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What's Happening In Florida: Development of a Long Term Care Partnership Program

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Life and Health Product Review**





Florida Demographic



- 18.8 million residents
- 4.1 million over age 60
- In 2005, OIR initiated Part I of a comprehensive LTC study of the private insurance market
- 5% of residents in the over-45 population had long term care insurance
- 83% utilized Medicaid when entering a nursing home
- Average Medicaid per diem rate being paid \$44,665 per person, per year



Solutions



- Remove disincentives to purchasing long term care insurance
- Seek an alternative mechanism for funding, besides Medicaid and long term care insurance
- Provide more choices to consumers
- In 2006, Part II, “Expanding the Vision: Long Term Care Insurance in Florida” report was completed. Both reports are on the OIR website www.floir.com/DataReports/DataReports.aspx



History



- **In 2003, OIR adopted several provisions in NAIC's Long Term Care Rate Stabilization Model Act**

- **In 2005, the Deficit Reduction Act (DRA) became law**



Legislation Enacted

- In 2005, the Legislature passed Senate Bill 1208 authorizing a Long Term Care Partnership Program (LTCPP)
- In 2006, House Bill 947 was unanimously passed by the Legislature to implement the LTCPP
- Effective 08/01/07, OIR's Rule 690-157.201, F.A.C. established standards for approved Partnership policies



Legislation Enacted

- The Medicaid state plan details the services a state proposes to make available to the Medicaid recipients and how those services will be available
- In order to receive Federal Financial Participation (FFP), the Centers for Medicare and Medicaid Services (CMS) must approve the Medicaid state plan and any amendments to that plan



Rating standards



- Prohibits existing policyholders from being charged more than new policyholders

- Insurer's must pool experience from all affiliated insurers when calculating rates



Incontestability

- **Incontestable after two years, except in instances of non-payment of premium**
- **A new waiting period is prohibited when replaced through an affiliated insurer**
- **Eliminated minimum nursing home coverage benefit of 24 months**
- **Provides a contingent benefit upon lapse as approved in NAIC Model**



Exchanges

- If the existing policy was issued after 03/01/03, insurer's must notify and offer insureds the option of exchanging their current plan for a LTCPP policy
- The insurer is not required to notify the insured of the exchange option if the policy was issued prior to 03/01/03
- Underwriting for difference in benefits



Agent Training

- All producers soliciting LTCPP or LTC policies must have a sufficient amount of training to fully understand the provisions
- All agents soliciting Long Term Care insurance must complete 8 hours of initial training.





Agent Training - Continued

Courses must include:

- State and federal regulations and requirements between qualified state LTCPP and other public and private coverage of long term care services
- Available long-term services and providers
- Changes or improvements in long-term care services or providers
- Alternatives to the purchase of private LTC
- Effect of inflation on benefits and inflation protection
- Consumer suitability standards and guidelines



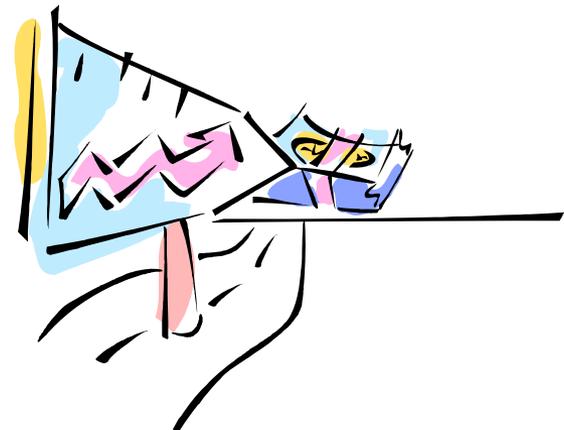
Reciprocity

- **Florida will allow for reciprocity and asset disregard**
- **Asset disregard on a dollar-for-dollar basis**
- **Reciprocity standards only apply to asset disregard and estate recovery provisions**



Inflation Protection

- The policy is issued with and retains inflation coverage which meets inflation standards based on the insureds attained age as prescribed in DRA
- Level may change
- Must be offered at issue
- No guaranteed future purchase option





Inflation Protection Limitations

- **Must be issued to an individual who has not yet attained age 61 and contain compound inflation coverage**
- **Issued to an individual who has attained age 61 but has not attained age 76 and contain annual inflation coverage**
- **After age 76, the consumer may choose not to have inflation coverage altogether**



Disclosures

- **Form OIR-BA-1786 (1/2007) was developed and adopted for use by insurers**
- **Form OIR-B2-1781(12/06) was created and may be used by insurers; however, if the form is modified, the insurer must file the revised form for OIR approval**
- **No certification needed**





Coordinating Agencies

- **Agency for Health Care Administration (AHCA)**
(850) 487-2618
- **Department of Elder Affairs (DEA), SHINE**
(Serving Health Insurance Needs of the Elderly)
(800) 963-5337
- **Department of Children and Families (DCF)**
(866) 762-2237
- **Office of Insurance Regulation (OIR)**
(850) 413-3152
- **Department of Financial Services (DFS)**
(850) 413-3137



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Thank you

