



## Department of Health

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# Bi-Annual Update

1<sup>st</sup> and 2<sup>nd</sup> Quarter 2015

*January 1, 2015 – June 30, 2015*

**Insurance companies marketing Partnership policies as of June 30, 2015:**

*Genworth Life Insurance Company of New York  
MedAmerica Insurance Company of New York  
Massachusetts Mutual Life Insurance Company  
New York Life Insurance Company  
John Hancock Life Insurance Company*

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## *Executive Summary*

The New York State Partnership for Long Term Care is a public-private partnership program designed to finance long-term care by linking private insurance to Medicaid. The program became operational on March 1, 1993 when the first group of five insurance companies was approved by the New York State Department of Insurance to market Partnership policies.

As of the end of 2<sup>nd</sup> Quarter 2015, there are two Partnership insurance companies that offer five basic plans: Total Asset 50 (two plans), Total Asset 100, Dollar for Dollar 50, and Dollar for Dollar 100. The notations, 50 and 100, represent the percentage of benefit paid for the home care or home & community based care, compared to the nursing home benefit.

Since April 1993, participating insurance companies have been submitting data quarterly on Partnership policy sales, changes to these policies and utilization of those policies. This report is based on an analysis of these data. Following are the highlights:

- Of the 107,185 policies purchased, 35,292 were dropped—14.0% because the policy was dropped voluntarily, 23.9% because the policyholder died, 21.2% because the policy was cancelled during the 30-day free-look period and the remaining 39.2% categorized as other or unknown. As of the end of 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015, 71,893 policies were in-force.
- Since April 1993, 4% of policies lapsed by their one-year anniversary, 6% by two years, 8% by three years, 9% by four years, 11% by five years, and 21% by 10 years.
- During 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015, 890 policies were purchased and 1,369 were dropped.
- The table below compares several demographic characteristics and policy features of individuals who purchased a policy during 1<sup>st</sup> and 2<sup>nd</sup> quarter 2014, with all who purchased a policy during 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015.
- Since April 1993, 145,964 applications for Partnership policies have been received. Of these, 24,859 (17%) were denied, 13,920 (9.5%) are pending or have been withdrawn, and 107,185 (73.5%) were approved and purchased.

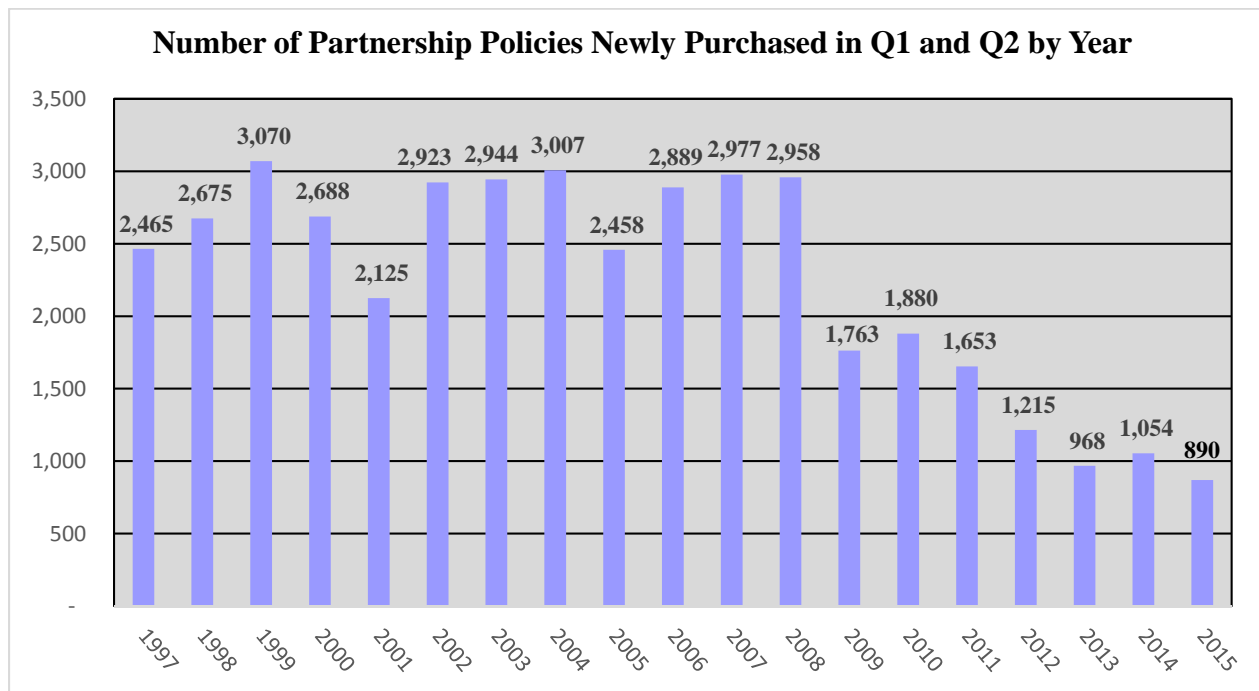
### **Demographics of 1<sup>st</sup> and 2<sup>nd</sup> Quarter Plan Purchasers 2014 vs. 2015**

	<b>Purchased during 1<sup>st</sup> and 2<sup>nd</sup> quarter 2014 (1,073 policies)</b>	<b>Purchased during 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015 (890 policies)</b>
Mean age	61 years	59 years
Female	57%	56%
Married	82%	84%
Live in upstate counties	63%	62%
Purchased 2-4-50 plan	37%	59%
Purchased 3-6-50 plan	52%	37%
Purchased 4-4-100 plan	9%	3%
Purchased 2-2-100 plan	1%	1%
Purchased 1.5-3-50 plan	1%	0%
Mean deductible period	79 days	87 days
3.5% inflation protection	56%	92%
5% inflation protection	44%	8%

