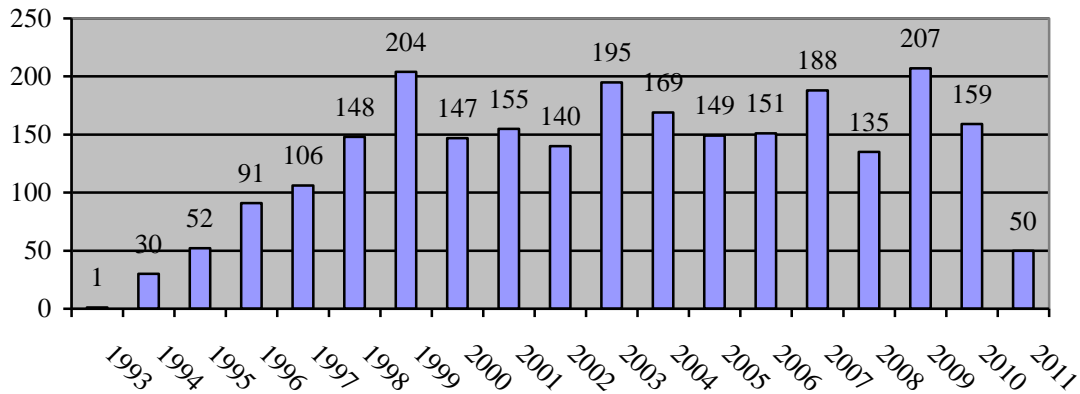
² Does not include policies that have been reinstated.

³ Includes policies that were purchased and then dropped during the quarter.

⁴ Of policies that were dropped in a previous quarter.

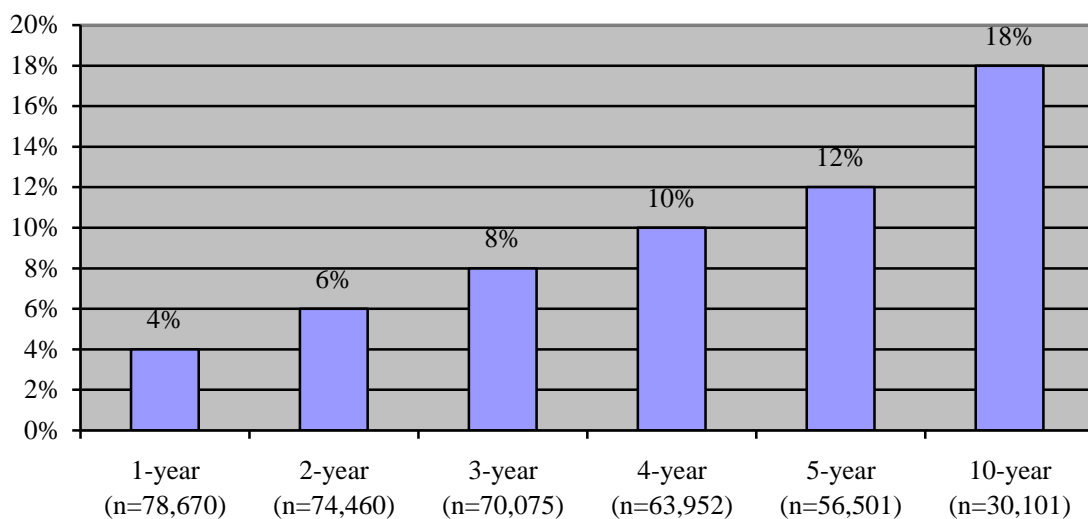
⁵ As of the end of 2nd quarter 2011.

**Number of Partnership Policies Dropped
in 2nd Quarter by Year (Excludes Policies Dropped Because of
Policyholder Death, Exhaustion of
Benefits or Cancellation During Free-Look Period)**



The chart below shows one-year through five-year and 10-year policy lapse rates through 2nd quarter 2011 (June 30, 2011). The 'n's under the bars are the number of policies purchased on or before a date where they have had at least one, two, three, four, five or 10 years to be active and whose holders did not die, cancel during the free-look period or exhaust policy benefits. For example, under the '1-year' bar, 78,670 policies were purchased on or before June 30, 2010 (policies purchased by this date have had at least one year to be active). Four percent of these policies lapsed before their one-year anniversary.

