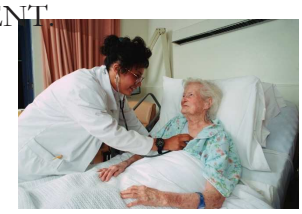
THE LONG TERM CARE PARTNERSHIP

Pete Garcia
Benefits Coordination
Colorado Department of Health Care Policy & Financing
303-866-5701 (phone)
303-866-3552 (fax)
Pete.Garcia@state.co.us

GOAL OF THE LONG TERM CARE (LTC) PARTNERSHIP

- REDUCE THE GROWING NUMBER OF AMERICA'S AGING POPULATION WHO RELY TOTALLY ON THE PUBLIC SECTOR FOR THEIR LONG TERM CARE BY INCREASING PRIVATE SECTOR INVOLVMENT.



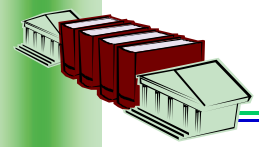
- CURRENTLY ALMOST ALL LONG TERM CARE IS FUNDED BY PUBLIC FUNDS, PRIMARILY MEDICARE (SHORT TERM) AND MEDICAID.

GOAL OF THE LONG TERM CARE PARTNERSHIP

- TO REACH THIS GOAL, THE LTC PARTNERSHIP PROVIDES ACCESS TO AFFORDABLE, HIGH-QUALITY, LONG TERM CARE INSURANCE. WHEN LONG TERM INSURANCE BENEFITS ARE EXHAUSTED, MEDICAID MAY THEN COVER ONGOING CARE.

LTC PARTNERSHIP REQUIRES VARIOUS PARTNERSHIPS FOR SUCCESS:

- FEDERAL GOVERNMENT AND STATE GOVERNMENT (SPA)
- VARIOUS STATE AGENCIES (MEDICAID OFFICE, DIVISION OF INSURANCE, AGING AND ADULT SERVICES, SHIP)
- BETWEEN THE PRIVATE SECTOR INSURANCE COMPANIES AND THE PUBLIC SECTOR



PARTNERSHIP HISTORY

- IN THE 1980s AND EARLY 1990s, THE ROBERT WOOD JOHNSON FOUNDATION BELIEVED THAT A PARTNERSHIP AMONG THE FEDERAL GOVERNMENT, STATE GOVERNMENT AGENCIES AND THE PRIVATE SECTOR COULD HELP RELIEVE SOME OF THE FINANCIAL PRESSURE FACED BY THE PUBLIC SECTOR IN FUNDING LONG TERM CARE. IT OFFERED SUBSTANTIAL GRANTS TO STATES INTERESTED IN TESTING THIS THEORY.
- FOUR STATES INITIALLY AGREED TO PARTICIPATE IN A PARTNERSHIP PROGRAM: CALIFORNIA, NEW YORK, CONNECTICUT AND INDIANA.

- SHORTLY AFTER THE INITIAL PARTICIPATION, THE FEDERAL GOVERNMENT CLOSED THE DOOR TO ADDITIONAL STATE PARTICIPATION.
- THE DEFICIT REDUCTION ACT OF 2005 (DRA) HAS NOW OPENED THE DOOR FOR ALL STATES TO PARTICIPATE IN THE PARTNERSHIP PROGRAM.

REQUIREMENTS OF THE DRA:

- SECTION 6021 OF THE DRA AMENDED SECTION 1917(b) OF THE SOCIAL SECURITY ACT TO PROVIDE FOR LONG TERM CARE (LTC) PARTNERSHIPS.
- SECTION 6021 OF THE DRA ALLOWS STATES TO SUBMIT A STATE PLAN AMENDMENT (SPA) TO EXCLUDE FROM MEDICAID ESTATE RECOVERY THE AMOUNT OF LTC BENEFITS PAID UNDER A LTC PARTNERSHIP POLICY.
- THE SPA ALSO PROVIDES THAT, IN DETERMINING ELIGIBILITY FOR MEDICAID, AN AMOUNT EQUAL TO THE BENEFITS PAID UNDER A LTC PARTNERSHIP POLICY IS DISREGARDED.