- Since April 1993, insurers have approved 94% of requests for benefits, based on their assessment of policyholders' inability to perform activities of daily living (ADLs) or severe cognitive impairment.
- Since April 1993, there have been 7,197 people with policies with at least one service payment made. 939 individuals met the minimum duration requirement, making them eligible to apply for Medicaid Extended Coverage (MEC). Of the original 939 individuals who received MEC benefits as of Q1 and Q2 2015, 639 individuals are receiving MEC benefits as of the end of Q2 2015.
- Females and those who were unmarried at time of purchase were significantly more likely to access their benefits.
- Females and those who live in New York City or downstate counties are significantly more likely to use home care. Nursing home use is more common among males and those in upstate counties.
- Long-term care use continues to shift more toward home care, from 58% of days used in 2000 to 82% in Q1 and Q2 2015.
- The Partnership continues to shift costs away from Medicaid. In fiscal year 2014-2015, the estimated savings to Medicaid was more than \$33 million. Over the past nine fiscal years, annual savings to Medicaid has been growing at an average rate of 17%.

## *How Many Policies Have Been Purchased & Dropped?*

	Cumulative since April 1993		1 <sup>st</sup> and 2 <sup>nd</sup> quarter 2015	
	n	%	n	%
<i>Applications received</i>	145,964		1,217	
Denied	24,859	17.0%	279 <sup>1</sup>	
Pending/withdrawn	13,920	9.5%		
Policies purchased	107,185	73.5%	890	
<b>Policies dropped</b>	<b>35,292<sup>2</sup></b>		<b>1,369<sup>3</sup></b>	
<i>Died</i>	8,460	23.9%	711	51.9%
<i>Dropped voluntarily</i>	4,931	14.0%	76	5.6%
<i>Unknown/Other</i>	13,789	39.2%	437	31.9%
<i>Cancelled during 30-day free-look period</i>	7,498	21.2%	90	6.6%
<i>Exhausted benefits</i>	429	1.2%	55	4.0%
<i>Partnership status lost</i>	1	0.0%	0	0.0%
<i>Non-forfeiture (Partnership status lost)</i>	175	0.5%	0	0.0%
<i>Rescission</i>	9	0.0%	0	0.0%
<i>Converted to new Partnership policy</i>			402	
<b>Active policies<sup>4</sup></b>			<b>71,893<sup>5</sup></b>	



<sup>1</sup> Applications may have been received in a previous quarter.

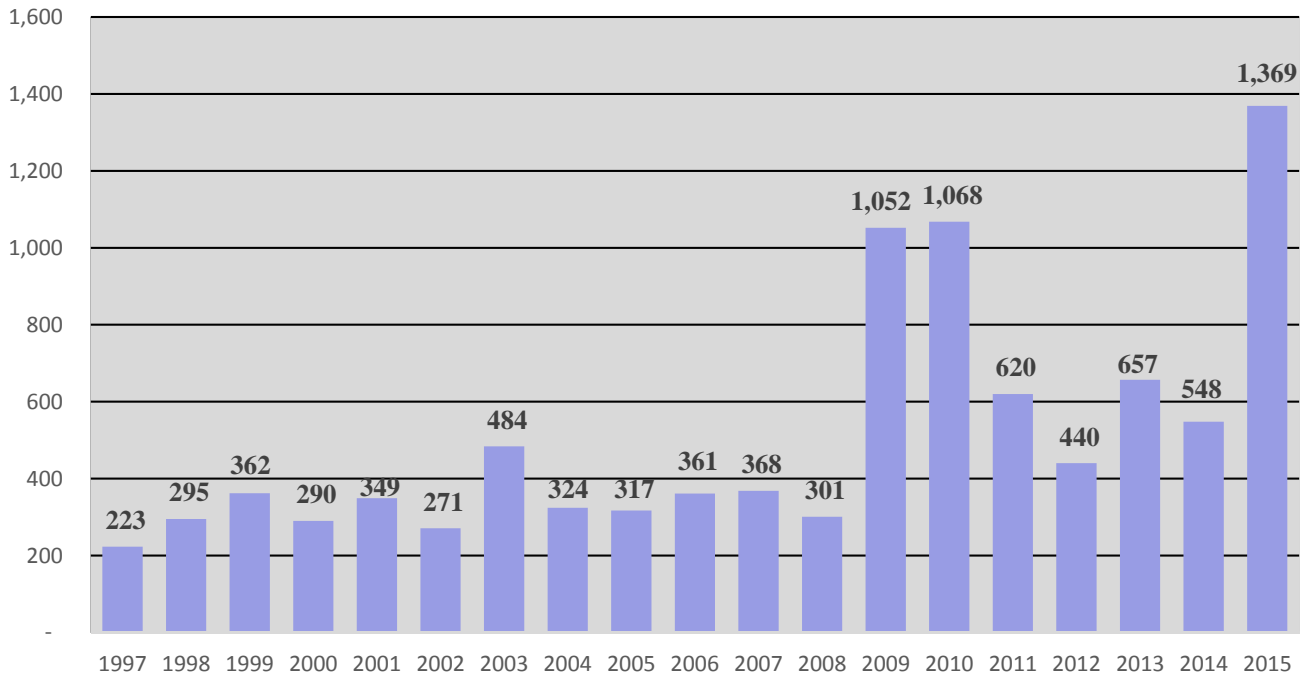
<sup>2</sup> Does not include policies that have been reinstated.

<sup>3</sup> Includes policies that were purchased and then dropped during the quarter.

