



EVALUATION STUDIES

July 1, 2012 – June 30, 2014

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The Connecticut Partnership for Long-Term Care

Evaluation Studies

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I. EXECUTIVE SUMMARY

The Connecticut Partnership for Long-Term Care (Partnership) is a unique alliance between State government and the private insurance industry developed to: 1) provide individuals with a way to plan for their long-term care needs without the risk of impoverishment; 2) enhance the standards of private long-term care insurance; 3) provide public education about long-term care; and 4) conserve State Medicaid funds. Connecticut was the first state in the country to implement a Partnership program.

This executive summary provides an overview of each of the evaluation studies included in this report. These ongoing research studies were developed in order to describe, measure and evaluate this innovative program. The Partnership has been operational and gathering data since April, 1992. Originally, the Partnership contracted with an outside consultant who was responsible for administering the various surveys used in conjunction with the evaluation, as well as providing the Partnership with quarterly and annual reports. These research studies were funded through a grant from the Robert Wood Johnson Foundation. When grant funds were exhausted for the studies, the Office of Policy and Management assumed responsibility for administering the surveys as of July 1, 1996. With the goal of reducing costs and increasing efficiency, one study was converted from a telephone to a mail survey and two surveys were discontinued. Any changes are noted in each of the specific studies included in this report. Missing data are always excluded, unless otherwise noted.

This report examines survey responses from people who purchased, dropped or were denied a Connecticut Partnership policy during the time period from July 1, 2012 to June 30, 2014. The report highlights significant differences between data collected during this time frame and data collected in previous years. The following three studies are included as part of this report: Survey of Persons Purchasing Insurance; Survey of Persons Denied Insurance; and Survey of Persons Dropping Insurance.

A. Survey of Persons Purchasing Insurance

This study provides a descriptive profile of individuals who purchased a Connecticut Partnership for Long-Term Care approved insurance policy and completed the survey. Policies are purchased from private insurance companies that market Partnership-approved long-term care insurance policies. Information collected includes: demographic characteristics, income and asset information, health and functional status, reasons for purchasing and how purchasers heard about the Partnership. The survey instrument, called the “Baseline Survey,” was mailed to a 50% sample of 2nd and 4th quarter purchasers of Partnership policies during the period from July 1, 2012 through June 30, 2014. Beginning in 2001, the Baseline survey process was reduced to alternating quarters with Baseline Surveys being mailed to a random sample of 2nd and 4th quarter purchasers only. Prior to 2001, the Baseline Survey was mailed to all purchasers each quarter. However, beginning with the second quarter of 2014, a decision was made to return to the original schedule and surveys are once again mailed to all purchasers each quarter. A total of 190 completed surveys were returned for this period (7/1/12 – 6/30/14), representing an overall response rate of 44%.

Looking at the current report data, respondents ranged in age from 39 to 76 with an average age of 60. Seventy-nine percent were under the age of 65. The majority of respondents (56%) were female. Eighty-six percent were married and 85% lived with their spouse.

Four percent had a monthly income of less than \$2,500, while 79% reported their household monthly income as being over \$5,000 and 17% indicated their monthly income was in the middle range of \$2,500 - \$4,999.

Seventy-five percent of respondents reported assets over \$350,000, while 9% indicated their assets were less than \$100,000. Sixteen percent fell into the \$100,000-\$349,999 range.

Survey data were linked with policy specific data reported quarterly by the participating insurance companies to examine benefit amounts and types of policies purchased. Benefit amounts of respondents ranged from \$81,760 to \$1,168,000 with a mean benefit amount of \$289,584, (excluding unlimited benefit policies). Seventy-six percent of respondents purchased individual policies and 86% were first time purchasers, as opposed to upgrades.

The Baseline Survey asks a series of questions to ascertain purchasers' perceived current and past health status. Respondents rated their health as either excellent (68%) or good (30%) as compared to other people their age. Reported functional limitations were consistent with respondents' self-reported health status, as 100% reported no Activities of Daily Living (ADL) deficiencies and 99% reported no Instrumental Activities of Daily Living (IADL) limitations. Using the Rosow-Breslau index, which measures a broader range of disabilities, 99% indicated they were able to perform all of the activities independently. (Rosow and Breslau, 1966.) The most common health conditions reported at the time the survey was completed were: hypertension (23%), arthritis (13%) and diabetes (12%). The health conditions most frequently reported as occurring in the past were: hypertension (19%), arthritis (8%) and diabetes, respiratory condition, stomach condition and cancer (6%).