Partnership Policy Lapse Rates



Who Purchased a Policy?

- Note:**
- ✓ Throughout this section and the next, percents may not add to 100 due to rounding.
 - ✓ 'n' = the number of cases (policies) that contain data values for the various variables.
 - ✓ *, **, **** denote statistically significant differences.

* $p < .05$ Less than 1 chance in 20 the difference occurred by coincidence
 ** $p < .01$ Less than 1 chance in 100 the difference occurred by coincidence
 *** $p < .001$ Less than 1 chance in 1,000 the difference occurred by coincidence

Demographics

	Cumulative since April 1993 95,016 policies purchased⁶	2 nd quarter 2011 683 policies purchased
<i>Age</i>	(n=95,016)	(n=683)
<= 49 years	6%	6%
50-54 years	11%	14%
55-59 years	22%	27%
60-64 years	26%	33%
65-69 years	20%	15%
>= 70 years	16%	5%
Average	62 years	60 years
Range	18-93 years	28-82 years
<i>Gender</i>	(n=95,016)	(n=683)
Female	58%	58%
Male	42%	42%
<i>Marital status</i>	(n=95,016)	(n=683)
Not married	25%	20%
Married	75%	80%
<i>Geographic area (a complete breakdown can be found in the Appendix)</i>	(n=95,016)	(n=683)
New York City ⁷	11%	13%
Downstate counties ⁸	24%	27%
Upstate counties ⁹	66%	60%

⁶ Does not include policies purchased during 2nd quarter 2011.

⁷ New York City's five boroughs.

⁸ Metropolitan PMSA counties: Nassau, Putnam, Rockland, Suffolk, & Westchester.

⁹ All other counties in New York State plus out-of-state addresses & addresses that are under review.

What Kind of Policies Did They Purchase?

Note: ✓ The tables throughout this section are based on the 683 policies purchased during 2nd quarter 2011. The last, high-lighted, row in each table is based on all policies purchased prior to 2nd quarter 2011, for comparison.

Type of Partnership Plan¹⁰

	n	Total Asset		Dollar for Dollar	
		3-6-50	4-4-100	1.5-3-50	2-2-100
<i>Age**</i>					
<= 49 years	43	72%	26%	0%	2%
50-54 years	94	63%	37%	0%	0%
55-59 years	183	72%	28%	0%	0%
60-64 years	225	78%	19%	1%	1%
65-69 years	102	73%	24%	4%	0%
>= 70 years	34	74%	21%	3%	3%
<i>Gender</i>					
Female	398	74%	25%	1%	1%
Male	284	72%	26%	2%	< 1%
<i>Marital status</i>					
Not married	131	75%	22%	1%	2%
Married	539	74%	24%	1%	< 1%
<i>Geographic area*</i>					
New York City	88	65%	34%	0%	1%
Downstate counties	186	67%	32%	1%	0%
Upstate counties	409	77%	20%	2%	1%
Total 2nd quarter 2011	683	73%	25%	1%	1%
Cumulative since April 1993	95,016	91%	8%	< 1%	< 1%

¹⁰ Specific policy features and benefits can be found in the Appendix.

** $\rho < .01$

* $\rho < .05$

Policy Category

	n	Individual	Group	Organization sponsored
<i>Age</i>				
<= 49 years	41	81%	7%	12%
50-54 years	94	73%	2%	25%
55-59 years	181	78%	2%	20%
60-64 years	224	75%	1%	24%
65-69 years	102	78%	1%	21%
>= 70 years	34	79%	0%	21%
<i>Gender*</i>				
Female	394	77%	3%	20%
Male	283	76%	< 1%	24%
<i>Marital status***</i>				
Not married	131	81%	6%	13%
Married	534	75%	1%	24%
<i>Geographic area</i>				
New York City	87	71%	3%	25%
Downstate counties	186	74%	2%	24%
Upstate counties	405	79%	2%	20%
Total 2nd quarter 2011	678	77%	2%	22%
Cumulative since April 1993	94,942	89%	3%	8%

