The Connecticut PARTNERSHIP FOR LONG-TERM CARE™

FREQUENTLY ASKED QUESTIONS

Office of Policy and Management
April 2023

The Connecticut Partnership for Long-Term Care is a program of the State of Connecticut, conducted in cooperation with the private insurance industry. The State of Connecticut provides free publications and counseling.

For more information,
call the Partnership's Consumer Information Service at **1-800-547-3443** (toll-free in Connecticut or 860-418-6318 outside of Connecticut) or visit our website at **www.CTpartnership.org**

General Questions

What is long-term care? Where is it provided?

Long-term care includes a wide range of services provided to people who need continued help with Activities of Daily Living (bathing, dressing, eating, using the toilet, continence, and transferring from a bed to a chair) due to a chronic condition or limited ability to function; or continued supervision due to a deterioration in mental capacity (such as, Alzheimer's Disease and other forms of dementia). Long-term care can be provided in a variety of places, including: a person's home; a nursing facility; through community-based services (i.e., Adult Day Care) and in a variety of assisted living settings (i.e., Continuing Care Retirement Communities, Residential Care Facilities, Assisted Living Facilities).

What is the risk of needing long-term care?

Everyone is potentially at risk. A 2016 study[i] found that 52% of people turning 65 years of age will need some long-term care before they die. Women are at a higher risk than men with 58% of women turning 65 years of age needing some long-term care and 47% of men turning 65 needing some long-term care.[ii]

What is the cost of long-term care?

The average private pay rate for a semi-private room in a Connecticut nursing facility in 2022 was $478 a day[iii], or over $174,300 per year. The average cost for a day in a Connecticut nursing facility increased 3.3% over the previous year. Over the last five years, the average annual inflation rate has been 2.5% and since 1988, the average annual inflation rate for nursing facility care has been 4.6%. The average length of stay is approximately 2.5 years, bringing the cost of an average stay to over $435,000. Home care, and assisted living care, can be just as expensive, depending on the frequency and type of services required.

Who pays the bill?

Many people assume Medicare will pay for their long-term care expenses. In fact, Medicare covers only a small portion of the country's long-term care bill.[iv] Medicare will pay for care in a nursing facility only when certain conditions are met, but never more than 100 days. Generally, Medicare only pays for skilled care at home. *Medicaid* covers 62% of the nation's long-term care bill,[v] *but will pay only after someone is impoverished* (having spent down his/her assets to $1,600 for a single person in Connecticut in 2022). Out-of-pocket expenditures account for about 22% of the nation's long-term care bill, while private insurance and other government programs combined account for about 16%.[vi] *The majority of long-term care is still provided in the home by friends and family at little or no charge to the individual*.

Why should anyone consider purchasing long-term care insurance?

- Medicare covers a very small portion of nursing facility and other long-term care costs.
- The **average** annual cost of a nursing facility in Connecticut is over $174,300.
- Medicaid requires individuals to spend down almost all their assets.
- There are strict rules and penalties for transferring assets to qualify for Medicaid.
- Everyone is at risk for needing long-term care and the risk is high.

What is the Connecticut Partnership for Long-Term Care?

The Partnership is a unique alliance between State government and the private insurance industry developed to: provide individuals with a way to plan for their long-term care needs without the risk of impoverishment; enhance the standards of private long-term care insurance; provide public education about long-term care; and conserve State Medicaid funds. Connecticut was the first state to implement such a program. From 1992, when the Connecticut Partnership was first launched, to 2006, New York, Indiana and California developed similar Partnership programs. However, starting in 2006, the federal government started to allow additional states to develop Partnership programs and 41 additional states have taken advantage of this opportunity and have received approval to implement a Partnership program. Please call the Partnership at 1-800-547-3443 (toll-free in Connecticut or 860-418-6318 from out of state) for the most up-to-date list of states implementing Partnership programs.

How does Medicaid Asset Protection work?

The most unique aspect of a Connecticut Partnership policy is the Medicaid Asset Protection feature. This feature provides dollar for dollar asset protection: for every dollar that a Partnership policy pays out in benefits, a dollar of assets can be protected from Medicaid spend down rules. When determining Medicaid eligibility, any assets you have up to the amount the Partnership insurance policy paid in benefits will be disregarded. For example, if your Partnership insurance policy paid $200,000 in benefits, Connecticut's Medicaid program would allow you to keep $200,000 in assets and still qualify for Medicaid assistance. The amount of assets you are able to protect under the Partnership is in addition to the $1,600 everyone is allowed to keep, including any assets your spouse may be allowed to retain. The Partnership's Medicaid Asset Protection feature **is not available under non-Partnership insurance policies**.

Who is appropriate to purchase a Partnership policy?

Anyone who resides in Connecticut at time of application and when the policy is issued; is generally healthy; meets the insurance company's age requirements; is able to afford the cost of the insurance; and has at least $80,000 in assets.

How are Partnership policies different from other long-term care insurance?

