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# Before You Buy...

Prepared By



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The Connecticut Partnership for Long-Term Care is a State of Connecticut program conducted in cooperation with the private insurance industry. This publication is designed to inform you about the Connecticut Partnership before you buy a Partnership-approved long-term care insurance policy.

The State of Connecticut provides free publications and counseling. If you have questions or need more information, contact the Partnership's Consumer Information Service at **1-800-547-3443** toll-free within Connecticut (1-860-418-6318 outside Connecticut) or visit the Partnership's web site at: **[www.CTpartnership.org](http://www.CTpartnership.org)**.

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## Unique Aspects of Partnership Insurance Policies

Long-term care insurance policies sold under the Partnership are different from other long-term care insurance in the following important ways:

- **P**artnership policies carry a special endorsement from the State of Connecticut for meeting additional insurance standards. These standards include many consumer protection features that assure you are purchasing a quality product.
- **P**artnership policies allow you to protect (keep) assets equal to what your policy has paid in benefits, if you need to apply to Connecticut's Medicaid Program to help pay your long-term care bills. ***Only Partnership policies provide Medicaid Asset Protection.*** Medicaid Asset Protection is a feature provided by the State of Connecticut, for which there is no additional charge or cost added to the premium. (Please call **800-547-3443** toll-free within Connecticut (1-860-418-6318 outside of Connecticut) or visit **[www.ctpartnership.org](http://www.ctpartnership.org)** for information on reciprocal agreements with other State Medicaid programs.)
- **B**ecause of the Medicaid Asset Protection feature of Partnership policies, you need only purchase an amount of insurance equal to the amount of assets *you wish to protect*. A policy with one or two years of benefits may be all you need to protect your assets rather than spending more for additional insurance. This means a Partnership policy can be a more affordable option.
- **O**nly Partnership policyholders are guaranteed a 5% discount on rates charged in Connecticut nursing facilities.

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## How to Tell You Have a Partnership Policy

Partnership policies will have the **Connecticut Partnership logo** (as shown on the cover of this booklet) on the outline of coverage, application, and front page of the policy. The front page of the policy also will include the following statement: **“This is a Precertified Long-Term Care Insurance Policy that provides Medicaid Asset Protection under the Connecticut Partnership for Long-Term Care.”**

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## Consumer Protection Features of Partnership Policies

In addition to the standards that all long-term care insurance policies must meet, Partnership policies also provide the following consumer protection features. These features are mandatory, and therefore, are included in all Partnership policies. Other long-term care insurance policies may or may not include these features.

- **The Partnership establishes minimum allowable daily, weekly and monthly benefits that increase each year to assure the purchase of meaningful benefits relative to the cost of care in Connecticut. Applicants can purchase benefits above, but never below, the allowable minimums.**
- **Benefit coverage levels of a Partnership policy automatically increase to account for inflation. The Partnership requires that the daily, weekly or monthly benefits and the lifetime benefit increase annually on a compounded basis of at least 3.0% for persons under age 65. The same requirement exists for persons age 65 and older except that, in addition, some companies offer the option for persons age 65 and older to *not* increase the lifetime benefit. In these instances, the amount of the lifetime benefit would remain fixed in return for a lower premium.**
- **Partnership policies offer a wide array of home and community-based services in addition to nursing facility care. Also, all home care benefits include homemaker services as well as extensive care management services to coordinate, assess, and monitor your care.**

- **P**artnership policyholders in danger of lapsing their policies will be offered the **option to reduce the amount of their lifetime benefit**. The daily, weekly or monthly benefit would remain as is, and would reflect the increases as a result of the automatic inflation protection feature. This option provides the policyholder a way to lower premiums and avoid losing the investment of payments already made. The premium adjustment for the reduced benefits would be based on the policyholder's age **at the time the policy was originally purchased**. Companies do *not* have to make this offer when the lifetime benefit of the policy is one year or less. Companies can also offer Partnership policyholders the option of reducing their daily, weekly or monthly benefit amounts as long as they are not reduced below the allowable Partnership minimum levels for that year, except as follows:

Policyholders who experience a lifetime cumulative rate increase of 50% or more are allowed to reduce their benefits below the Partnership inflation protection and minimum daily benefit requirements without having their policy lose its Partnership status. This means that a Connecticut Partnership policyholder in this situation can reduce their daily benefit to any level offered by the insurer. They can also lower their inflation protection to any level offered by the insurer, as long as they maintain some level of automatic inflation protection (meaning future purchase options are not allowed).

