

**THE LONG-TERM CARE PARTNERSHIP
PROGRAM: What Role Will It Play in Broader
Long-Term Care Policy?**

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DRA LTC Carrots

- **A National LTC Insurance Partnership to be developed with input from the NAIC, LTCi companies, the current Partnership states, other states and representatives of consumers with LTCi policies**
- **A National Clearinghouse for LTC Information is to be created to educate consumers regarding Partnerships and to help people do LTC planning, with objective advice as to LTCi or other solutions**

DRA LTC Sticks

- **Lengthened asset transfer look-back period for establishing Medicaid eligibility from 3 to 5 years and changes the penalty start date from date of transfer to date of eligibility.**
- **Requires annuities to be disclosed and states named as beneficiary for Medicaid costs.**
- **Excludes those with home equity in excess of \$500K (up to \$750K at state discretion), except if child or spouse resides in home.**

Partnership Features

- **Inflation Protected Quality**
- **Balance cost/quality trade-off**
- **Consumer education campaigns.**
- **Uniform reporting for insurers.**
- **Asset Protection models:**
 - **Dollar for dollar**
 - **Total assets**
 - **Combo of these**

Asset Protection Incentive - \$dollar-for-dollar\$

<i>Assets</i>	<i>Insurance</i>	<i>Spend-down</i>	<i>Protection</i>
\$100k	\$100k	none	\$100k
\$200k	\$150k	\$50k	\$150k
\$500k	\$300k	\$200k	\$300k

Partnership Positives

- **Efficient subsidy.**
- **Helps avoid Medicaid gaming.**
- **Helps avoid impoverishment.**
- **Improves important working relationships.**
- **Improves consumer confidence.**
- **Mitigates means testing concerns.**

Partnership Problems

- Targeting challenges.
- Distribution channel reluctance.
- State-by-State filing burden.
- Reciprocity of asset incentive
- Medicaid unevenness and changes.

National Partnership Features

- **Grand-fathers existing Partnership programs**
- **Allows only for dollar-for-dollar offsets for group and individual coverage**
- **Tax Qualified policies only**
- **The policy must meet NAIC 2000 model act requirements**

National Partnership Features

- **Inflation protection required**
 - **Below age 61, undefined “compound annual inflation protection”**
 - **For ages 61-76 “some level of inflation protection”**
- **Agents and brokers must have Partnership training**

National Partnership Features

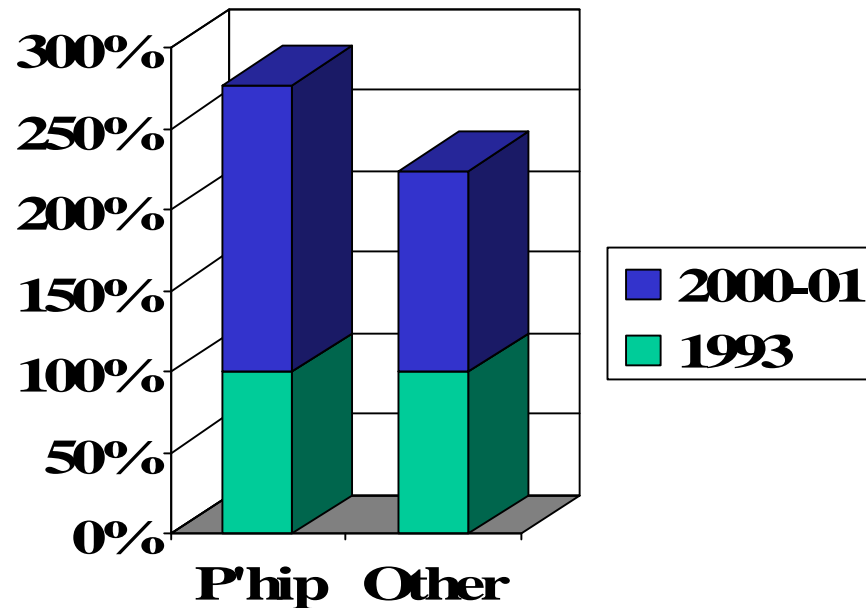
- **Insurers must provide uniform data set reporting to central government repository**
- **No special Partnership policy features can be mandated, except for those above.**
- **Any mandated provisions for non-Partnership policies can also apply to Partnership policies**

National Partnership Features

- Secretary of US DHHS must develop standards for **uniform reciprocity** of Partnership policies among Partnership states, but **states could ask to be exempt** from such requirements
- Annual DHSS reporting of the impact of the Partnerships on a) access to LTC and Medicaid and b) Medicare and Medicaid expenditures