Each Partnership policy must include the following features, which are not required of other long-term care insurance policies:

- Must offer the option to purchase a wide array of home and community-based services.
- Must provide, as part of a home care benefit, care management services that include: an individualized assessment and plan of care; coordination of service providers; and monitoring the quality of services provided.
- Must provide automatic compounded inflation protection on an annual basis, at a rate of no less than 3.0% per year.
- Adhere to minimum daily rates established for Nursing Facility and Home and Community-Based benefits, which increase 3.0% annually.
- Must offer the policyholder, in the event he/she is about to drop his/her policy, the option to switch to a shorter benefit period, thereby reducing the premium. *The reduced premium must be based on the policyholder's age at time of original purchase and not his/her current age*. 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 the benefits are not reduced below the allowable Partnership minimum levels in effect at the time the benefits are reduced.
- Agents who wish to sell Partnership policies must complete a certification training program.
- Only Partnership policies provide Medicaid Asset Protection.
- Only Partnership policyholders are guaranteed by law a 5% discount on private pay nursing facility rates in Connecticut.

Residency Issues

Am I eligible to apply for a Partnership policy if I live in another state part of the time?

You must have a residence with a legitimate address (not a Post Office Box or work address) in Connecticut, such as a single-family home, an apartment or condominium, where you reside at least part of the time. You must be residing in the Connecticut residence when you apply for coverage and when the Partnership policy is issued. There is no waiting period or length of time that you have to be residing in the Connecticut residence before you apply for coverage. However, the Connecticut residential address must appear on the Partnership insurance application. You can change your mailing/billing address to an out-of-state location once the policy has been issued.

Can I use my Partnership policy outside of CT?

After you purchase a Partnership policy, your policy will pay benefits anywhere in the United States (and for some policies, outside the United States) and these payments will **accumulate Medicaid Asset Protection.** However, to take advantage of the Medicaid Asset Protection you accumulated, you must be residing in Connecticut when you apply to and receive benefits from Connecticut's Medicaid program unless you reside in a state which Connecticut has a reciprocal agreement with at the time you apply to that state's Medicaid program (see the next section for more details on asset protection outside of Connecticut).

Can I receive Medicaid Asset Protection outside of CT?

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 information on which states have reciprocal agreements with Connecticut, please call 800-547-3443 (toll-free in Connecticut or 860-418-6318 from out of state) or visit the Connecticut Partnership website - https://portal.ct.gov/OPM/PDPD-HHS-Long-Term-Care/Consumer/Partnership-Medicaid-Asset-Protection-Reciprocity

Guarantees

What happens if my long-term care insurance policy is sold to another company?

By law, all long-term care insurance policies in Connecticut are "guaranteed renewable." This means that as long as you pay your premiums when due, the insurance company is obligated to renew your policy and it cannot alter the benefits or features of the policy without your consent. Even if your long-term care insurance policy is sold to another insurance company, the new company must honor its benefits and features.

The Connecticut Insurance Department audits every insurance company to make sure they are financially sound. Should a problem arise, the insurance company is given specific instructions to correct the problem. If the problem continues, the Insurance Department can transfer all of the affected long-term care insurance policies to a financially healthy insurance company. If such a transfer is not feasible, there may be limited protections available from the Connecticut Insurance Guaranty Fund. For more information, contact the Connecticut Insurance Department at **(800) 203-3447** or visit the Connecticut Partnership website to find a brochure on the Guaranty Fund - https://portal.ct.gov/-/media/CID/guarfundpdf.pdf

What happens if Medicaid no longer exists?

Connecticut law guarantees that the State of Connecticut will provide Medicaid Asset Protection to Partnership policyholders even if the Medicaid program is changed or is replaced by another program. The State also guarantees that Partnership policyholders can receive services from Medicaid, or its successor program, assuming they meet all other eligibility criteria at the time of application, even if an entitlement to Medicaid no longer exists.

What happens if the State discontinues the Partnership?

Even if the State discontinued the Partnership (i.e., no new Connecticut residents could purchase a Partnership policy), the State, by law, would still have to honor its Medicaid Asset Protection promise for all existing policyholders.

Will the State try to recover my protected assets after I die?

Once your assets are protected through the Partnership, Connecticut law prohibits the State from trying to recoup any of the Partnership protected assets from your estate.

Once I'm eligible, will Medicaid provide the same benefits as my policy?

Once you are eligible for Medicaid, you will receive the services covered by the Connecticut Medicaid program at that time. *These services could be less than or more than the services provided to you through your Partnership policy*.

What happens if I can no longer afford to pay the premiums for the policy?