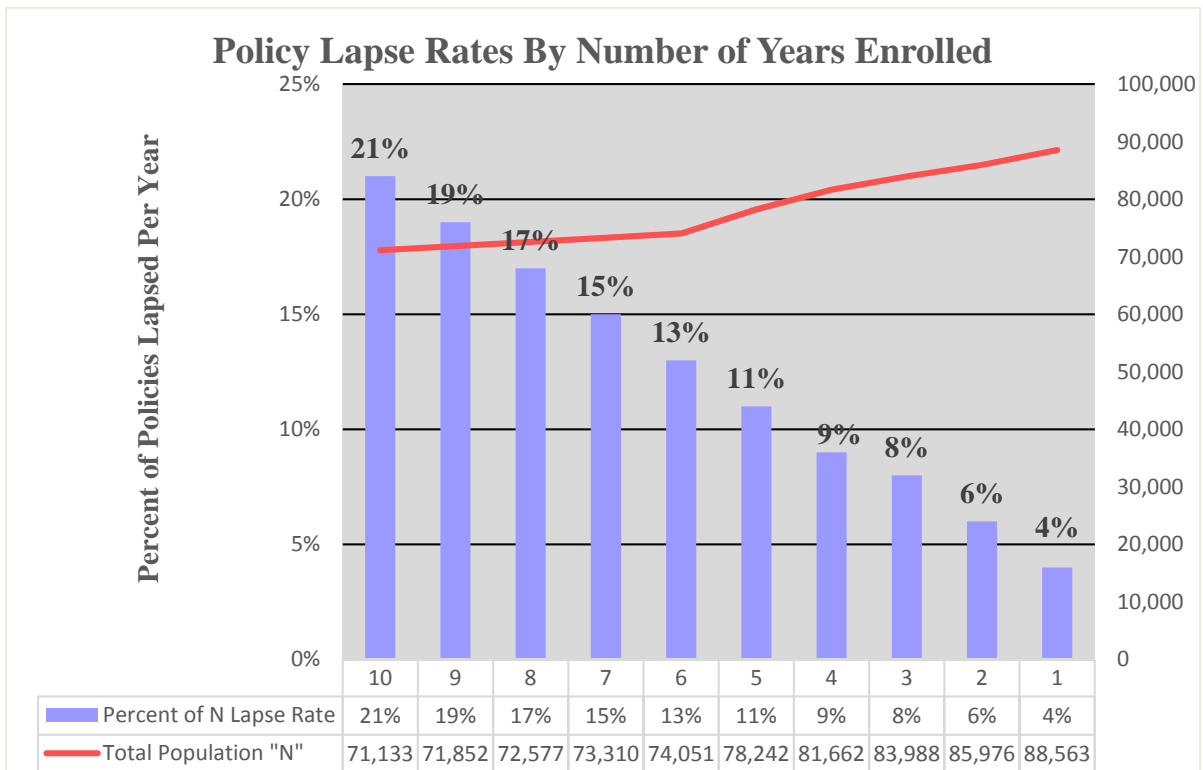
<sup>4</sup> As of the end of 1<sup>st</sup> and 2<sup>nd</sup> quarter, 2015.

<sup>5</sup> Current number of active policies, adjusted to remove duplication and those who converted to a new policy.

### Number of Policies Dropped in 1<sup>st</sup> and 2<sup>nd</sup> Quarter by Year<sup>6</sup>



The chart below shows one-year through ten-year policy lapse rates through 2<sup>nd</sup> Quarter 2015. Four percent of policies were dropped voluntarily before their one-year anniversary.<sup>7</sup>



<sup>6</sup> Excludes Policies Dropped because of Policyholder Death, Exhaustion of Benefits or Cancellation during Free-Look Period, as well as those who converted to a new Partnership policy.

<sup>7</sup> The n's under the bars are the number of policies purchased on or before a date where they have had at least one year active and whose holders did not die, cancel during free-look period, or exhaust benefits.

## *Who Purchased a Policy?*<sup>8</sup>

### Demographics of Plan Purchasers<sup>9</sup>

	1 <sup>st</sup> and 2 <sup>nd</sup> quarter 2015 <b>890 policies purchased</b>	1 <sup>st</sup> and 2 <sup>nd</sup> quarter 2014 <b>1073 policies purchased</b>	Cumulative since April 1993 <b>107,185 policies purchased<sup>10</sup></b>
<i>Age</i>			
<= 49 years	7.4%	7.6%	28.7%
50-54 years	12.1%	11.1%	8.7%
55-59 years	25.2%	25.5%	17.8%
60-64 years	30.1%	32.0%	22.0%
65-69 years	19.6%	17.6%	14.6%
>= 70 years	5.6%	6.2%	8.2%
Mean	60.1 years	59.8 years	61.2 years
Std. deviation	6.7 years	6.9 years	7.9 years
Minimum - maximum	35 - 80 years	32 – 83 years	20 - 103 years
<i>Gender</i>			
Female	56.3%	57.1%	58.2%
Male	43.7%	42.9%	41.8%
<i>Marital status</i>			
Not married	16.5%	17.9%	25.6%
Married	83.5%	82.1%	74.4%
<i>Geographic area (a complete breakdown can be found in the Appendix)</i>			
New York City <sup>11</sup>	11.9%	11.5%	10.9%
Downstate counties <sup>12</sup>	25.8%	25.3%	23.9%
Upstate counties <sup>13</sup>	62.3%	63.3%	65.2%

<sup>8</sup> Throughout this section and the next, percentages may not add to 100, due to rounding.

<sup>9</sup> 'n' = the number of cases (policies) that contain data values for the various variables.