Sales Grow Faster in Partnership States

- Normalized sales as of 1993
- Partnership states had 23% higher sales compared to other states in 2000-01

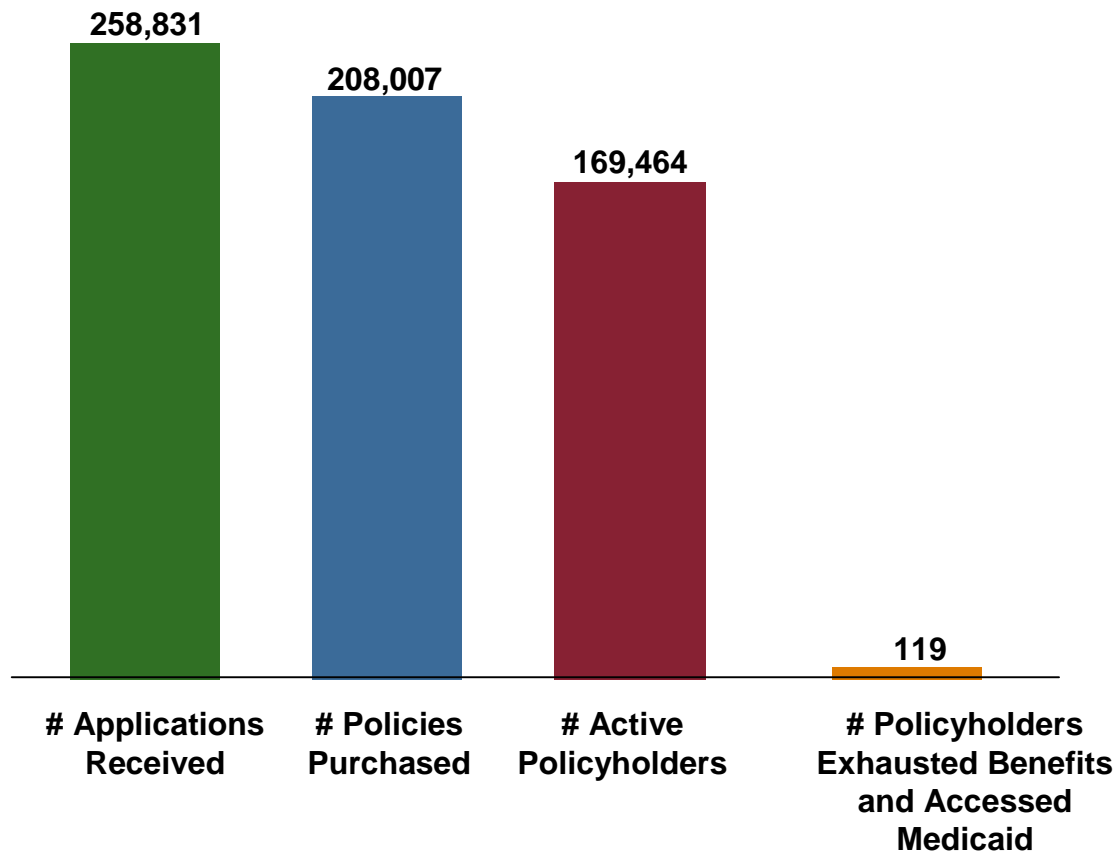


Lessons Learned

- **Make It Simple**
- **Agents as Partners**
- **Comparability to Non-Partnership Policies**
- **Estimated savings to Medicaid in CA, CT, IN to date \$21+ Million**

Partnership Cost-Effectiveness Dynamic

Partnership Counts for All Carriers Since Program Inception*



- Few Partnership Policyholders Have Accessed Medicaid To Date
- Only 8% of LTCI Policyholders Exhaust a 3-Year Benefit Plan

* State Partnership Websites – June 21, 2005
(CA, IN – 3/05; NY – 6/04; CT 12/04)

Status To Date

- **State Plan Amendments**
 - **Idaho approved effective 11/1/06**
 - **Minnesota, Nebraska, Georgia, Florida filled**
 - **Virginia soon**
- **Other States of Actively Considering**
 - **CO, DE, IL, IA, KS, MD, MA, MT, MO, NJ, OH, OK, PA, RI, SC, SD, TX, WA, WI**

Time Tables

- Legislation Passed: February 2006
- CMS Guidance Issued: July, 2006
- DHHS Consultation with Stakeholders:
 - Individual meetings ongoing
 - Group Meetings December
- Guidance on Reciprocity: January, 2007
- Regulations on Data Requirements: Early 2007