In addition, policyholders whose Partnership policies are administered by the Connecticut Life and Health Guaranty Association (regardless of the level of premium increases they have experienced) are allowed to reduce their benefits below the Partnership inflation protection and minimum daily benefit requirements without having their policy lose its Partnership status. This means that a Connecticut Partnership policyholder in this situation can reduce their daily benefit to any level offered by the insurer. They can also lower their inflation protection to any level offered by the insurer, as long as they maintain some level of automatic inflation protection (meaning future purchase options are not allowed).

- **A**gents and brokers must be certified and specially trained before they can discuss, market or sell Partnership-approved long-term care insurance.

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## How Medicaid Asset Protection Works

**Y**ou design a long-term care policy according to your needs and ability to pay. You pay the insurance premiums, generally until you need care. Once you need long-term care and you meet the benefit eligibility criteria and deductibles for the policy, the company will pay benefits based on the terms you selected. The company will continue to pay benefits as long as you need long-term care until all the benefits of the policy have been paid.

**W**hen you begin receiving benefits from your policy, the insurer will send you an **Asset Protection Report** on a quarterly basis. This report will show how much your policy has paid in benefits and how much Medicaid Asset Protection was earned that quarter and in total.

**I**f the amount of benefits paid by your Partnership policy is equal to your assets and you continue to need long-term care, you may apply to Connecticut's Medicaid Program for assistance. When determining your eligibility, the Medicaid Program will disregard (not count) any assets you have *up to* the amount the Partnership insurance policy has paid in benefits. The assets you are able to keep as a result of your Partnership policy are **above and beyond all the other asset allowances under the Medicaid Program, including any assets your spouse may be allowed to keep.** You still must meet other Connecticut Medicaid eligibility requirements. (Please call **800-547-3443** toll-free in Connecticut (1-860-418-6318 outside of Connecticut) or visit **[www.ctpartnership.org](http://www.ctpartnership.org)** for information on reciprocal agreements with other State Medicaid programs.)

**Y**ou may have to spend some of your assets either for long-term care needs not covered by your insurance policy or for other financial obligations that may arise. If you deplete your assets to a level equal to what your insurance has paid, you could become eligible for Medicaid assistance *before* your insurance policy pays the full amount of benefits. The **Asset Protection Report** mentioned above will be helpful to you in determining when the amount of Medicaid Asset Protection earned equals the amount you have in assets. Keep in mind that it generally takes **three months, and sometimes much longer,** to process a Connecticut Medicaid application.

Once you are eligible for Medicaid assistance, you will receive the services covered by Connecticut's Medicaid Program at that time. *Medicaid services could be less than or more than the services provided and paid for by your Partnership long-term care insurance policy.*

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## Payments That Accumulate Medicaid Asset Protection

Payments made by your Partnership policy count toward Medicaid Asset Protection when:

- **Home care services are part of a plan of care approved by an Access Agency** (care management agency). If your insurer pays for home care services that are not part of an Access Agency care management plan, payment for these services will not count toward Medicaid Asset Protection.
- **Payments are made to care providers who are not family members.** Payments made to family members will not count toward Medicaid Asset Protection, unless the family member works for an agency that provides care.
- **The individual who uses the benefits of a Partnership policy earns the Medicaid Asset Protection.** Some insurance companies offer a rider which allows a married couple or domestic partners to share benefits from each spouse's individual Partnership policy. With these types of policies, the spouse or partner who actually uses the benefits will earn the Medicaid Asset Protection.

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## Residency Requirements

The Connecticut Partnership is a program to help Connecticut residents finance long-term care needs. **You must provide a bona fide Connecticut resident address on your application and the policy must be issued to you at that address.** A bona fide Connecticut resident address is any address other than a Post Office Box or work address. You don't have to reside in Connecticut for any length of time each year, or vote or pay taxes in Connecticut, in order to purchase a Partnership policy.

Your Connecticut Partnership policy will pay benefits anywhere, based on the terms of the policy you select. Benefits paid by the policy will accumulate Medicaid Asset Protection even if you are in another state or country (for policies that include international coverage).

Connecticut Partnership policyholders who relocate to another state may be eligible to receive dollar-for-dollar Medicaid Asset Protection just as they would when they apply to Connecticut's Medicaid program. Two conditions must be met for a policyholder to be eligible for reciprocity in another state: (1) the policyholder must apply to and qualify under the other state's Medicaid program; and (2) at the time the policyholder applies to the other state's Medicaid program, Connecticut must have a reciprocal agreement with that state for the granting of Medicaid Asset Protection. For a map showing which states currently have a reciprocal agreement with Connecticut, go to the following website – <https://nyspltc.health.ny.gov/reciprocitymap.htm> or call the Connecticut Partnership at 1-800-547-3443 toll-free in Connecticut (1-860-418-6318 outside of Connecticut).