<sup>10</sup> Does not include policies purchased during 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015.

<sup>11</sup> New York City's five boroughs.

<sup>12</sup> Metropolitan PMSA counties: Nassau, Putnam, Rockland, Suffolk, & Westchester.

<sup>13</sup> All other counties in New York State plus out-of-state addresses & addresses that are under review.

## *What Kind of Policies Did They Purchase?*

### Type of Policy<sup>14</sup>

	n	Total Asset			Dollar for Dollar	
		2-4-50	3-6-50	4-4-100	1.5-3-50	2-2-100
<i>Age</i>						
<= 49 years	66	46%	43%	11%	0%	0%
50-54 years	108	48%	50%	1%	0%	1%
55-59 years	224	56%	37%	5%	0%	2%
60-64 years	244	63%	34%	2%	0%	1%
65-69 years	198	62%	34%	3%	0%	1%
>= 70 years	50	76%	24%	0%	0%	0%
<i>Gender</i>						
Female	501	60%	35%	4%	0%	1%
Male	389	58%	39%	2%	0%	1%
<i>Marital status</i>						
Not married	134	61%	29%	7%	0%	3%
Married	743	59%	39%	1%	0%	< 1%
<i>Geographic area</i>						
New York City	106	45%	43%	10%	0%	2%
Downstate counties	230	50%	45%	4%	0%	1%
Upstate counties	554	64%	33%	2%	0%	1%
<b>Total 1<sup>st</sup> &amp; 2<sup>nd</sup> quarter 2015</b>	<b>890</b>	<b>59%</b>	<b>37%</b>	<b>3%</b>	<b>0%</b>	<b>1%</b>
<b>Cumulative since April 1993</b>	<b>107,185</b>	<b>1%</b>	<b>89%</b>	<b>9%</b>	<b>&lt; 1%</b>	<b>&lt; 1%</b>

<sup>14</sup> The tables throughout this section are based on the 890 policies purchased during 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015. The last high-lighted row in each table is based on all total policies purchased prior to 1<sup>st</sup> and 2<sup>nd</sup> quarter 2015, for comparison.

### Elimination Period (Deductible)<sup>15</sup>

	n	Mean	Minimum - Maximum
<i>Age</i>			
<= 49 years	66	83	30-100
50-54 years	108	87	30-100
55-59 years	224	87	30-100
60-64 years	244	88	30-100
65-69 years	198	85	30-100
>= 70 years	50	86	30-100
<i>Gender</i>			
Female	501	87	30-100
Male	389	87	30-100
<i>Marital status</i>			
Not married	134	88	30-100
Married	743	87	30-100
<i>Geographic area</i>			
New York City	106	89	30-100
Downstate counties	230	88	30-100
Upstate counties	554	86	30-100
<b>Total 1<sup>st</sup> &amp; 2<sup>nd</sup> quarter 2015</b>	<b>890</b>	<b>87</b>	<b>30-100</b>
<b>Cumulative since April 1993</b>	<b>107,185</b>	<b>79</b>	<b>0-180</b>

### Maximum Daily Nursing Home Benefit<sup>16</sup>

	n	Mean	Minimum - Maximum
<i>Age**</i>			
<= 49 years	66	\$291	\$274-400
50-54 years	108	\$293	\$274-350
55-59 years	224	\$290	\$274-350
60-64 years	244	\$288	\$274-320
65-69 years	198	\$285	\$274-300
>= 70 years	50	\$286	\$274-400
<i>Gender</i>			
Female	501	\$289	\$274-400
Male	389	\$288	\$274-400
<i>Marital status</i>			
Not married	134	\$288	\$274-300
Married	743	\$289	\$274-400
<i>Geographic area</i>			
New York City	106	\$290	\$274-500
Downstate counties	230	\$291	\$274-350
Upstate counties	554	\$288	\$274-400
<b>Total 1<sup>st</sup> &amp; 2<sup>nd</sup> quarter 2015</b>	<b>890</b>	<b>\$288</b>	<b>\$274-500</b>

<sup>15</sup> The number of days of out-of-pocket expense paid by the insured for long-term care services after the insurance benefits are triggered but before the benefits are paid under the policy. Sometimes this period is defined as the waiting or deductible period.

<sup>16</sup> The cumulative row is intentionally omitted from this table because for policies purchased prior to the current quarter, the data submitted by insurance companies reflect the daily benefit in effect at time of claim, rather than at time of policy purchase. The purpose of this table is to show the daily benefit amount at time of policy purchase.



### Maximum Daily Home Care Benefit<sup>17</sup>

	n	Mean	Minimum - Maximum
<i>Age</i>			
<= 49 years	66	\$181	\$137-300
50-54 years	108	\$164	\$137-300
55-59 years	224	\$177	\$137-400
60-64 years	244	\$161	\$137-300
65-69 years	198	\$159	\$137-300
>= 70 years	50	\$157	\$137-300
<i>Gender</i>			
Female	501	\$166	\$137-400
Male	389	\$167	\$137-400
<i>Marital status</i>			
Not married	134	\$169	\$137-300
Married	743	\$165	\$137-400
<i>Geographic area</i>			
New York City	106	\$200	\$137-300
Downstate counties	230	\$171	\$137-400
Upstate counties	554	\$157	\$137-300
<b>Total 1<sup>st</sup> &amp; 2<sup>nd</sup> quarter 2015</b>	<b>890</b>	<b>\$166</b>	<b>\$137-400</b>

