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OFFICE OF PROGRAM POLICY ANALYSIS
& GOVERNMENT ACCOUNTABILITY

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Increased Public Awareness of the Long-Term Care Insurance Partnership Program Would Contribute to the Program's Success

at a glance

The Long-Term Care Insurance Partnership Program seeks to alleviate the financial burden on the state's Medicaid program by encouraging individuals to purchase private long-term care insurance. Five state agencies are coordinating efforts to implement the program.

As of June 30, 2008, over 15,000 Floridians had partnership policies, obtained either by purchasing new policies or exchanging older policies for partnership long-term care policies. Prior to the program's implementation in Florida, 465,800 residents were covered by long-term care insurance. Thus, the partnership program represents a relatively small proportion of total long-term care coverage for Florida residents.

Partnership policyholders were most frequently between the ages of 55 and 65 at the time they acquired policies. Most purchased three to five years of long-term care coverage. Policyholders' maximum benefit coverage ranged from $54,000 to $1,440,000, with some policyholders purchasing unlimited benefits. Older policyholders paid higher premiums and purchased lower levels of coverage.

Several obstacles could affect the program's success including a lack of public awareness and impediments to purchasing long-term care insurance.

Scope

The Florida Legislature directed OPPAGA to assess the implementation of the qualified state Long-Term Care Insurance Partnership Program. [1] This report addresses four questions.

- What are state agencies doing to implement the Long-Term Care Insurance Partnership Program?
- How many Florida residents have purchased partnership policies and what are the demographic characteristics of these policyholders?
- What partnership policy features have Florida residents selected?
- What barriers could affect the program's success?

Background

The 2005 federal Deficit Reduction Act authorized states to establish a Long-Term Care Insurance Partnership Program. [2] The program is intended to alleviate the financial burden on states' Medicaid programs by encouraging individuals to purchase private long-term care insurance.

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[1] Chapter 2006-254, *Laws of Florida.*

[2] Four states (California, Connecticut, Indiana, and New York) established partnership programs as part of a pilot project that began in 1987. However, the Omnibus Budget Reconciliation Act of 1993 prohibited the program's expansion into other states.

This insurance is expected to prevent or delay policyholders' need for Medicaid long-term care services, such as nursing home care. [3]

In return for purchasing partnership policies, a portion of policyholders' assets will be disregarded when determining their eligibility for Medicaid long-term care services, if and when they apply for such services. Traditionally, to be eligible for Medicaid, applicants' assets cannot exceed certain financial eligibility thresholds. [4, 5] When applying for Medicaid long-term care benefits, the program allows individuals who purchase qualifying insurance policies to retain one dollar in assets for each dollar of long-term care insurance benefits paid by the policy. For example, the typical asset limit for an individual applying for Medicaid nursing home services is $2,000. If an applicant received $100,000 in benefits through a partnership program insurance policy, they may retain up to $102,000 in assets.

Qualifying long-term care insurance policies must meet certain minimum requirements. Policies must be federally tax-qualified, provide inflation protection for policyholders of certain ages, and only provide coverage to residents of the state where the policy coverage was offered. [6, 7] For example, partnership polices must provide beneficiaries under the age 76 with inflation protection that automatically increases benefit levels over time to help offset future increases in long-term care costs. For policyholders less than 61 years of age, the inflation protection must be calculated based on a compounded interest rate. For policyholders ages 61 to 76, inflation protection can be calculated based on a simple interest rate. Policyholders age 76 and older are not required to have inflation protection.

In addition, unless a state opts out of the reciprocity standards established by the federal Department of Health and Human Services, states must honor other states' partnership programs when policyholders move from one state to another. Appendix A provides comparison information on various states' partnership programs.

The federal government is developing a national data reporting system for partnership policies. The federal Centers for Medicaid and Medicare Services is developing a national database for collecting information from insurers that sell partnership policies. The Deficit Reduction Act required insurers to report policy information, but the federal rules will not go into effect until April 17, 2009. [8] Officials from the Centers for Medicaid and Medicare Services have informed states that they plan to test the system in the spring of 2009, with implementation in the summer of 2009. The federal government intends to give states access to the data reported by insurers.

Questions and Answers

What are state agencies doing to implement the Long-Term Care Insurance Partnership Program?

The 2006 Legislature directed the Agency for Health Care Administration to work with the Office of Insurance Regulation and the Department of Children and Families to establish the program. This legislation also specified that these agencies

[3] For Fiscal Year 2007-08, 23.9% of Florida's $14.9 billion Medicaid budget was for long-term care services (nursing home and/or community-based long-term care).

[4] In general, to meet financial qualifications for Medicaid-funded long-term care services, an individual may not have a monthly income that exceeds $1,911 a month and assets that exceed $2,000. For an institutionalized couple in the same facility, income may not exceed $3,822 a month and assets may not exceed $3,000. With the exception of a small personal allowance, the beneficiaries' income will be used toward the costs of long-term care services. The Medicaid program pays the difference between the amount paid from the beneficiary's income and the rate charged by the long-term care provider.

[5] To qualify for Medicaid long-term care services, individuals must also meet other qualifications, which require a medical assessment of their need for assistance with certain activities of daily living such as bathing and dressing.

[6] Federally tax-qualified policies meet requirements established by the Health Insurance Portability and Accountability Act of 1996 and the Internal Revenue Service for federal income tax treatment of premiums and benefits.

[7] According to the National Association of Insurance Commissioners Long Term Care Insurance Model Act, which is referenced by the Deficit Reduction Act, partnership policies must include several consumer protections. For example, insurers must provide each policyholder with a guaranteed renewable, non-cancelable contract, a summary of the policy outline, and an examination "free look" period during which time the policyholder may cancel the policy for any reason and receive a return of the premiums paid to date. Policies must provide essentially the same benefits for custodial care and skilled nursing care. Also, insurers cannot use different underwriting standards than used for other long-term care insurance policies when evaluating applicants' health history and deciding whether to approve the applicant for coverage.

[8] The final federal regulations, titled *State Long-Term Care Partnership Program: Reporting Requirements for Insurers* (45 CFR Part 144), were published in the *Federal Register* on December 18, 2008.

work in consultation to establish minimum standards for the information insurance companies provide to individuals about partnership policies.

Five state agencies currently have a role in implementing the Long-Term Care Insurance Partnership Program in Florida. Over time, five agencies have become involved in various aspects of implementing the partnership program because of their respective responsibilities. As a result, five state agencies have a role in the program.