Companies participating in the Partnership are required to offer people who are about to lapse their policies the option to reduce their lifetime maximum benefits, and, therefore, reduce their premium. The insurer may also offer you the option to reduce your daily benefit, as long as the daily benefit does not go below the Partnership's minimum benefit for that year. You may also be able to lengthen your elimination period (deductible) and lower your premium if your elimination period is less than 100 days. If you still cannot afford to pay the premium of a reduced benefit offer, then, as with any insurance, you would have to drop the policy. If you have purchased a non-forfeiture option as part of your policy, it may be possible to receive reduced benefits without having to continue paying premiums. A non-forfeiture option must be offered to all applicants for long-term care insurance.

Purchase and Cost Issues

What features should I look for in a long-term care insurance policy?

- One of the most important features to include in a long-term care insurance policy is *automatic compounded inflation protection.* This feature is included in every Partnership policy and increases your benefits at a rate of no less than 3.0% each year your policy is active. *Under the inflation protection provision, the premium stays level and does not increase even though the benefits increase on an annual basis.* However, your premium can increase if the company increases premiums for everyone who has the same policy and receives approval for the increase from the Connecticut Insurance Department.

  A policy that pays out $300/day in 2023 would be worth very little 20-30 years from now if the benefits were not inflated. If the benefits were not inflating each year, you could have a substantial out-of-pocket expense to make up the difference between the actual charge and what the insurance policy will pay.

- The provisions that describe what triggers the payment of benefits should be easy to understand and not overly restrictive.

- You should think about what you expect your income and assets to be when you might need care and how much daily co-payment and deductible (elimination period) you think you will be able to afford. The daily benefit amount should fit with your anticipated income at the time you might need care. **General rule of thumb:** Daily Benefit + Income = Cost of Care.

- Benefits should be flexible and provide for a wide range of services. Home care is a very important feature. Insurance companies participating in the Partnership must offer a Partnership policy that includes a wide array of home and community-based services. Keep in mind when thinking about your home care benefit that home care can be just as expensive as nursing facility care, especially if you do not have family or friends to provide some of the services at little or no cost to you.

How much does a long-term care insurance policy cost?

Each company sets its own rates. You should talk to your insurance agent or the company to get specific rates. Premiums can vary greatly across insurance companies and within companies depending on what features are included in your policy. The following factors will have a direct impact on the amount of premium you will pay:

- **Age:** Age is the single most important factor – the older you are, the more expensive your premium will be.
- **Elimination Period (deductible):** The shorter the elimination period, the more expensive your premium will be.
- **Daily and Lifetime Benefit:** The greater the benefit purchased, the more expensive the premium will be.
- **Riders or Options:** Additional features, such as a non-forfeiture benefit, will increase the premium.
- **Spousal/Partner Discounts:** Most companies will provide for some discount if both spouses or partners purchase a policy from the same company.
- **Group Discounts:** Purchasing a policy through a group offering, such as through your employer or an association, may decrease the premium.
- **Paid Up Options:** If the company offers this option, premiums can also be paid up within a specific period (e.g., 10 or 20 years) of time, in which case the annual premium for the specified period is higher than the annual premium would be if it was paid for the lifetime of the policyholder or until they need care.
- **Health Factors:** Some companies offer lower premiums for applicants in very good health and higher premiums for applicants with particular health conditions.

Will my Partnership policy premium increase every year?

Premiums are developed to remain level for the duration of the policy. ***However, your premium can increase if the company increases premiums for everyone who has the same policy and receives approval for the increase from the Connecticut Insurance Department.***

Does a Partnership policy cost more than a non-Partnership policy?

Partnership and non-Partnership policies that have the same benefits and are from the same insurance company will have identical premiums. In those cases where the Partnership policy costs more than the non-Partnership policy, it is because the features are not identical. All Partnership policies must include automatic inflation protection at a rate of no less than 3.0% compounded annually and offer extensive home and community-based services, including care management. If a non-Partnership policy does not include these benefits, there will be a significant difference in the premiums. Make sure that when you are comparing policies you are comparing similar benefits. **The Medicaid Asset Protection feature is a feature offered by the State of Connecticut, and therefore, does not add to the cost of a Partnership policy. Only Partnership policies include Medicaid Asset Protection.**

What is the age limit for purchasing a policy?

Each company establishes its own age limits. Most insurance companies will sell a Partnership policy to someone who is as young as 18 while the upper age limit can range between 75 and 84, depending on the company. For more information regarding policy specific information, call the Partnership at 1-800-547-3443 (toll-free in Connecticut or 860-418-6318 from out of state) or visit the Partnership's website at www.CTpartnership.org and request, or download, the "Policy Comparisons" report.

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[i] Favreault, Melissa & Judith Dey. 2016. "*Long-Term Services & Supports for Older Americans: Risks and Financing*." USDHHS Assistant Secretary for Planning & Evaluation (ASPE) Issue Brief. Revised February 2016.
[ii] Ibid.
[iii] State of Connecticut, Office of Policy and Management, *Survey of Nursing Facilities*. Rates are effective as of September 2022.
[iv] National Health Policy Forum; The Basics: National Spending for Long-Term Care Services and Supports; George Washington University, February 3, 2012.
[v] Ibid.
[vi] Ibid.