Elimination Period¹¹

	n	Mean	Range
<i>Age</i>			
<= 49 years	43	78	30-100
50-54 years	94	84	30-100
55-59 years	183	83	30-100
60-64 years	225	83	20-100
65-69 years	102	85	30-100
>= 70 years	34	82	30-100
<i>Gender</i>			
Female	398	82	20-100
Male	284	84	20-100
<i>Marital status</i>			
Not married	131	82	30-100
Married	539	83	20-100
<i>Geographic area***</i>			
New York City	88	72	30-100
Downstate counties	186	85	30-100
Upstate counties	409	84	20-100
Total 2nd quarter 2011	683	83	20-100
Cumulative since April 1993	94,968	78	0-100

* $p < .05$

*** $p < .001$

¹¹ The number of days of out-of-pocket expense paid by the insured for long-term care services after the insurance benefits are triggered but before the benefits are paid under the policy. Sometimes this period is defined as the waiting or deductible period.

Maximum Daily Nursing Home Benefit

	n	Mean	Range
<i>Age**</i>			
<= 49 years	43	\$261	\$235-350
50-54 years	94	\$265	\$230-360
55-59 years	183	\$270	\$230-400
60-64 years	225	\$262	\$229-400
65-69 years	102	\$257	\$230-400
>= 70 years	34	\$255	\$230-300
<i>Gender</i>			
Female	398	\$265	\$230-400
Male	284	\$263	\$229-400
<i>Marital status</i>			
Not married	131	\$264	\$230-400
Married	539	\$264	\$229-400
<i>Geographic area***</i>			
New York City	88	\$276	\$235-483
Downstate counties	186	\$269	\$229-400
Upstate counties	409	\$259	\$230-400
Total 2nd quarter 2011	683	\$264	\$229-483
Cumulative since April 1993	94,989	\$194	\$60-539

Maximum Daily Home Care Benefit

	n	Mean	Range
<i>Age*</i>			
<= 49 years	43	\$191	\$121-350
50-54 years	94	\$204	\$121-360
55-59 years	183	\$194	\$115-400
60-64 years	225	\$181	\$115-370
65-69 years	102	\$172	\$115-320
>= 70 years	34	\$179	\$121-300
<i>Gender</i>			
Female	398	\$186	\$115-400
Male	284	\$188	\$115-400
<i>Marital status</i>			
Not married	131	\$185	\$123-400
Married	539	\$186	\$115-400
<i>Geographic area***</i>			
New York City	88	\$226	\$123-370
Downstate counties	186	\$207	\$115-400
Upstate counties	409	\$170	\$115-400
Total 2nd quarter 2011	683	\$187	\$115-400
Cumulative since April 1993	94,987	\$127	\$30-539

** $\rho < .01$
 *** $\rho < .001$
 * $\rho < .05$

Non-Forfeiture Benefit¹²

	n	Purchased	Built-in	None
<i>Age</i>				
<= 49 years	43	0%	0%	100%
50-54 years	94	0%	2%	98%
55-59 years	183	0%	0%	100%
60-64 years	225	1%	2%	97%
65-69 years	102	0%	1%	99%
>= 70 years	34	0%	3%	97%
<i>Gender</i>				
Female	398	< 1%	2%	98%
Male	284	< 1%	1%	99%
<i>Marital status</i>				
Not married	131	1%	0%	99%
Married	539	< 1%	2%	98%
<i>Geographic area</i> [*]				
New York City	88	0%	0%	100%
Downstate counties	186	1%	0%	99%
Upstate counties	409	0%	2%	98%
Total 2nd quarter 2011	683	< 1%	1%	99%
Cumulative since April 1993	95,011	4%	26%	70%