- The Agency for Health Care Administration administers the state's Medicaid program.
- The Office of Insurance Regulation regulates insurers and enforces compliance with statutes related to private insurance issued to Florida residents.
- The Department of Children and Families determines individuals' financial eligibility for Medicaid benefits.
- The Department of Elder Affairs administers the Serving the Health Insurance Needs of the Elderly (SHINE) program. This program offers seniors free counseling on insurance, including long-term care insurance, and Medicare. The department is also responsible for the Comprehensive Assessment and Review for Long-Term Care Services (CARES) Program, which assesses individuals' functional need for Medicaid long-term care services.
- The Department of Financial Services regulates insurance agents and provides consumers with information to help them make informed financial decisions, including a long-term care consumer guide.

The agencies are coordinating their efforts to implement the program. Their activities have included forming an interagency workgroup, amending the Medicaid State Plan, promulgating rules, and developing an informational document for consumers.

To promote coordination, the Agency for Health Care Administration established a workgroup with the other four state agencies with responsibilities relating to Medicaid and/or long-term care insurance.[9] Agency representatives have used workgroup meetings to establish agency roles, exchange information on accomplishments to date, and identify additional activities that need to be completed.

A key implementation activity was obtaining federal approval to amend Florida's Medicaid State Plan, which needed to be done before the program could begin in Florida. To do so, the Agency for Health Care Administration coordinated with the Department of Children and Families and the Office of Insurance Regulation to develop a proposed amendment. In November 2006, the federal Centers for Medicare and Medicaid Services granted its approval to establish a Long-Term Care Insurance Partnership Program in Florida. The Medicaid State Plan amendment became effective on January 1, 2007.

In August and November 2007, respectively, the Office of Insurance Regulation and Department of Children and Families promulgated rules to define how the partnership program would function in Florida. The Office of Insurance Regulation's rules define the features required in partnership policies and set standards for companies issuing these policies. The Department of Children and Families' rule describes how the program would affect a policyholder applying for Medicaid coverage.

To provide consumers with information about the partnership program in Florida, the state agency workgroup is developing an informational document to answer frequently asked questions. The document, to be completed this March, addresses issues such as advantages to owning a partnership policy and what happens if a consumer moves to another state and later needs to apply for Medicaid long-term care benefits. Once finalized, the Agency for Health Care Administration plans to post the document on its website and include links to other state agency websites for information as applicable to their areas of responsibility.

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[9] Initial meetings consisted of representatives from the Agency for Health Care Administration (Bureaus of Medicaid Services and Medicaid Third-Party Liability), Office of Insurance Regulation, and the Department of Children and Families. In September 2006, the workgroup expanded to include representatives from the Department of Financial Services and the Department of Elder Affairs' SHINE program.

In the interim, to answer seniors' questions about long-term care including the partnership program, the Department of Elder Affairs' 'Serving the Health Insurance Needs of the Elderly' (SHINE) program developed a webpage on long-term care. This website includes a "frequently asked questions" document, a self-assessment guide to help consumers plan for their future long-term care needs and evaluate potential policy features, and other information. [10]

The Department of Financial Services also works with the SHINE program on consumer outreach programs for senior groups on topics such as long-term care insurance. The department is currently updating its outreach materials and long-term care brochure to provide information about the partnership program, and expects the updated materials to be available in March.

How many Florida residents have purchased partnership policies and what are the demographic characteristics of these policyholders?

As of June 30, 2008, over 15,000 Floridians had partnership policies, acquired either by purchasing new policies or exchanging older long-term care insurance policies for partnership policies. Slightly more women than men, and significantly more married than single persons have partnership policies. Policyholders were most frequently between the ages of 55 and 65 at the time they acquired policies. Residents throughout the state have purchased policies, with Broward and Palm Beach county residents making the greatest use of the program. [11]

Over 15,000 Floridians have partnership policies. Data reported by insurance companies indicates that 15,071 Florida residents had obtained partnership long-term care policies as of June 30, 2008. These data were reported by 25 of the 46 companies that sold long-term care insurance policies in Florida from January 2007 through June 2008. The 25 companies reporting data had 85% of the new long-term care insurance business in Florida in 2007. [12] See Appendix B for a list of these companies. Six insurance companies in this group reported issuing partnership policies. [13] Two companies (Genworth Life Insurance Company and John Hancock Life Insurance Company) accounted for almost all of the policies, covering 96.3% of all of the partnership policyholders in Florida.

Of the residents with partnership policies, about half (7,733, or 51%) had purchased new policies while almost an equal number (7,338, or 49%) had exchanged an older long-term care insurance policy for a partnership policy. Most of the policies (11,798) covered individuals while about a quarter (3,273, or 22%) had purchased joint policies.

During calendar year 2006, prior to the partnership program's implementation in Florida, 465,800 residents were covered by long-term care insurance. Thus, the partnership program currently represents a relatively small proportion of long-term care coverage for Florida residents.

Policyholders are slightly more likely to be women, and significantly more likely to be married than single. As shown in Exhibit 1, more women than men have partnership policies. Policyholders also tend to be married at the time the policy was issued.

Exhibit 1
Policyholders Are More Likely to Be Women and Married

Policyholder Gender	Single	Married	Total
Male	1,069	5,412	6,481
Female	2,446	6,144	8,590
Total	**3,515**	**11,556**	**15,071**

Source: OPPAGA analysis of data provided by insurance companies.

[10] The Department of Elder Affairs' SHINE website on long-term care is located at www.floridashine.org/longtermcare.html.

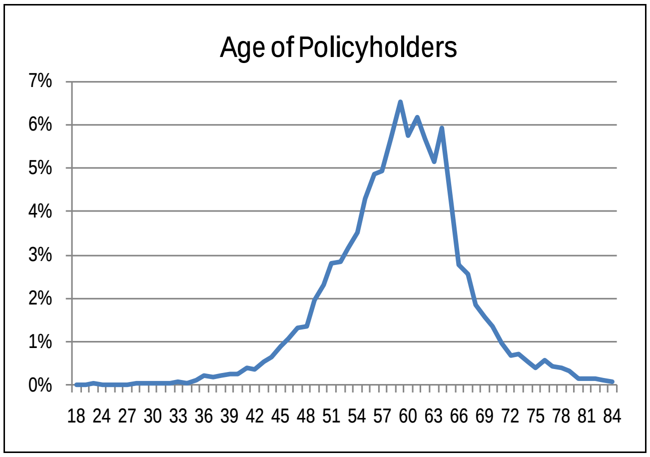
[11] OPPAGA also requested information on the amount of income and assets reported by applicants at the time policies were issued. However, for almost all policyholders, insurers that have sold partnership policies responded that they do not possess this information.

