



Long Term Care University

Long Term Care University – Question of the Month

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Q: Some insurance companies offer Partnership Qualified long term care insurance policies. Can you explain what that means, what advantages it may provide and if the Connecticut Partnership for Long Term Care is unique?

The Problem – Limited Benefits and Limited Medicaid

Most long term care (LTC) insurance policies provide a limited amount of benefits. Even lifetime benefit policies generally have a daily, monthly or annual limit. The cost of long term care after a policy has been exhausted can be financially devastating for you and your family. To compound the problem, assistance in the form of Medicaid is generally limited to the impoverished.

The Solution – Partnership Qualified Long Term Care Insurance Policies

The Partnership Program is based on the Robert Wood Johnson Foundation program called the Program to Promote Long Term Care Insurance for the Elderly, initiated in 1987. Today, a Partnership Program is a “partnership” between a state, an insurance company and state residents who buy long term care Partnership policies. With a Partnership Qualified policy you can apply for Medicaid with ‘asset disregard’. This allows you to keep assets that would otherwise be disallowed. In almost all states that have Partnership Programs, the amount of assets Medicaid will disregard is **equal to the amount of the benefits you actually receive** under your LTC Partnership Qualified policy. This type of disregard is often referred to as **Dollar for Dollar**.

The Connecticut Partnership for Long Term Care

Let’s say you are a 50 year old Connecticut (CT) resident who purchases \$417,000 (the average rate of a private nursing room for an average three year stay in CT in 2012) worth of insurance through a CT Partnership Qualified policy. When the care is needed at age 80, the policy actually pays for \$1.7 million of care (due to inflation protection). Under the CT Partnership Program you would then have \$1.7 million of assets protected from CT Medicaid. Thus, the Connecticut Partnership for Long Term Care provides **Dollar for Dollar** asset protection. However, your income is considered in determining your eligibility for Medicaid.

On March 27, 2009, Connecticut joined the National Reciprocity Compact for the granting of Medicaid Asset Protection for states with Partnership for Long-Term Care programs. The approval is retroactive to January 1, 2009. However, all Connecticut Partnership policyholders are covered under the Reciprocity Compact, regardless of when they purchased their Partnership policy.

Nursing facility costs in Connecticut have been increasing by at an average annual inflation rate of 4.1% for the last five years (ending 2012) and 5.6% since 1998. The Connecticut Partnership for Long Term Care has minimum criteria, designed in part to protect the policyholder and in part to protect the state’s Medicaid program. Lest we not forget, this is a Partnership Program. **Both the lifetime and daily or monthly benefits must increase at a 5% compound inflation protection rate for persons under the age of 65. Only the daily or monthly benefits must increase at a 5% compound inflation protection rate for persons age 65 and over.**

Although there is no requirement for lifetime benefits to increase at 5% per year for persons age 65 and older, foregoing the inflation protection could limit the amount of benefits available and the assets protected from CT Medicaid. **By increasing only the daily or monthly benefits the policyholder could deplete their benefits much faster than a policy that increases both lifetime benefits and the daily or monthly benefits.** The key criteria of the Connecticut Partnership for LTC are listed below.

Minimum Daily Benefit by Location 2014	Minimum Daily Benefit by Location 2015 Estimate	Minimum Inflation Protection of Benefits Under Age 65		Minimum Inflation Protection of Benefits Age 65 and Over	
Nursing Facility \$ 235.00	Nursing Facility \$ 247.00	Lifetime	5% Compound	Lifetime	No Minimum
Home Care \$ 117.50	Home Care \$ 123.50	Daily or Monthly	5% Compound	Daily or Monthly	5% Compound

Often Overlooked – Power Benefit of the Connecticut Partnership for Long Term Care

Connecticut Partnership for Long Term Care policyholders are guaranteed a 5% discount on nursing home rates in Connecticut.

Action Step – Purchase a Long Term Care Partnership Policy

When you purchase a Partnership Qualified policy, you gain the safety of long term care insurance and the peace of mind provided by asset protection.

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