Annual Premium

	n	Mean	Range
<i>Age</i> ^{***}			
<= 49 years	43	\$1,935	\$908-6,306
50-54 years	94	\$2,350	\$1,304-8,100
55-59 years	183	\$2,410	\$1,293-4,886
60-64 years	225	\$2,839	\$1,255-7,856
65-69 years	102	\$3,573	\$1,728-7,555
>= 70 years	34	\$5,828	\$2,042-14,297
<i>Gender</i>			
Female	398	\$2,916	\$908-14,297
Male	284	\$2,771	\$1,167-7,856
<i>Marital status</i> ^{***}			
Not married	131	\$3,565	\$1,199-9,943
Married	539	\$2,671	\$908-14,297
<i>Geographic area</i> ^{**}			
New York City	88	\$3,266	\$1,167-14,297
Downstate counties	186	\$2,864	\$1,293-8,398
Upstate counties	409	\$2,763	\$908-9,943
Total 2nd quarter 2011	683	\$2,855	\$908-14,297
Cumulative since April 1993	94,758	\$2,420	\$209-25,982

¹² Benefit designed to ensure that if an insurance policy is lapsed after a specific period of time, some of the benefits from the policy will be retained and available to the insured. Partnership policies may have non-forfeiture benefits, but these reduced benefits may not be sufficient to meet the requirements for access to Medicaid Extended Coverage.

* $\rho < .05$

*** $\rho < .001$

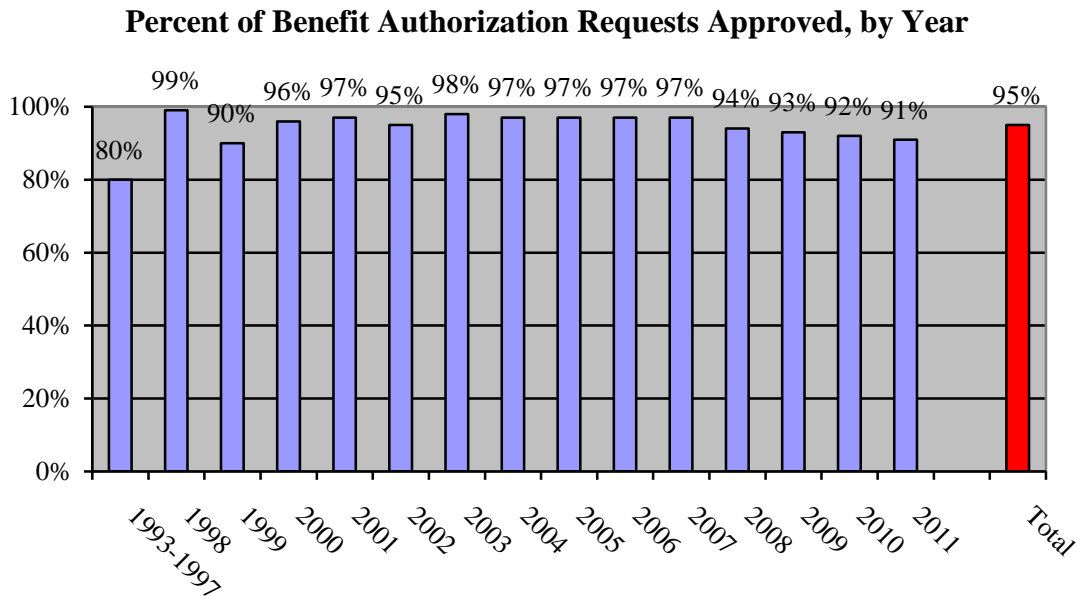
** $\rho < .01$

How Have Insurers Been Responding to Claims? *(Cumulative through 2nd quarter 2011)*

When a request for benefits is submitted to an insurer, two kinds of denials can take place:

