



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 Long Term Care Insurance Benefits, Limited Medicaid Benefits and Limited Medicare Benefits

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 care after a policy has been exhausted can be financially devastating for you and your family. To compound the problem, assistance from Medicare is limited to those who have been hospitalized and only then will Medicare pay for care in full for up to 20 days. Furthermore, 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 \$476,000 (the average rate of a private nursing room for an average three year stay in CT in 2015) worth of insurance through a CT Partnership Qualified policy. When the care is needed at age 80, the policy actually pays for \$2.1 million of care (due to 5% compound inflation protection). Under the CT Partnership Program you would then have \$2.1 million of assets protected from CT Medicaid. Thus, the Connecticut Partnership for Long Term Care provides **Dollar for Dollar** asset protection. With this example, you could qualify for Medicaid without being impoverished and keep \$2.1 million of your assets. 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.

On April 13, 2015, Connecticut made three important changes to the CT Partnership Program:

1. Reduced the **minimum** inflation protection requirement for CT Partnership policies from 5% compounded to 3.5% compounded.
2. Reduced the increase in the minimum daily benefit from 5% each year to 3.5%.
3. Allowed policyholders who experience a lifetime cumulative rate increase of 50% or more to reduce their benefits below the Partnership inflation protection and minimum daily benefit requirements without having their policy lose its Partnership status. This allows policyholders in this situation to reduce their daily benefit to any level offered by the insurer. They can also lower their inflation protection to any level, as long as they maintain some level of automatic inflation protection (not future purchase option).

Nursing facility costs in Connecticut have been increasing by at an average annual inflation rate of 3% for the last five years (ending 2014) and 5.4% since 1998. The CT Partnership Program has minimum criteria, designed to protect both policyholders and the state’s Medicaid program. Lest we not forget, this is a Partnership Program. The key criteria of the Connecticut Partnership for LTC for new policies are listed below.

Minimum Daily Benefit by Location 2015	Minimum Daily Benefit by Location 2016 Estimate	Minimum Inflation Protection of Benefits Options Under Age 65		Minimum Inflation Protection of Benefits Options Age 65 and Over
Nursing Facility \$ 247.00	Nursing Facility \$ 256.00	Lifetime	3.5% or 5% Compound	Lifetime No Minimum
Home Care \$ 123.50	Home Care \$ 128.00	Daily or Monthly	3.5% or 5% Compound	Daily or Monthly 3.5% or 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 policy, you gain the safety of long term care insurance and the peace of mind provided by asset protection.

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