The survey also seeks to find out why individuals purchase long-term care insurance. There are a variety of reasons why people purchase long-term care insurance. Respondents reported three major reasons they chose to purchase a Partnership insurance policy: to pay for future services (90%); to protect their spouse and family (85%); and to protect their assets (83%). Almost one-quarter (24%) of respondents stated they purchased a policy as an alternative to transferring assets in order to access the Medicaid program. There are also certain unique features of Partnership policies that are attractive to purchasers. The Medicaid Asset Protection feature was considered very important or important by 90% of respondents and the State seal of approval was considered very important or important by 83%. While not necessarily unique to Partnership policies, coverage for home and community-based services was considered very important or important by 95% of respondents and the no prior hospitalization and institutionalization requirement was considered very important or important by 92% of respondents.

The survey examined how purchasers first heard about the Partnership. Forty-one percent of respondents heard about the Partnership from their insurance agent. Thirty-eight percent heard about the Partnership from their financial planner or attorney and another 23% heard about the Partnership from Partnership brochures.

B. Survey of Persons Denied Insurance

This report presents findings from a survey of individuals who applied for and were denied a Connecticut Partnership for Long-Term Care insurance policy during the period from April 1, 1992, through June 30, 2014, and who completed the survey. The Denied Survey report includes results from all respondents because the sample size from July 1, 2012 to June 30, 2014 is too small to perform meaningful analysis. The data collected include demographic and socio-economic characteristics, as well as the self-reported health and functional status of these individuals. This report also examines applicants' perceived reason for denial and whether or not they applied to other companies for long-term care insurance coverage.

During this time period, 71,443 applications were received for Partnership-approved policies and 9,534 of these applications were denied. This represents a 13% denial rate. A total of 2,249 completed surveys were received resulting in a 24% response rate.

Fifty percent of respondents were 65 or older, with ages ranging from 20 – 89 years old (mean: 64). Respondents were almost equally divided by gender: 49% male and 51% female. The majority (73%) were married and living with their spouse (71%). Eighty-two percent reported having at least one child, and almost three-quarters (70%) reported that at least one of their children lived within one hour's travel distance. Forty-five percent of respondents reported a gross monthly household income of over \$5,000, 19% reported income below \$2,500. Ten percent of respondents reported their total household assets to be less than \$50,000 and 46% indicated they had assets totaling over \$350,000.

When asked to rate their health compared to others their age, 88% of respondents reported that they were in excellent or good health. In examining functional status, 99% reported no ADL limitations and 93% reported no IADL limitations. However, with regards to the Rosow index, 20% indicated that they needed assistance with at least one of the activities. The three most prevalent current health conditions reported were: hypertension (30%), diabetes (23%) and arthritis (23%). The majority (65%) of respondents believed that they were denied long-term care insurance because of health reasons. Twenty-one percent stated that they did not know why they were denied.

Over one-third (34%) of respondents reported that they had already applied to another insurance company. Of these individuals, 27% had already been approved, with an additional 30% reporting that their application was pending. These findings have been consistent since the Partnership's inception and continue to indicate that there is substantial variation among companies' underwriting practices.

C. Survey of Persons Dropping Insurance

This report describes purchasers of Partnership insurance policies who decided to drop their policy during the period from January 1, 1996 through March 31, 2014, and who completed the survey. This includes all of the Drop Survey data received to date. The survey collected basic demographic data, as well as reasons for dropping insurance and the purchasers' level of understanding of specific features of the Partnership policy. During this time frame, 3,162 completed surveys were returned, for a total response rate of 32%.

The mean age for all respondents was 64, with an age distribution ranging from 22 – 95. Fifty-five percent were under the age of 65 and 76% were under the age of 70. The majority of respondents were women (56%). Sixty-eight percent of respondents were married and 67% reported that they lived with their spouse. Twenty-one percent reported living alone. Thirty-six percent indicated that their monthly household income

was over \$5,000. Twenty-seven percent reported a monthly income below \$2,500. Thirty-three percent of respondents reported household asset levels less than \$100,000, with 22% below \$50,000. Thirty-four percent reported assets of over \$350,000.

As has been consistent since the Partnership began administering this survey, the majority (63%) of respondents report that their major reason for dropping was because the policy was “too costly”. The survey also examines respondents’ level of understanding of certain policy features. When asked how well they understood their Partnership policy, 58% said they understood their policy completely. Fifty-two percent indicated that they were not aware of the reinstatement provision, which is not a unique feature of Partnership policies, and 61% were not aware of the provision for reinstatement due to cognitive impairment. The option to reduce coverage is an important required feature unique to the Partnership that states that the company must proactively offer policyholders, in the event they are about to lapse their policy, the option to reduce their coverage to a shorter benefit period than originally purchased. Twenty-four percent said they had been offered this benefit. Partnership staff continue to emphasize the importance of the reduced benefit option requirement during presentations, to both insurance producers and the general public, and as part of every Partnership producer certification training class.