### Inflation Protection

	n	3.5%	5%
<i>Age</i>			
<= 49 years	66	87.8%	11.2%
50-54 years	108	96.3%	3.7%
55-59 years	224	91.0%	9.0%
60-64 years	244	91.4%	8.6%
65-69 years	198	92.9%	7.1%
>= 70 years	50	90.0%	10.0%
<i>Gender</i>			
Female	501	92.0%	8.0%
Male	389	91.8%	8.2%
<i>Marital status</i>			
Not married	134	96.3%	3.7%
Married	743	92.0%	8.0%
<i>Geographic area</i>			
New York City	106	88.7%	11.3%
Downstate counties	230	90.8%	9.2%
Upstate counties	554	93.0%	7.0%
<b>Total 1<sup>st</sup> &amp; 2<sup>nd</sup> quarter 2015</b>	<b>890</b>	<b>92%</b>	<b>8%</b>
<b>Cumulative since April 1993</b>	<b>107,185</b>	<b>3%</b>	<b>97%</b>

<sup>17</sup> The cumulative row is intentionally omitted from this table because for policies purchased prior to the current quarter, the data submitted by insurance companies reflect the daily benefit in effect at time of claim, rather than at time of policy purchase. The table shows the daily benefit amount at time of purchase.

***Cumulative Life-to-Date Statistics since beginning of  
Partnership***

	<b>Purchased throughout the life of the program (107,185 Total Policies)</b>
Mean age	61 years
Female	58%
Married	76%
Live in upstate counties	64%
Purchased 2-4-50 plan	2%
Purchased 3-6-50 plan	88%
Purchased 4-4-100 plan	8%
Purchased 2-2-100 plan	1%
Purchased 1.5-3-50 plan	1%
Mean deductible period	79 days
3.5% inflation protection	2%
5% inflation protection	98%

## *What is the Policy Utilization Experience?*

*(Cumulative through 2<sup>nd</sup> quarter 2015)*

Total policies purchased	107,185	
Died before any service payment made	7,250	
Dropped for reasons other than death, or policy cancellation during 30-day free-look period, before any service payment made	13,164	
Policies with any service payment made	7,197	
Mean length of time between date of policy purchase and date of first service payment (among policies with any service payment made)	10.3 years	
Mean policyholder age at date of first service payment (among policies with any service payment made)	Overall	81.0 years
	Female	81.0 years
	Male	81.0 years
Mean policyholder age at date of first service payment for <b>home care</b> (among policies with any service payment made for home care)	Overall	81.7 years
	Female	81.7 years
	Male	81.7 years
Mean policyholder age at date of first service payment for <b>nursing home care</b> (among policies with any service payment made for nursing home care)	Overall	82.5 years
	Female <sup>***</sup>	82.7 years
	Male	82.2 years
Number of days of service paid for by insurers	Total	6,033,771
	Nursing home	1,762,093 (29%)
	Home care <sup>18</sup>	4,189,666 (71%)
Met minimum benefit duration requirement (among policies with any service payment made & whose beneficiary has died or met their minimum duration requirement)	939 (1% <sup>19</sup> )	
Accessed Medicaid Extended Coverage (MEC) (among policies with any service payment made and whose beneficiary has died or met their minimum duration requirement)	639 (68% <sup>20</sup> )	

<sup>18</sup> Includes long-term care services received in an assisted living residence.

<sup>19</sup> Translation: If a Partnership policyholder ends up needing long-term care, there is a 1% chance that he/she will meet the minimum duration requirement making him/her eligible to apply for MEC.

<sup>20</sup> Translation: If a Partnership policyholder ends up needing long-term care, there is a 68% chance that he/she will ever access MEC.

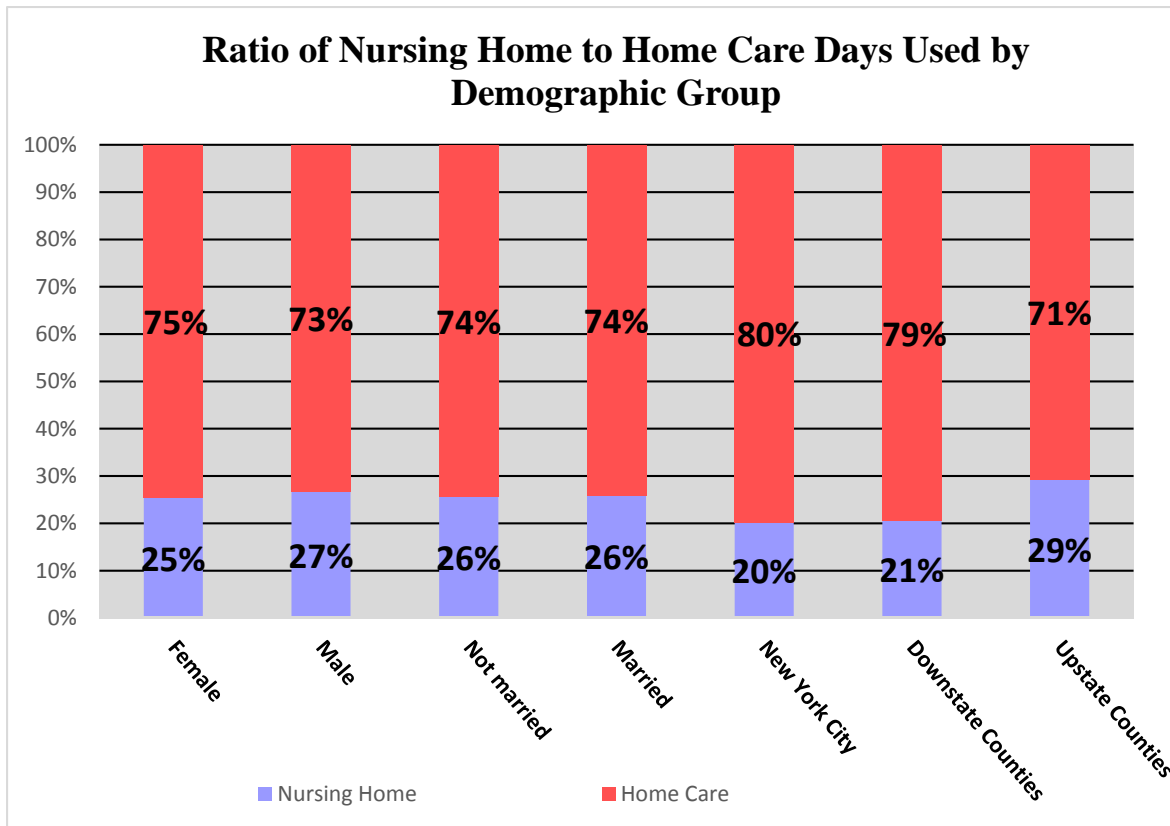
Who is More Likely to Use Their Policy?