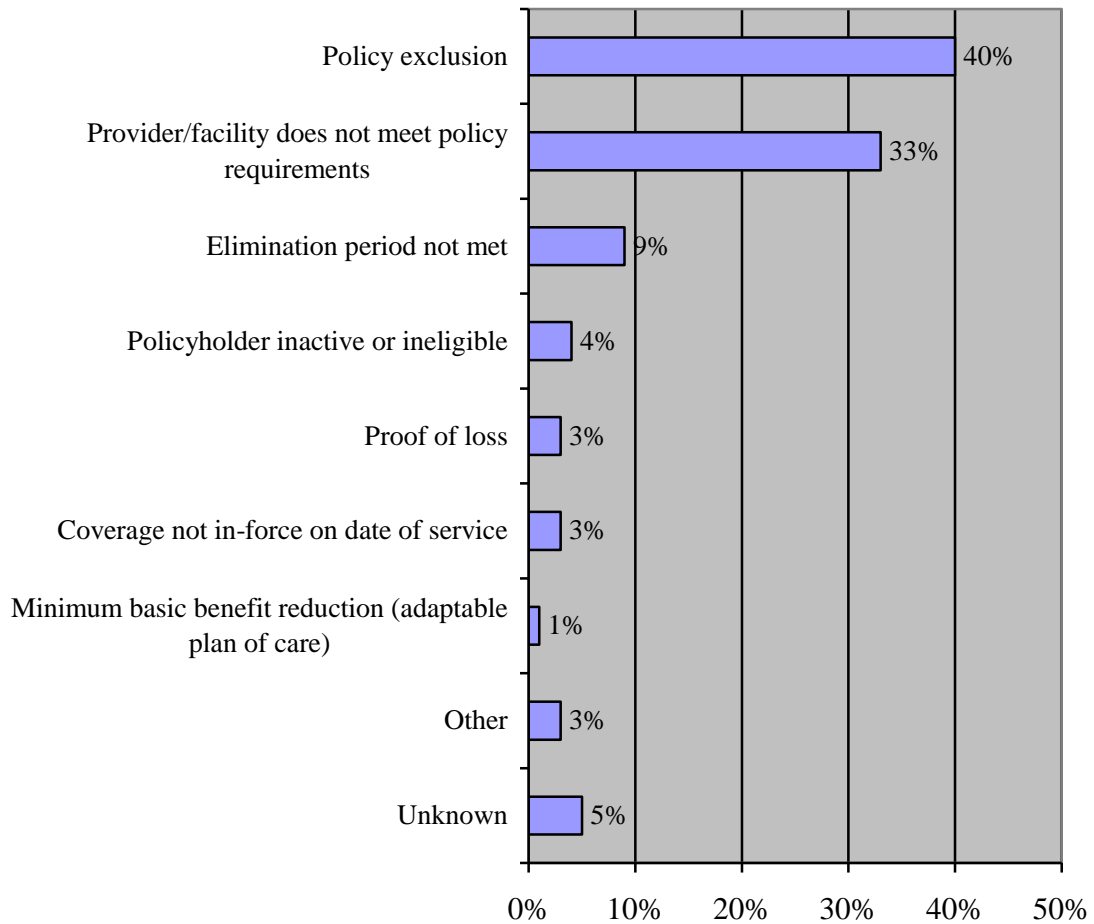
- (1) Insured event denial: an insurer’s assessment of the claimant indicates that he or she does not meet the insured event criteria (inability to perform activities of daily living (ADLs) or severe cognitive impairment).
- (2) Non-insured event denial: denial for reason other than failure of claimant to meet insured event criteria (e.g., elimination period not met, rescission, provider does not meet policy requirements).

Of the 353 total benefit authorization denials through 2nd quarter 2011, 210 were insured event denials. The chart below shows the percent of requests for benefits when claimant met the insured event criteria.



Of the 353 total benefit authorization denials through 2nd quarter 2011, 143 were non-insured event denials. The chart below shows the specific reasons.

Non-Insured Event Denial Reasons (n=143)



What is the Utilization Experience?

(Cumulative through 2nd quarter 2011)

Total policies purchased	95,702	
Died before any service payment made	4,007	
Dropped for reasons other than death or policy cancellation during 30-day free-look period, before any service payment made	10,133	
Policies with any service payment made	3,878	
Average length of time between date of policy purchase & date of first service payment (among policies with any service payment made)	8.9 years	
Average policyholder age at date of first service payment (among policies with any service payment made)	Overall	81.2 years
	Female*	81.4 years
	Male	80.8 years
Average policyholder age at date of first service payment for home care (among policies with any service payment made for home care)	Overall	81.5 years
	Female	81.6 years
	Male	81.2 years
Average policyholder age at date of first service payment for nursing home care (among policies with any service payment made for nursing home care)	Overall	82.3 years
	Female***	82.8 years
	Male	81.3 years
Number of days of service paid for by insurers	Total	2,362,603
	Nursing home	772,043 (33%)
	Home care	1,590,560 (67%)
Met minimum benefit duration requirement (among policies with any service payment made & whose beneficiary has died or met their minimum duration requirement)	472 (23% ¹³)	
Accessed Medicaid Extended Coverage (MEC) (among policies with any service payment made & whose beneficiary has died or met their minimum duration requirement)	287 (14% ¹⁴)	

* $p < .05$

*** $p < .001$

¹³ Translation: If a Partnership policyholder ends up needing long-term care, there is a 23% chance that he/she will meet the minimum duration requirement making him/her eligible to apply for MEC.