[12] This calculation excludes five companies that sold policies between January 2007 and June 2008 because they did not provide the Office of Insurance Regulation with data on premiums earned in 2007.

[13] Because the State of Florida does not have a data reporting mechanism for partnership policies, the Office of Insurance Regulation assisted us with this project by forwarding our request for data to insurance companies. Office of Insurance Regulation administrators and data from two of its insurance company reporting systems identified 46 insurance companies that sold tax-qualified long-term care insurance policies in Florida from January 2007 through June 2008. Of these 46 companies, 25 (54.3%) responded to the Office of Insurance Regulation's request to submit data for this project.

Policyholders were most frequently between the ages of 55 and 65. The average age of policyholders was 59, and ages ranged from 18 to 84 at the time they acquired policies (see Exhibit 2).[14] As shown in Appendix C, 55% of policyholders were between 55 and 65 years of age.

Exhibit 2
Policyholders Ranged in Age from 18 to 84



Source: OPPAGA analysis of data provided by insurance companies.

Policyholders live throughout the state. Residents of all 67 counties have partnership policies (see Appendix D for a map showing the number of policyholders by county). Broward and Palm Beach counties had the highest number of partnership policyholders, with 11.4% of policyholders living in Broward County and 12.9% living in Palm Beach County. However, when comparing partnership policies as a rate per 10,000 residents age 45 years or older, Leon, St. Johns, and Palm Beach counties had the highest rate of partnership policies purchased.

What partnership policy features have Florida residents selected?

Major features of partnership long-term care insurance policies selected by Florida residents are that

- most policyholders purchased three to five years of long-term care coverage,
- policyholders purchased a wide range of maximum benefits for long-term care, ranging from \$54,000 to \$1,440,000, with some policyholders receiving unlimited benefits,
- most of the policyholders selected compound inflation coverage to cover future increases in long-term care costs, and
- older policyholders paid higher premiums and purchased lower levels of coverage.

Most policyholders purchased three to five years of coverage. Individuals can decide how many years of long-term care coverage they want to purchase. As shown in Exhibit 3, the amounts purchased ranged from three years up to an unlimited length of time.[15] Most policyholders (72.9%) purchased between three and five years of coverage. For the policyholders with limited benefits, coverage averaged 4.3 years.

Exhibit 3
Most Policyholders Purchased Three to Five Years of Long-Term Care Coverage

Years of Coverage	Number of Policyholders[1]	Percentage of Policyholders
3	4,245	28.5%
4	3,653	24.5%
5	2,948	19.8%
6	809	5.4%
7	33	0.2%
8	143	1.0%
10	514	3.5%
Unlimited	2,539	17.1%
Total	**14,884**	**100.0%**

[1] Excludes five policyholders who purchased less than three years of coverage; 175 who purchased differing levels of coverage for nursing home, home health care, and/or assisted living facility care services; six with coverage values that are not in whole years; and one whose policy information appears to include a data error.
Source: OPPAGA analysis of data provided by insurance companies.

The amount of coverage policyholders purchased varied widely. Long-term care insurance policies often impose a limit or maximum on the dollar value of benefits the insurer will pay, although some policies offer unlimited benefits with no maximum dollar value. The amount of coverage provided under a long-term care insurance policy can be a function of how much premium expense

[14] One company reported the policyholder age at the time of initial purchase rather than the age when policies were exchanged and could not provide corrected data. However, because policy exchanges are only allowed for policies purchased as of March 1, 2003, there is at most a five–year difference between the actual age and reported age at time of policy acquisition.

[15] This analysis is based on provisions for individual beneficiaries. Companies can differ on whether policies covering multiple persons provide the same set of benefits to all beneficiaries.

the insured is willing to pay, and how much risk the insurer is willing to undertake for the individual insured.

As shown in Exhibit 4, insurers reported that maximum lifetime benefits for Florida partnership policyholders ranged from $54,000 to $1,440,000, with some policyholders (2,560, or 17%) purchasing unlimited benefits. Almost three-quarters of the policyholders purchased maximum lifetime benefits between $100,000 and $400,000. Of the policyholders with benefit limits, the median lifetime coverage maximum is $211,200.

Exhibit 4
Most Policyholders Purchased Between $100,000 and $400,000 of Maximum Lifetime Benefits

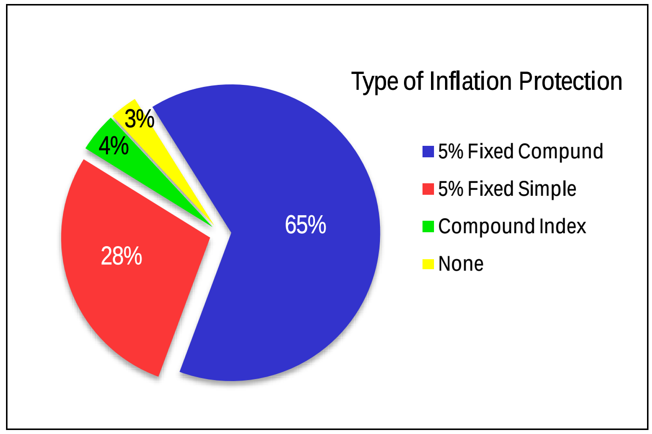
Maximum Lifetime Benefits	Number of Policyholders	Percentage of Policyholders
$ 54,000 to $ 99,999	551	4%
$ 100,000 to $ 199,999	5,309	35%
$ 200,000 to $ 299,999	4,216	28%
$ 300,000 to $ 399,999	1,627	11%
$ 400,000 to $ 499,999	286	2%
$ 500,000 to $ 599,999	282	2%
$ 600,000 to $ 999,999	224	1%
$1,000,000 to $1,440,000	16	0%
Unlimited benefits	2,560	17%
Total	**15,071**	**100%**

Source: OPPAGA analysis of data provided by insurance companies.

Most policyholders selected compound inflation coverage for increases in future long-term care costs. Choosing the amount of inflation coverage is one of the significant decisions purchasers of long-term care insurance must make. Inflation coverage is intended to protect the purchaser by making sure that the amount of coverage is sufficient to cover future increases in the cost of long-term care services. However, the higher the inflation coverage, the higher the premium the purchaser must pay. [16]

Most Florida partnership policyholders selected compound inflation coverage. As shown in Exhibit 5, the majority (65%) selected compounded inflation protection at a fixed rate of 5%. Only three policies had compound or simple fixed inflation protection below 5%. Four percent had inflation protection which varied based on inflation indices and 3% had no inflation protection.