This chart shows the percent of policyholders who have accessed their policy benefits by various demographic groups. It is based on policies purchased from 1993 through 2015 and controls for age. Females and those who were unmarried at time of purchase were significantly more likely to access their benefits. There were no significant differences between geographic areas.

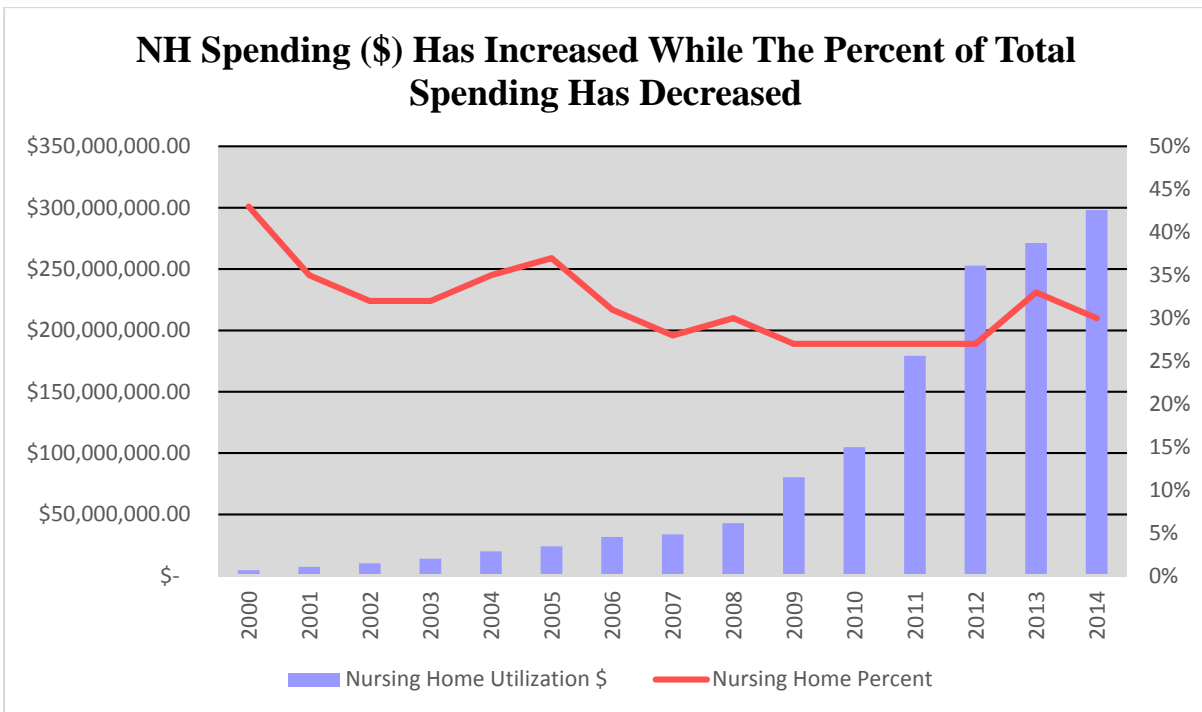
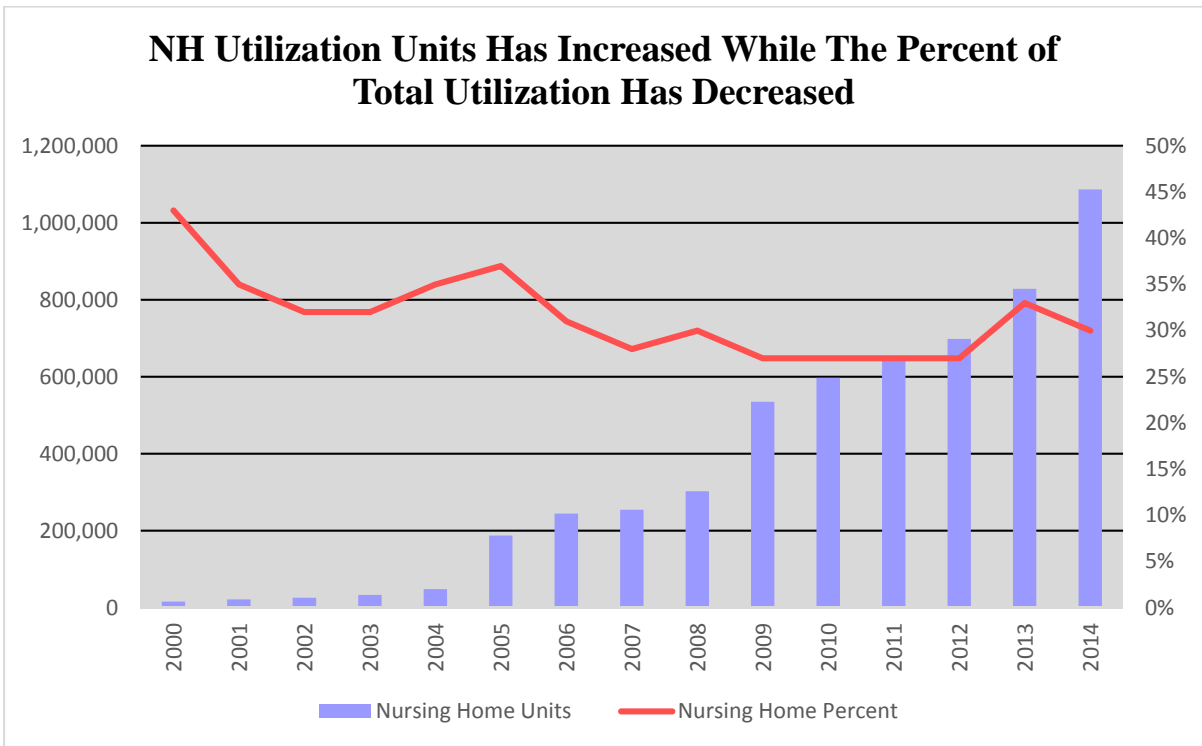
Age when purchased policy	Gender		Marital status		Location		
	Female	Male	Not married	Married	New York City	Downstate counties	Upstate counties
<= 49 years	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
50-59 years	2.8%	1.1%	1.3%	2.7%	0.6%	1.4%	2.0%
60-69 years	23.6%	13.5%	12.1%	24.9%	3.6%	9.0%	24.6%
>= 70 years	38.8%	20.0%	28.8%	30.0%	6.7%	13.0%	39.0%
<b>% of All Services</b>	<b>65.3%</b>	<b>34.7%</b>	<b>42.1%</b>	<b>57.7%</b>	<b>10.9%</b>	<b>23.5%</b>	<b>65.6%</b>
<b>Total</b>	<b>19%</b>	<b>15%</b>	<b>24%</b>	<b>15%</b>	<b>19%</b>	<b>17%</b>	<b>18%</b>