¹⁴ Translation: If a Partnership policyholder ends up needing long-term care, there is a 14% chance that he/she will ever access MEC.

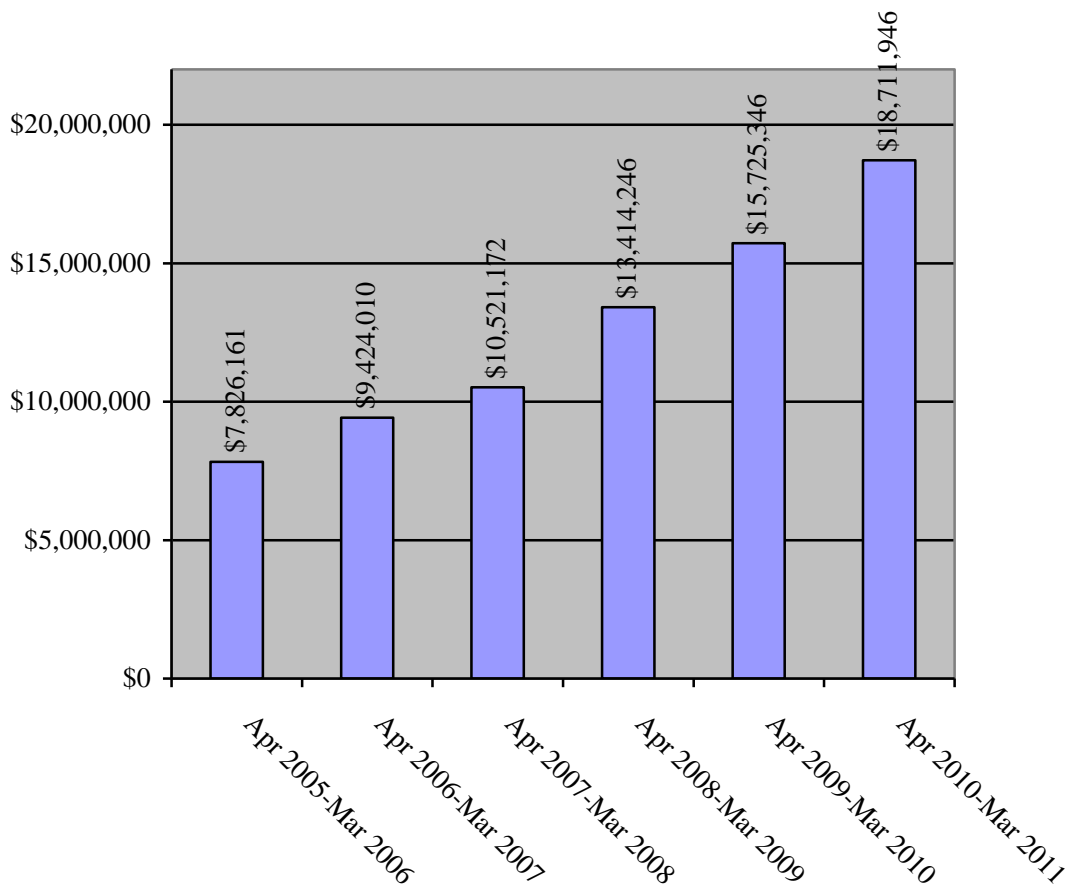
Has the Partnership Resulted in Savings to Medicaid?