Exhibit 5
The Majority of Policyholders Selected 5% Compounded Inflation Protection [1]



[1] All but seven of the policyholders who purchased indexed policies received the Urban Consumer Price Index as the basis for calculating the amount of inflation coverage.
Source: OPPAGA analysis of data provided by insurance companies.

Older policyholders paid higher premiums and purchased lower levels of coverage. The premiums insurers charge for long-term care insurance are influenced by many factors. Primary factors include the age and current health status of the insured, including whether the insured has certain health conditions that can increase or decrease the likelihood of needing long-term care. Factors affecting premium amounts also include the extent of inflation protection, how quickly the policy will be considered paid in full, and the dollar amount of coverage selected. [17]

[16] Federal rules place some minimum requirements on inflation coverage for partnership policies, and these requirements vary by age group.

[17] Policyholders can choose to pay premiums for the remainder of their lives or for shorter terms, such as up to age 65 or for a specific number of years. Shorter timeframes increase the amount of the premiums. Due to privacy concerns, we did not request information on policyholders' health conditions and other information that may explain some of the variability in premium amounts.

Exhibit 6
The Age of the Insured at the Time of Purchase Affected Premium Amounts and Coverage

	Limited Benefit Policies			
Age Group	Median Years of Coverage	Median Lifetime Benefit Maximums	Percentage of Policyholders with Unlimited Benefits	Median Annual Premiums
Up to age 44	5	$244,800	40%	$1,548
45 to 54	4	237,250	26%	1,680
55 to 64	4	216,000	16%	1,963
65 to 74	4	178,200	8%	2,749
75 or older	3	120,815	1%	4,084
All Ages	**4**	**$211,200**	**17%**	**$2,005**

Source: OPPAGA analysis of data provided by insurance companies.

Premiums are typically higher and the amount of insurance coverage purchased is typically lower for people who were older when they purchased the policy. As shown in Exhibit 6, older policyholders tended to pay higher premiums and purchase policies with fewer years of coverage and lower lifetime maximum benefits. Older policyholders were also less likely to purchase policies with unlimited benefits. Insurers reported a wide range of annual premiums for partnership policies, from $589 to $9,602. [18]

Appendix E provides additional information insurers reported about the features of partnership policies selected by Florida residents.

What barriers could affect the program's success?

Two obstacles could affect the program's success in achieving its goal to alleviate the financial burden on the Florida's Medicaid program by encouraging individuals to purchase private long-term care insurance. These are a lack of public awareness and impediments to purchasing long-term care insurance.

Lack of public awareness is a primary barrier to the partnership program achieving its goals. Key areas in which the public may lack awareness include how to plan for long-term care needs, the program's existence as a planning option, which insurers sell partnership policies, and the option to exchange older long-term care policies for partnership policies.

Many individuals lack knowledge of how to plan for their future long-term care needs, and some mistakenly believe that Medicare will cover these services. [19] Studies show that many individuals are in denial that they will likely need this type of care in the future. Other people can be overwhelmed by the complexity of long-term care insurance policies.

Consumer advocates and stakeholders also note that many consumers are unaware that the Long-Term Care Insurance Partnership Program exists as an option for their future long-term care needs. The public is most likely to learn about the program when they seek out information from insurers, which market the program through insurance agents, financial planners, and websites. Although several state agencies are working to implement the program, their websites vary in providing information about the program.

- The Department of Elder Affairs' SHINE Program has developed the most comprehensive state website to inform consumers about long-term care insurance and the partnership program. This website provides several useful documents. However, the public may not think to look for this information on a senior-oriented website since individuals tend to purchase long-term care insurance when they are between 55 and 65 years of age.
- Although Florida statutes gave primary responsibility for program implementation to the Agency for Health Care Administration, its website currently provides no information about the program. Agency administrators are reviewing a draft of descriptive information for a future webpage on the partnership program, and are planning to have the site available by the end of March 2009. According to agency administrators, the webpage will include links to additional information on other state agency websites.
- The website of the Office of Insurance Regulation provides information on its rules, while the Department of Children and Families' website provides high level information on eligibility for Medicaid long-term care.

[18] OPPAGA excluded premium amounts at the upper and lower half percent of the range because these amounts appeared to be outliers due to data error or policies being paid off in unusual timeframes.

[19] According to a July 2007 Robert Wood Johnson report, Medicare pays less than 9.4% of long-term care costs.

- While the Department of Financial Services produces a consumer guide titled *Long-Term Care and Other Options for Seniors*, the most recent version does not provide information on the partnership program. The department reports that it is updating the brochure to include more information, which should be available in March 2009.

There is also limited information available to persons who are interested in purchasing a partnership policy. There is no list of the companies selling partnership policies in Florida available to the public. [20] The Office of Insurance Regulation rules do not require insurers to inform the state before they begin to offer partnership policies. As a result, consumers must contact individual insurance companies or agents to determine whether an insurer offers partnership policies. In contrast, some states, including California, Minnesota, and Oregon, provide consumers with lists of insurance companies the state has approved to sell partnership policies. These states provide information about their partnership programs through the state's main web portal, Medicaid agency, or insurance agency.

Another barrier to public awareness is that current long-term care insurance policyholders may not know about the option to exchange their existing policies for partnership policies. Office of Insurance Regulation's rules required insurers selling partnership policies to notify current policyholders of long-term care insurance purchased on or after March 1, 2003, that they can exchange their current policies for partnership policies, so long as the older policies are tax-qualified and provide the required inflation coverage. However, the rule set no deadline for these notifications. [21] As of September 2008, only two of the six insurers selling partnership policies in Florida had notified their policyholders of this option.

Affordability and health qualification standards may limit consumers' ability to purchase long-term care insurance. A recent study showed that cost is the most significant barrier to purchasing long-term care insurance. [22] The median annual premium insurers reported for Florida partnership policies was $2,005. Persons who cannot absorb this ongoing cost within their household budgets are unlikely to purchase the policies.

An individual's pre-existing health conditions can also increase the cost of coverage or make it difficult to find an insurance company willing to provide coverage. Individuals who wait too long to apply for coverage may have difficulty finding an insurer willing to cover them regardless of how much they are willing to pay.