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## Additional Facts About Medicaid Asset Protection

- Medicaid Asset Protection is a **lasting promise from the State of Connecticut**. You *earn* Medicaid Asset Protection when benefits are paid from an active Partnership long-term care insurance policy. The State of Connecticut will honor any and all Medicaid Asset Protection you've earned for as long as you live, even if your policy is no longer active. State law guarantees that if the Medicaid program is changed or is replaced by another program, the State of Connecticut will still provide Medicaid Asset Protection to Partnership policyholders. It also guarantees that Partnership policyholders can receive services from Medicaid or its successor program, even if an entitlement to Medicaid no longer exists. However, you will still need to meet all the other eligibility requirements of the program at the time you apply.
- The **State of Connecticut cannot recover assets** from a person's estate that are protected by a Partnership policy.

- Medicaid Asset Protection is a policy feature that is **provided by the State of Connecticut** for Partnership policyholders. For this reason, **premiums for Partnership policies are not based on the costs for the Medicaid Asset Protection feature. The Medicaid Asset Protection feature is provided at no cost.** Differences you may find in the cost of premiums among Partnership policies, and between Partnership and other long-term care insurance policies, are due to company pricing differences and differences in the benefits.
- If a policy lapses, **any Medicaid Asset Protection earned before the policy lapsed will still be honored.**
- Medicaid Asset Protection **can accumulate anywhere benefits are paid by the Partnership policy.**

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## Amount of Insurance to Buy

The “ideal” purchase would include a *high daily benefit* (\$400 or more), with a very high lifetime maximum (meaning the policy will pay benefits for an extended period of time, such as 5 years) and with compound inflation protection. Unfortunately, not everyone has the resources to pay the premium for policies with such robust benefits.

**W**hen deciding how much insurance *you* should buy, you might find the following principles helpful.

- **Selecting a Daily Benefit:** The daily benefit plus your available (or anticipated) income (Social Security and/or pensions) should equal the cost of care (**Daily Benefit + Income = Cost of Care**). If the cost of care is greater than the daily insurance benefit *and* your income, you will need to tap into your assets to cover the difference in costs.



Currently, the *average* cost of nursing facility care in Connecticut is \$510 per day or over \$186,000 per year. This is an underestimate because the costs reported here are based on a semi-private room and do not include incidentals, such as a telephone or cable TV. However, this information can serve as a guidepost in selecting a daily benefit that best complements your needs and other personal resources.

- **Selecting a Deductible** (also known as Elimination Period or Waiting Period): The deductible for long-term care insurance is based on a period of time, usually a number of days, which you will need to pay for care using your own resources. For example, if you selected a 20-day deductible, you would need to pay for your care out of your own resources for 20 days before the insurance policy would start to pay benefits. Days that other insurance, such as Medicare, cover will count towards meeting the deductible.

To find out how the deductible might impact your personal resources, multiply the number of days of the deductible by the current average cost of nursing facility care in Connecticut (\$510/day). For example, if you select a 100-day deductible, you could pay as much as \$51,000 or more from your own resources before the insurance starts to pay benefits if you needed benefits today. Keep in mind the cost for the deductible will be based on the cost of care when you need your benefits so the cost could be much higher.

- **Selecting a Lifetime Maximum Benefit:** Because of the Medicaid Asset Protection feature of Partnership policies, selecting a lifetime maximum benefit is made easier and is based on the amount of assets you want to protect. For example, if you currently have \$100,000 in assets, a \$100,000 lifetime maximum benefit could protect all of your assets.

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## **Insurance Records/Release of Information**

**T**he Connecticut Insurance Department requires all insurers to maintain detailed records regarding people who purchase long-term care insurance through the Connecticut Partnership. Insurers also must document how much your policy has paid in benefits and how much Medicaid Asset Protection was earned. This information will help evaluate the Partnership as an effective planning tool and document your eligibility for Medicaid. For these reasons, we ask that you sign an agreement when you buy your policy to allow insurers to release information about you to the State's Connecticut Partnership for Long-Term Care. Information provided to the State will be held in the strictest confidence and information will be reported only in the aggregate.