(New York fiscal years 2005-2006 through 2010-2011)

In addition to enabling individuals to provide for their long-term care needs, a goal of the New York Partnership is to create a sustainable Medicaid program. Estimated savings to Medicaid as a result of the Partnership are shown in the chart below. For each fiscal year, the estimate is calculated as follows:

<i>Gross savings to Medicaid</i>	-	<i>Expense to Medicaid</i>	=	<i>Net savings to Medicaid as result of Partnership</i>
(Total amount billed to Partnership policies, reduced by the rate Medicaid reimburses, then by the percent of policyholders who would have transferred their assets in absence of Partnership ¹⁵)		(Total MEC expense, reduced by percent of those on MEC who would not have transferred their assets in absence of Partnership ¹⁵)		

Savings to Medicaid as Result of Partnership, by Fiscal Year



¹⁵ Percent derived from self-reported responses to a New Purchaser Survey mailed to all those who purchased a New York State Partnership policy.

Appendix

Policy Features & Benefits				
	Total Asset 50	Total Asset 100	Dollar for Dollar 50	Dollar for Dollar 100
<i>Asset Protection</i>	Total asset protection	Total asset protection	Partial asset protection based on the amount of benefit paid	Partial asset protection based on the amount of benefit paid
<i>Nursing Home Benefit (shared by all plans)</i>	Nursing home minimum benefit is \$241 per day for 2011 ^a	Nursing home minimum benefit is \$241 per day for 2011 ^a	Nursing home minimum benefit is \$241 per day for 2011 ^a	Nursing home minimum benefit is \$241 per day for 2011 ^a
<i>Home Care Payment</i>	Set at 50% of nursing home benefits	Set at 100% of nursing home benefits	Set at 50% of nursing home benefits	Set at 100% of nursing home benefits
<i>Duration</i>	3 years of nursing home or 6 years of home care or a combination of the two	4 years of nursing home, residential facility, or home and community based care, or a combination of the three	1.5 years of nursing home or 3 years of home care or a combination of the two	2 years of nursing home, residential care facility, or home and community based care, or a combination of the three
<i>Residential Care Facility Benefit</i>	NA ^b	Residential care facility minimum benefit is \$241 for 2011 ^a	NA ^b	Residential care facility minimum benefit is \$241 for 2011 ^a
<i>Home & Community Based Care Benefit</i>	Home care minimum benefit is \$121 per day for 2011 ^a	Home and community based care minimum benefit is \$241 per day for 2011 ^a	Home care minimum benefit is \$121 per day for 2011 ^a	Home and community based care minimum benefit is \$241 per day for 2011 ^a
<i>Elimination Period</i>	No greater than 100 days. Policies with fewer days of elimination can be purchased for an increased premium.	No greater than 100 days. Policies with fewer days of elimination can be purchased for an increased premium.	No greater than 60 days. Policies with fewer days of elimination can be purchased for an increased premium.	No greater than 60 days. Policies with fewer days of elimination can be purchased for an increased premium.
<i>Basic Benefits (shared by all plans)</i>	<ul style="list-style-type: none"> • Nursing home care • Home care • Respite care (14 nursing home equivalent days per year) • Care management (two days of long-term care planning services by a professional) • Alternate level of care (days spent in a hospital waiting for long-term care placement) • Nursing home bed reservation (20 days per year) • Hospice care 			
<i>Other Coverage features (shared by all plans)</i>	<ul style="list-style-type: none"> • 5% inflation protection, compounded annually (inflation protection is optional for persons 80 years of age or older at the time of purchase) • Level premiums^c • Guaranteed renewable regardless of health changes • Extended grace period • Portability—coverage under the private insurance can be used outside of New York State, however, Medicaid Extended Coverage is only available to persons who are residents of New York at the time of application • Denied Benefit authorization is monitored by the Partnership 			
<i>Optional Benefits (may be added to any plan, including but not limited to):</i>	<ul style="list-style-type: none"> • Waiver of premium • Combined home care benefit • Independent provider benefit • Non-licensed/non-certified provider benefit (not offered in the Dollar for Dollar 50 and Total Asset 50 policies) 			

^a Higher than minimum coverage is available.

^b Benefit for this care is available as a home care payment.

^c Individual policy premiums cannot be raised, but premium rates on a class basis may be raised with the approval of the New York State Insurance Department when the solvency of the class of policies is in question.