Recommendations

The Long-Term Care Insurance Partnership Program seeks to alleviate the financial burden on the state's Medicaid program by encouraging individuals to purchase private long-term care insurance. During the program's first 18 months of operation, over 15,000 Floridians acquired partnership policies, either by purchasing new policies or exchanging older policies for partnership long-term care policies. Prior to the program's implementation in Florida, 465,800 residents were covered by long-term care insurance. Thus, the partnership program currently represents a relatively small proportion of total long-term care coverage for Florida residents.

To address barriers to the success of the Long-Term Care Insurance Partnership Program in Florida, we recommend that the Agency for Health Care Administration implement a comprehensive partnership program website by March 31, 2009. Other agencies with program responsibilities should provide links to this site on their own websites.

We also recommend that the Office of Insurance Regulation include on its website a list of the insurance companies selling partnership policies in Florida once this information is available from the federal government.

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[20] Office of Insurance Regulation administrators were uncertain whether their reporting systems completely and accurately capture all insurers that are selling tax-qualified long-term care insurance in Florida, including partnership policies. As a result, the office sent our data request to 582 life and health insurance and property and casualty insurance companies, or fraternal benefit societies licensed in Florida. Of these 271 (51%) responded to the request by indicating that they do not sell tax-qualified long-term care insurance policies in Florida.

[21] Rule 69O-157.201(3)(a), *F.A.C.*

[22] "Who Buys Long-Term Care Insurance? A 15-Year Study of Buyers and Non-buyers, 1990-2005," *America's Health Insurance Plans*, April 2007.

Agency Responses

In accordance with the provisions of s. 11.51(5), *Florida Statutes,* a draft of our report was submitted to the Secretary of the Agency for Health Care Administration and the Commissioner of the Office of Insurance Regulation for each to review and respond. We also provided copies of the draft report as a courtesy to the Secretary of the Department of Children and Families, the Secretary of the Department of Elder Affairs, and the Secretary of the Department of Financial Services.

Written responses were provided by the Agency for Health Care Administration and the Department of Children and Families. These responses have been reproduced in Appendix F. The Office of Insurance Regulation chose not to respond.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

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Appendix A

Comparison Information on State Long-Term Care Insurance Partnership Programs

As with Florida, other states are using multiple agencies to implement their partnership programs. Most states have websites to assist consumers with finding information. Unlike Florida, the majority of state partnership programs established minimum levels of inflation coverage for policies. States are generally allowing reciprocity with other states' partnership programs.

OPPAGA identified 20 states that had an active partnership program as of October 2008, of which 16 were enacted after the 2005 Deficit Reduction Act while four were established as part of a pilot project.[23, 24] As shown in Table A-1, half of these states are using multiple agencies to administer their partnership programs, with these agencies generally responsible for administering health and social services programs and regulating insurance companies. Most states that have implemented partnership programs have established websites to educate consumers about their partnership programs.

States varied in the amount of inflation protection required, but the majority established requirements for a minimum level of inflation protection.[25] Florida does not require a minimum level of inflation protection for any age group.[26] Sixteen states established a minimum level of inflation protection for policyholders up to age 61 and at least 13 states required a minimum level of inflation protection for policyholders age 61 to 75. The minimum level of inflation protection for policyholders under age 61 ranged from 1% compounded up to 5% compounded, while the minimum level of inflation protection for policyholders age 61 to 75 ranged from 1% simple interest to 5% compounded.

Most states (at least 15) have opted to accept federal reciprocity standards and thus honor policies purchased under other states' partnership programs.

[23] The pilot states were California, Connecticut, Indiana, and New York.

[24] An additional six states appear to be waiting for approval from the federal government on their Medicaid State Plan Amendments and five states appear to have received approval but are not yet at the point at which insurers have begun selling policies.

[25] Although partnership policies must provide inflation protection to policyholders up to age 75, the Deficit Reduction Act does not establish a minimal level of inflation protection.

[26] Insurers selling federally tax qualified long-term care insurance policies are required to offer at least 5% inflation protection, but may give the consumer other options for inflation protection.

Table A-1
Twenty States Had Long-Term Care Insurance Partnership Programs as of October 2008

State	Origin of Partnership Program	Required Minimum Level of Inflation Protection: Up to age 61	Required Minimum Level of Inflation Protection: Age 61 to 75	Whether Offers Reciprocity	Primary State Agencies Responsible	Website
Arkansas	Established as a result of the 2005 Deficit Reduction Act	3% compounded	No minimum	Yes	Arkansas Senior Health Insurance Program (SHIIP)	www.ltcp.arkansas.gov
California	Original pilot site	5% compounded	5% compounded up to age 70	Information not readily available	Department of Health Care Services; Department of Insurance, Senior Issues; Department of Insurance, Long-Term Care Insurance Rate History and Sample Rates; Office of Statewide Health Planning and Development; Department of Aging Franchise Tax Board, Seniors Against Investment Fraud (S.A.I.F.)	http://www.dhcs.ca.gov/services/ltc/Pages/CPLTC.aspx
Colorado	Established as a result of the 2005 Deficit Reduction Act	5% compounded or the Consumer Price Index (CPI) compounded annually	3% compounded or 5% simple, CPI compounded annually or 5% compounded until the daily benefit is doubled	Yes	Department of Health Care Policy and Finance working with the Division of Insurance, Department of Human Services Division of Aging and Adult Services, and the Governor's office	www.coloradoltcpartnership.org
Connecticut	Original pilot site	5% compounded	5% compounded	Yes	Governor's Office of Policy and Management working with the Department of Social Services (Medicaid) and the Insurance Department	www.ctpartnership.org
Florida	Established as a result of the 2005 Deficit Reduction Act	No minimum	No minimum	Yes	Agency for Health Care Administration, Office of Insurance Regulation, and Department of Children and Families	www.floridashine.org/longtermcare.html
Idaho	Established as a result of the 2005 Deficit Reduction Act	5% compounded	5% simple	Yes	Department of Insurance, Senior Health Insurance Benefit Advisors Program (SHIBA), and Idaho Office on Aging	www.doi.idaho.gov/company/LTC_partnership.aspx
Indiana	Original pilot site	5% compounded	5% compounded	Yes	Department of Insurance	http://www.in.gov/fssa/iltcp/
Kansas	Established as a result of the 2005 Deficit Reduction Act	No minimum	No minimum	Yes	Department of Insurance, Kansas Health Policy Authority, and the Department of Aging	www.ksinsurance.org/ltc
Minnesota	Established as a result of the 2005 Deficit Reduction Act	3% compounded	Information not readily available	Yes	Minnesota Human Services	www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=LTCP_Consumers
Missouri	Established as a result of the 2005 Deficit Reduction Act	3% compounded or a rate based on the CPI	No minimum	Yes	Department of Insurance, Financial Institutions and Professional Registration	www.ownyourfuture.mo.gov
Nebraska	Established as a result of the 2005 Deficit Reduction Act	1% compounded	1% simple or based on CPI	Yes	Department of Insurance	http://www.doi.ne.gov/ltcare/