Who is More Likely to Use Nursing Home vs. Home Care?

This chart shows that females and those who live in New York City or downstate counties are significantly more likely to use home care. Nursing home use is more common among males and those in upstate counties.



*How Has the Mix of Nursing Home & Home Care Use Changed Over Time?*



## ***Has the Partnership Resulted in Savings to Medicaid?***

*(New York fiscal years 2006-2007 through 2014-2015)*

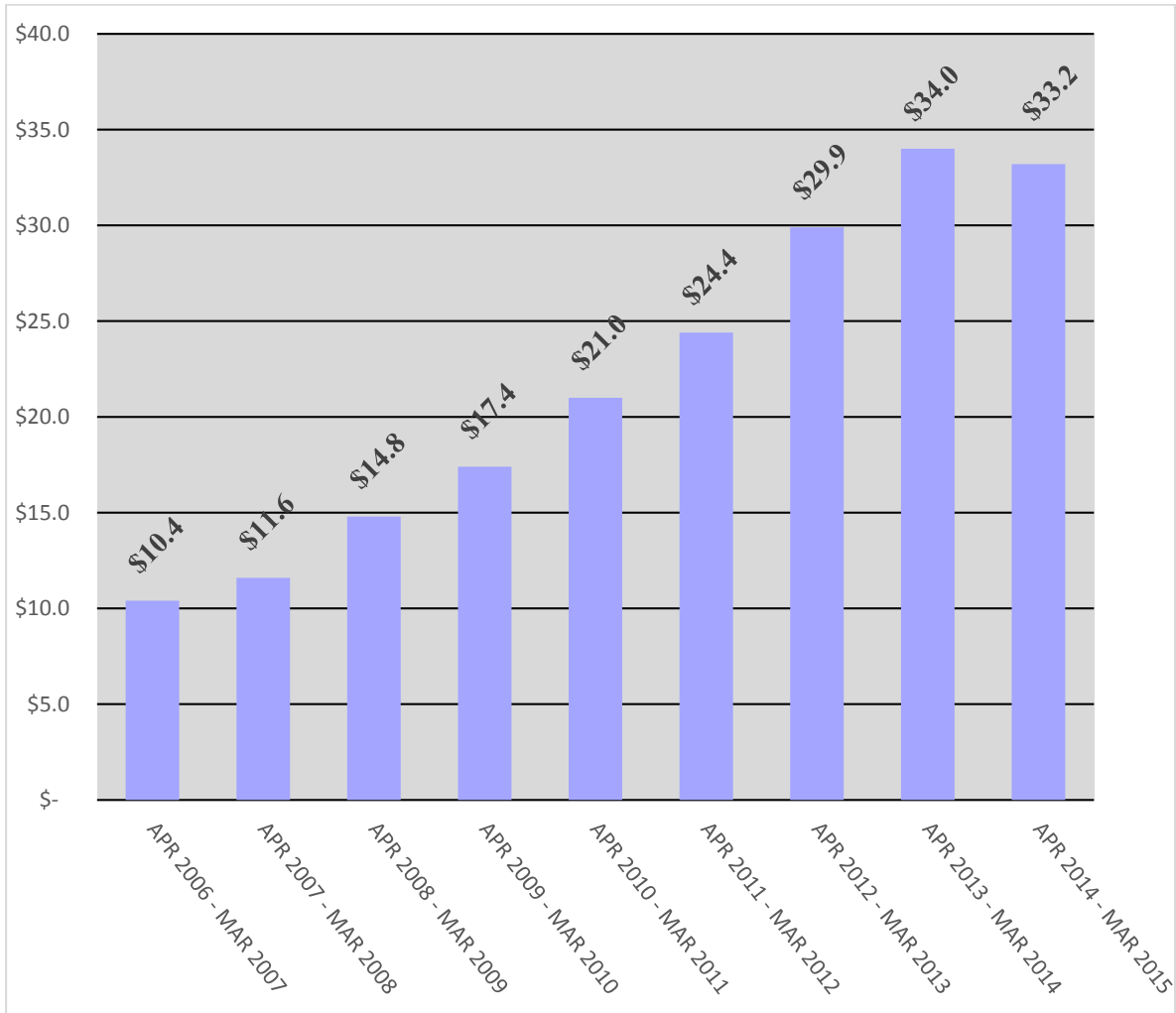
In addition to enabling individuals to provide for their long-term care needs, a goal of the New York Partnership is to create a sustainable Medicaid program. Estimated savings to Medicaid as a result of the Partnership are shown in the chart below. For each fiscal year, the estimate is calculated as follows:

$$\begin{array}{rcl} \textbf{Gross savings to Medicaid} & - & \textbf{Expense to Medicaid} & = & \textbf{Net savings to} \\ & & & & \textbf{Medicaid as result} \\ & & & & \textbf{of Partnership} \\ \text{(Total amount billed to Partnership} & & \text{(Total MEC expense, reduced by} & & \\ \text{policies, reduced by the rate} & & \text{percent of those on MEC who would} & & \\ \text{Medicaid reimburses, then by the} & & \text{not have transferred their assets in} & & \\ \text{percent of policyholders who would} & & \text{absence of Partnership<sup>15</sup>)} & & \\ \text{have transferred their assets in} & & & & \\ \text{absence of Partnership<sup>21</sup>)} & & & & \end{array}$$

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<sup>21</sup> Percent derived from self-reported responses to a New Purchaser Survey mailed to all those who purchased a New York State Partnership policy.

***Savings to Medicaid as Result of Partnership, by Fiscal Year (Millions of \$)***



## Appendix

### *Where Are the Active Policies?*

<b>County</b>	<b># of persons 65 years &amp; over (2014 estimate)<sup>22</sup></b>	<b># of persons 65 years &amp; over with active Partnership policy<sup>23</sup></b>	<b>% of persons 65 years &amp; over with active Partnership policy</b>
Albany	47,255	2,267	4.8%
Allegany	8,140	111	1.4%
Bronx	161,607	459	0.3%
Broome	34,567	1,104	3.2%
Cattaraugus	13,430	203	1.5%
Cayuga	13,478	290	2.2%
Chautauqua	23,893	564	2.4%
Chemung	14,943	164	1.1%
Chenango	9,325	231	2.5%
Clinton	12,441	251	2.0%
Columbia	12,958	358	2.8%
Cortland	7,333	236	3.2%
Delaware	10,193	215	2.1%
Dutchess	45,951	1,308	2.8%
Erie	152,635	5,711	3.7%
Essex	8,115	143	1.8%
Franklin	7,619	144	1.9%
Fulton	9,767	226	2.3%
Genesee	10,158	365	3.6%
Greene	9,574	177	1.8%
Hamilton	1,264	39	3.1%
Herkimer	11,993	163	1.4%
Jefferson	14,532	303	2.1%
Kings	317,555	1,206	0.4%
Lewis	4,531	127	2.8%
Livingston	10,178	482	4.7%
Madison	11,473	319	2.8%
Monroe	116,048	7,895	6.8%
Montgomery	8,789	239	2.7%
Nassau	223,045	5,238	2.3%
New York	234,905	2,560	1.1%
Niagara	37,051	1,156	3.1%
Oneida	40,681	788	1.9%
Onondaga	71,673	2,443	3.4%
Ontario	19,428	984	5.1%
Orange	47,302	577	1.2%

<sup>22</sup> U.S. Department of Commerce United States Census Bureau 2014 estimate

<http://quickfacts.census.gov/qfd/states/36000.html>

<sup>23</sup> As of June 30<sup>th</sup>, 2015. This reflects plan reported data by the Partnership plans relative to the 2014 Census estimates of enrollees ages 65 and over.



<b>County</b>	<b># of persons 65 years &amp; over (2014 estimate)<sup>22</sup></b>	<b># of persons 65 years &amp; over with active Partnership policy<sup>23</sup></b>	<b>% of persons 65 years &amp; over with active Partnership policy</b>
Orleans	6,793	240	3.5%
Oswego	17,500	345	2.0%
Otsego	11,352	205	1.8%
Putnam	14,716	364	2.5%
Queens	315,716	1,629	0.5%
Rensselaer	24,336	994	4.1%
Richmond	69,085	625	0.9%
Rockland	48,094	1,188	2.5%
Saint Lawrence	17,084	259	1.5%
Saratoga	35,664	1,771	5.0%
Schenectady	24,296	1,460	6.0%
Schoharie	5,889	156	2.6%
Schuyler	3,545	64	1.8%
Seneca	6,080	149	2.5%
Steuben	17,151	305	1.8%
Suffolk	229,106	4,659	2.0%
Sullivan	12,754	94	0.7%
Tioga	8,944	237	2.6%
Tompkins	12,833	488	3.8%
Ulster	31,326	761	2.4%
Warren	12,858	579	4.5%
Washington	10,767	315	2.9%
Wayne	15,224	800	5.3%
Westchester	152,132	3,353	2.2%
Wyoming	6,370	230	3.6%
Yates	4,649	185	4.0%
<b>Total</b>	<b>2,898,094</b>	<b>60,501</b>	<b>2.0%</b>