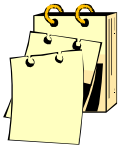
IN ORDER FOR A LONG TERM CARE POLICY TO BE CONSIDERED A LTC PARTNERSHIP POLICY, MUST MEET THE FOLLOWING REQUIREMENTS UNDER THE DRA:

REQUIREMENTS UNDER THE DRA:

1. THE INSURED PERSON IS A RESIDENT OF THE LTC PARTNERSHIP STATE WHEN COVERAGE FIRST BECAME EFFECTIVE;

2. THE POLICY MEETS THE IRS DEFINITION OF A "QUALIFIED LONG TERM CARE INSURANCE POLICY";

3. THE POLICY ISSUE DATE IS NOT EARLIER THAN THE EFFECTIVE DATE OF THE SPA;



REQUIREMENTS UNDER THE DRA:

4. THE POLICY MEETS SPECIFIC RULES OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC); AND

5. THE POLICY INCLUDES INFLATION PROTECTION WHICH VARIES DEPENDING ON THE AGE OF THE INSURED AT THE TIME OF PURCHASE.

ADDITIONAL REQUIREMENTS OF THE DRA:

- PARTNERSHIP STATES MUST PROVIDE ADEQUATE TRAINING TO INDIVIDUALS WHO SELL LTC PARTNERSHIP POLICIES IN THE STATE.
- THE FEDERAL GOVERNMENT MUST DEVELOP STANDARDS FOR RECIPROCAL RECOGNITION OF LTC PARTNERSHIP POLICIES AMONG PARTNERSHIP STATES.

ADDITIONAL REQUIREMENTS OF THE DRA:

- THE FEDERAL GOVERNMENT IS ALSO REQUIRED TO SPECIFY DATA THAT MUST BE COLLECTED FROM INSURERS REGARDING THE PURCHASE OF LTC PARTNERSHIP POLICIES, BENEFITS PAID UNDER SUCH POLICIES AND OTHER RELATED INFORMATION.

ADDITIONAL REQUIREMENTS OF THE DRA:

- A NATIONAL CLEARINGHOUSE MUST BE ESTABLISHED TO:
  - EDUCATE CONSUMERS ABOUT THE AVAILABILITY AND LIMITATIONS OF LTC COVERAGE UNDER MEDICAID
  - PROVIDE STATE-SPECIFIC CONTACT INFORMATION FOR STATE MEDICAID AND LTC PARTNERSHIP PROGRAMS
  - PROVIDE OBJECTIVE INFORMATION TO ASSIST CONSUMERS WITH DECIDING WHETHER OR NOT TO PURCHASE LTC PARTNERSHIP INSURANCE AND HOW TO PLAN FOR LTC NEEDS
  - Longtermcare.gov

PARTNERSHIP POSITIVES:

- EFFICIENT SUBSIDY
- HELPS AVOID MEDICAID GAMING
- HELPS AVOID IMPOVERISHMENT
- IMPROVES IMPORTANT WORKING RELATIONSHIPS
- IMPROVES CONSUMER CONFIDENCE
- MITIGATES MEANS TESTING CONCERNS

PARTNERSHIP CHALLENGES:

- TARGETING DIFFICULTIES
- STATE-BY-STATE FILING BURDEN
- RECIPROCITY
- DISTRIBUTION CHANNEL RELUCTANCE
- MEDICAID UNEVENNESS AND CHANGES

IMPLEMENTATION ISSUES: DIVISION OF INSURANCE

- AGENT TRAINING
- POLICY EXCHANGES
- COORDINATION WITH MEDICAID AND OTHER STATE AGENCIES
- CONSUMER INFORMATION RESOURCES
- POLICY CERTIFICATION RULES
- INFLATION PROTECTION

IMPLEMENTATION ISSUES: MEDICAID OFFICE

- POLICY EXHAUSTION RULES
- ASSET DISREGARD TRACKING
- ASSET PROTECTION LIMITATIONS - TREATMENT OF HOME EQUITY
- INCOME ELIGIBILITY CAPS
- EXPLANATION OF BENEFITS / NOTIFICATION RULES
- COORDINATION WITH OTHER STATE AGENCIES

LOOKING FORWARD

- MAKE IT SIMPLE
- AGENTS AS PARTNERS
- COMPARABILITY TO NON-PARTNERSHIP POLICIES
- COST-EFFECTIVENESS