State	Origin of Partnership Program	Required Minimum Level of Inflation Protection		Whether Offers Reciprocity	Primary State Agencies Responsible	Website
		Up to age 61	Age 61 to 75			
New Jersey	Established as a result of the 2005 Deficit Reduction Act	3% compounded or a rate based on the CPI	Equivalent to a guaranteed purchase option of additional coverage yearly in an amount equal to 3% of the original benefits provided under the policy	Information not readily available	Department of Banking and Insurance	Not available
New York	Original pilot site	5% compounded	5% compounded up to age 79	Information not readily available	Department of Health	www.nyspltc.org
North Dakota	Established as a result of the 2005 Deficit Reduction Act	No minimum	No minimum	Yes	Department of Human Services	www.nd.gov/ndins/consumer/details.asp?ID=280
Ohio	Established as a result of the 2005 Deficit Reduction Act	3% compounded or a rate based on the CPI	3% simple or annual CPI	Yes	Department of Job and Family Services, Department of Insurance, and Department of Aging	www.ltc4me.ohio.gov/
Oklahoma	Established as a result of the 2005 Deficit Reduction Act	3% compounded	3% simple	Yes	Health Care Authority working with the Department of Insurance	www.Okltcpartnership.com
Oregon	Established as a result of the 2005 Deficit Reduction Act	3% compounded	3% compounded, future purchase option, or a specified percentage of actual or reasonable charges that does not include a maximum specified indemnity amount	No	Department of Human Services	www.cbs.state.or.us/external/ins/consumer/long-term-care/long-term-care-info.html
Pennsylvania	Established as a result of the 2005 Deficit Reduction Act	3% compounded or a rate based on the CPI	3% simple interest or equal to CPI	Not yet decided	Department of Public Welfare, Department of Aging, Office of Long Term Living, and Department of Insurance	http://www.ins.state.pa.us/ins/cwp/view.asp?a=1274&Q=548887&PM=1#top
South Dakota	Established as a result of the 2005 Deficit Reduction Act	Minimum Not Specified	3% simple interest or equal to the CPI	Yes	Department of Social Services	http://ltcpartnership.sd.gov/
Virginia	Established as a result of the 2005 Deficit Reduction Act	3% compounded	No minimum	Yes	Bureau of Insurance, Virginia-Policy matters; Department of Medical Assistance Services	www.valtcpartnership.org/va-ltc-insurance

Source: OPPAGA analysis of other state websites; U.S. Department for Health and Human Services: Long-Term Care Insurance Partnership Program Technical Assistance Website (operated by Thomson Healthcare); U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, and an OPPAGA survey of other states' Long-Term Care Insurance Partnership Programs.

Appendix B

Twenty-Five Companies Reported Selling Long-Term Care Insurance Policies in Florida from January 1, 2007, to June 30, 2008

Because the state of Florida does not have a data reporting mechanism for partnership policies, the Office of Insurance Regulation assisted us with this project by forwarding our request for data to insurance companies. Office of Insurance Regulation administrators and data from two of its insurance company reporting systems identified 46 insurance companies that sold tax-qualified long-term care insurance policies in Florida from January 2007 to June 2008. As shown in Table B-1, 25 of the companies responded to the request for information, and six of these companies reported selling partnership policies to Florida residents.

Table B-1
Six of Twenty-Five Insurance Companies Reported Selling Partnership Policies to Florida Residents

Insurance Company	Company's Telephone Number	For the Time Period January 1, 2007, to June 30, 2008: Sold Tax-Qualified Long-Term Care Insurance Policies	Sold Partnership Policies
Aetna Life Insurance Company	(800) 537-8521	Yes	No
Allianz Life Insurance Company of North America	(800) 950-7372	Yes	No
Auto-Owners Life Insurance Company	(517) 323-1200	Yes	No
Bankers Life and Casualty Company	(800) 228-5450	Yes	No
Berkshire Life Insurance Company of America	(800) 819-2468	Yes	No
Blue Cross & Blue Shield of Florida, Inc.	(800) 876 2227	Yes	No
Combined Insurance Company of America	(800) 999-2170	Yes	No
Genworth Life Insurance Company	(888) 436-9678	Yes	Yes
Great American Life Insurance Company	(800) 854 3649	Yes	No
John Hancock Life Insurance Company	(800) 377-7311	Yes	Yes
Lifesecure Insurance Company	(866) 586-7702	Yes	No
Massachusetts Mutual Life Insurance Company	(800) 272-2216	Yes	No
MedAmerica Insurance Company of Florida	(800) 544-0327	Yes	Yes
Metropolitan Life Insurance Company	(888) 565-3761	Yes	Yes
Minnesota Life Insurance Company	(651) 665 3500	Yes	No
Mutual Of Omaha Insurance Company	(800) 775-6000	Yes	Yes
New York Life Insurance Company	(800) 224-4582	Yes	No
Northwestern Long Term Care Insurance Company	(877) 582-6582	Yes	No
Physicians Mutual Insurance Company	(800) 228-9100	Yes	No
Prudential Insurance Company of America (The)	(800) 732-0416	Yes	No
State Farm Mutual Automobile Insurance Company	(866) 855 1212	Yes	No
State Life Insurance Company	(317) 285 2300	Yes	No
Transamerica Occidental Life Insurance Company	(800) 227-3740	Yes	No
United of Omaha Life Insurance Company	(800) 775-6000	Yes	Yes
Woodmen of the World Life Insurance Society/Omaha Woodmen	(800) 225-3108	Yes	No

Source: OPPAGA summary of information provided by the Office of Insurance Regulation, Department of Financial Services, and insurance company responses to an information request.

Appendix C

Age Ranges for Long-Term Care Insurance Partnership Policyholders

The average age of Florida residents with partnership policies was 59, and ages ranged from 18 to 84 at the time they acquired policies. [27] As shown in Table C-1, 55% of policyholders were between 55 and 65 years of age.

Table C-1
The Majority of Policyholders Were Between the Ages of 55 and 65

Age When Acquired Policy	Purchased New Policies	Exchanged Existing Policies	All Policyholders
Up through age 34	38 (0.5%)	30 (0.4%)	68 (0.5%)
35 to 44	278 (3.6%)	207 (2.8%)	485 (3.2%)
45 to 54	1,566 (20.3%)	1,641 (22.4%)	3,207 (21.3%)
55 to 64	4,056 (52.5%)	4,237 (57.7%)	8,293 (55.0%)
65 to 74	1,435 (18.6%)	1,160 (15.8%)	2,595 (17.2%)
75 or older	360 (4.7%)	63 (0.9%)	423 (2.8%)
Total, All Ages	**7,733 (100.0%)**	**7,338 (100.0%)**	**15,071 (100.0%)**

Source: OPPAGA analysis of data provided by insurance companies.

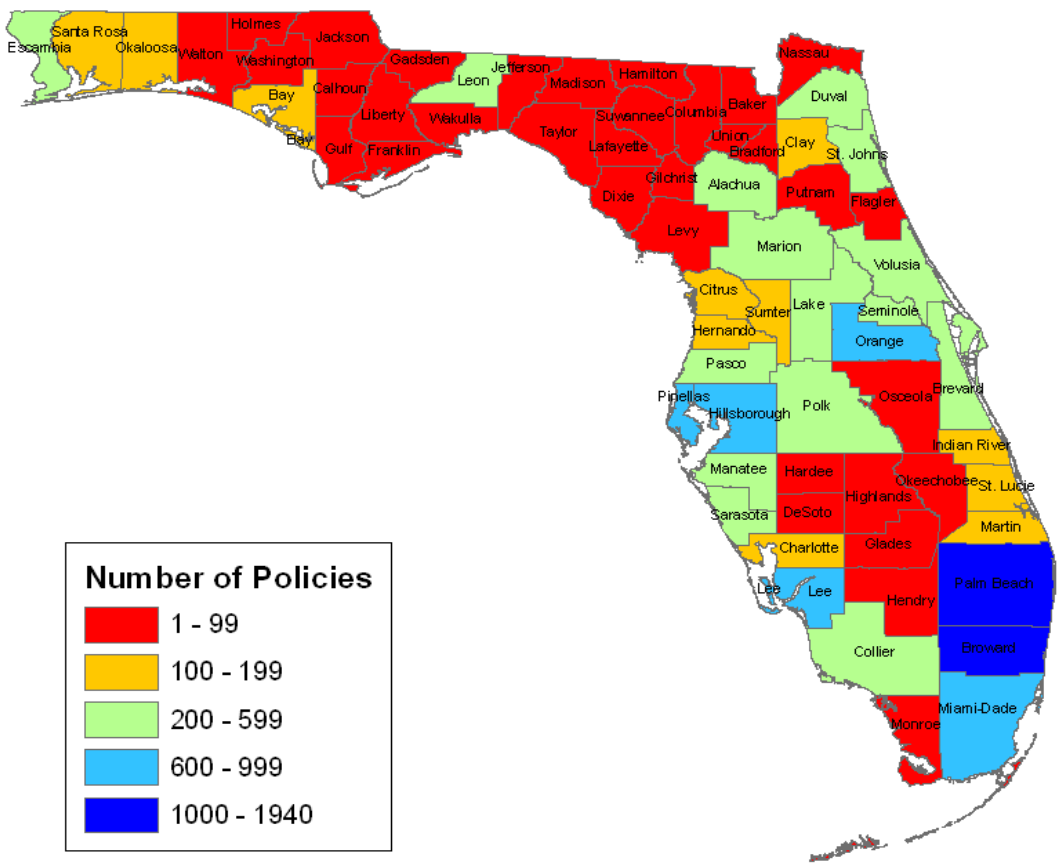
[27] One company reported the policyholder age at the time of initial purchase rather than the age when policies were exchanged and could not provide corrected data. However, because policy exchanges are only allowed for policies purchased as of March 1, 2003, there is at most a five–year difference between the actual age and reported age at time of policy acquisition.

Appendix D

Partnership Policyholders Live Throughout the State, But the Number of Policyholders Varies

As shown in Table D-1, residents of all 67 counties have purchased new or exchanged existing long-term care insurance policies for partnership policies. Broward and Palm Beach counties had higher numbers of partnership policyholders than any other county, with 1,713 (11.4%) of policyholders living in Broward County and 1,940 (12.9%) living in Palm Beach County.

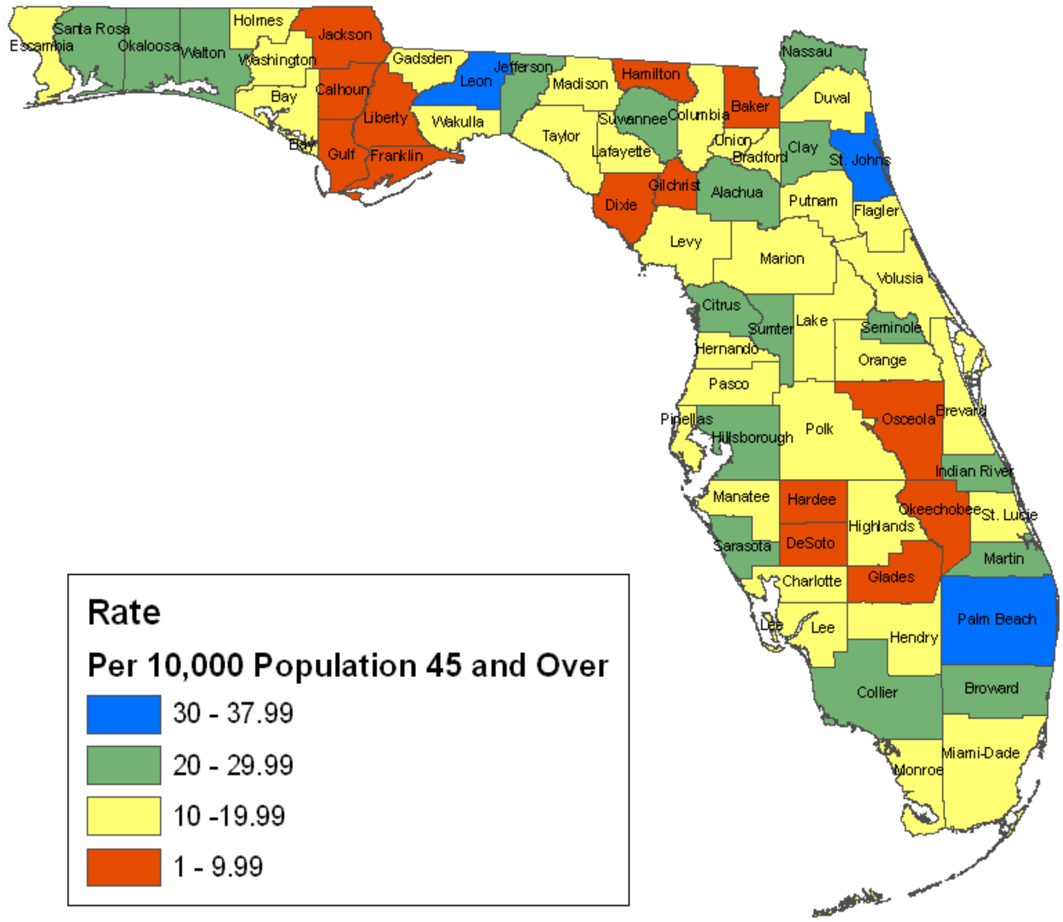
Table D-1
Residents of all 67 Counties Have Purchased New or Exchanged Existing Policies for Partnership Policies



Source: OPPAGA analysis of data provided by insurance companies.

As shown in Table D-2, when comparing the extent of partnership policyholders as a rate per 10,000 residents age 45 years or older, Leon, Palm Beach, and St. Johns counties had the highest rates of partnership policyholders.

Table D-2
Leon, Palm Beach, and St. Johns Counties Had the Highest Rates of Partnership Policies per 10,000 Residents Age 45 Years and Older



Source: OPPAGA analysis of data provided by insurance companies.

Appendix E

Features of Partnership Policies Sold to Florida Residents

Almost all of the policyholders purchased comprehensive long-term care benefits. Long-term care insurance policies can provide coverage for specific types of long-term care, such as nursing home care only, or for comprehensive care, which covers different types of long-term care services as needed by the beneficiary. Comprehensive benefits include nursing home, assisted living facility, and home health care services. Of the 15,071 Florida residents with partnership policies, 15,043 (99.8%) have comprehensive coverage. Most policyholders selected equal levels of coverage for nursing home, home health care and/or assisted living facility care services. Only 175 policyholders with comprehensive coverage purchased varying levels of coverage for nursing home, home health care, and/or assisted living facility care services.

Most policyholders selected a 90-day elimination period. Another policy feature that affects the price of long-term care insurance is the elimination period, which is the amount of time that must elapse before the policyholder can start receiving insurance benefits for long-term care services. As shown in Table E-1, most policyholders (11,997 or 80%) selected a 90-day elimination period.

Table E-1
Most Policyholders Selected a 90-Day Elimination Period

Elimination Period	Number of Policyholders	Percentage of Policyholders
20 days	73	0.5%
30 days	914	6.1%
45 days	21	0.1%
60 days	93	0.6%
90 days	11,997	79.6%
100 days	912	6.1%
180 days	1,061	7.0%
Total	**15,071**	**100.0%**

Source: OPPAGA analysis of data provided by insurance companies.

Insurers have begun to pay claims for a small number of policies. Insurers reported that they have paid claims to 21 of the 15,071 partnership policyholders. As of June 30, 2008, the average amount of claims paid to these policyholders was $4,673.

Appendix F

AHCA
FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

CHARLIE CRIST
GOVERNOR

Better Health Care for all Floridians

HOLLY BENSON
SECRETARY

January 30, 2009

Gary R. VanLandingham, Ph.D., Director
Office of Program Policy Analysis
and Government Accountability
312 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1475

Dear Dr. VanLandingham:

Thank you for the opportunity to comment on the draft report entitled "Increased Awareness of the Partnership Program Would Contribute to Its Success" which the Office of Program Policy Analysis and Government Accountability Government Accountability (OPPAGA) prepared for the Florida Legislature. The Agency for Health Care Administration agrees with the recommendation in the report that the Agency create a Long Term Care Partnership (LTCP) website.

The Agency has been working with our partner agencies to develop "Frequently Asked Questions" about LTCP in Florida. Once this document is finalized, the Agency plans to create an LTCP website by March 31, 2009.

Sincerely,

Holly Benson

Holly Benson
Secretary

HB/sr
Enclosure
cc: Mr. Peter H. Williams, Inspector General
Mr. Mike Blackburn, Audit Director
Mr. Carlton D. Snipes, Deputy Secretary for Medicaid
Ms. Melinda Miguel, Chief Inspector General, Executive Office of the Governor

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Agency for Health Care Administration
Office of the Inspector General - Internal Audit Unit
Response Table for the OPPAGA Audit of Long-Term Care Insurance Partnership Program

	Issue	Recommendation(s)	Management Agreement	Management Response	Target Date	Contact Name
1	Although Florida statutes gave primary responsibility for program implementation to the Agency for Health Care Aministration, its website currently provides no information about the program.	To address barriers to the success of the Long-term Care Insurance Partnership Program in Florida, we recommend that the Agency for Health Care Aministration implement a comprehensive partnership program website by March 31, 2009. Other agencies with program responsibilities should provide links to this site on their own websites	Agree	The Agency for Health Care Administration (AHCA) has been working with our partner agencies on 'Frequently Asked Questions' about Florida's Long Term Care Partnership (LTCP) Program. AHCA plans to have a LTCP website by March 31, 2009.	03/31/09	Susan Rinaldi

State of Florida
Department of Children and Families

Charlie Crist
Governor

George H. Sheldon
Secretary

January 29, 2009

Mr. Gary R. VanLandingham
Director
Office of Program Policy Analysis
and Government Accountability
111 West Madison Street
Room 312, Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for providing the Department of Children and Families (DCF) a draft copy of your report, *Increased Public Awareness of the Partnership Program Would Contribute to Its Success.* DCF recognizes its vital role in implementing the Long-Term Care Insurance Partnership Program (LTCIPP) with the partnering agencies.

We find the report very comprehensive and well developed. In reviewing its content with regard to our Department's involvement in the LTCIPP implementation, we are very pleased to confirm that no factual errors were found. We continue to meet with the workgroup members as necessary, and are reviewing the Department's eligibility computer system programming needs to support the LTCIPP asset disregard.

DCF will comply with OPPAGA's recommendation to link to the Agency for Health Care Administration's Partnership Program's website when implemented. In addition, we will include information about the disregard in the next update of our *SSI-Related Programs Fact Sheets.* The *Fact Sheets* are available to the public on our website.

Again, thank you for the opportunity to review and provide comment. If we may assist you further, please feel free to contact Ms. Florence Love, at (850) 413-6790.

Sincerely,

George H. Sheldon
Secretary

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

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