

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF LIFE AND HEALTH

Long-Term Care Insurance
Training Requirements; Partnership Policies – General Requirements

Proposed New Rules: N.J.A.C. 11:4-34.29 and 34.30, and 11:4-34 Appendices J and K

Proposed Amendment: N.J.A.C. 11:4-34.2

Authorized By: Steven M. Goldman, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1, 17:1-15e, 17B:27E-1 et seq. and 17:22A-26 et seq., and the Deficit Reduction Act of 2005, P.L. 109-171

Calendar Reference: See Summary below for explanation of exception of calendar requirement.

Proposal Number: PRN 2008-377

Submit written comments by January 2, 2009 to:

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The agency proposal follows:

Summary

The Federal Deficit Reduction Act of 2005, P.L. 109-171 (the DRA), allows for the expansion of Qualified Long-Term Care Insurance Partnership Programs by states. The New Jersey Program operates under the direction of the New Jersey Department of Human Services in consultation with the New Jersey Department of Banking and Insurance (Department). Under the New Jersey Long-Term Care Partnership Program, individuals who purchase long-term care

insurance policies that meet certain requirements specified by the DRA (referred to as Partnership Policies) can apply for Medicaid under special rules for determining financial eligibility and estate recoveries. These special rules allow the individual to protect assets equal to the insurance benefits received from a Partnership Policy so that such assets will not be taken into account in determining financial eligibility for Medicaid and will not subsequently be subject to Medicaid liens and recoveries. New Jersey's Long-Term Care Insurance Partnership Program was approved by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) on February 12, 2008 and became operational on July 1, 2008. The Department issued Bulletins Nos. 08-05 and 08-08 to outline the requirements to be contained in the proposed new rules and amendments to the current long-term care insurance rules to satisfy the requirements imposed by applicable law and the New Jersey Long-Term Care Insurance Partnership Program for the issuance of Partnership Policies. The Department is now proposing these new rules and amendment to codify the standards described in these Bulletins.

N.J.A.C. 11:4-34.2 is proposed to be amended to provide a definition of "partnership policy" to mean a long-term care insurance policy that is issued under the New Jersey Long-Term Care Partnership Program approved by the Centers for Medicare and Medicaid Services under the Deficit Reduction Act of 2005, P.L. 109-171, and which otherwise meets the requirements of the subchapter.

Proposed N.J.A.C. 11:4-34.29 sets forth training requirements for producers that sell, solicit or negotiate long-term care insurance. These requirements reflect a national standard as contained in the model Long-Term Care Insurance Act adopted by the National Association of Insurance Commissioners (NAIC). The proposed new rule provides that an individual may not sell, solicit or negotiate long-term care insurance unless the individual is licensed as an insurance

producer for accident and health or sickness or life insurance pursuant to N.J.S.A. 17:22A-26 et seq. and has completed a one-time training course by July 1, 2009. The one-time training required by the proposed new rule shall be no less than eight hours and the on-going training required shall be no less than four hours every 24 months. The proposed new rule further provides that the training shall consist of topics related to long-term care insurance, long-term care services, and, if applicable, qualified state long-term care insurance Partnership Programs, including, but not limited to: (1) applicable State and Federal regulations and requirements; (2) available long-term services and providers; (3) alternatives to the purchase of private long-term care insurance; and (4) the effect of inflation on benefits and the importance of inflation protection.

The proposed new rule also requires that insurers obtain verification that a producer has received the training required by the rule before permitting a producer to sell, solicit, or negotiate the insurer's long-term care insurance products. In addition, all insurers are required to maintain records of such verifications, and shall make such records available to the Department upon request. Finally, the rule provides that satisfaction of the training requirements set forth in the proposed new rule in any state shall be deemed to satisfy the training requirements in this State.

Proposed new N.J.A.C. 11:4-34.30 sets forth general requirements for qualification as a Partnership Policy, including requirements for inflation protection; form certification and disclosure. The proposed new rule provides that Partnership Policies must satisfy general requirements, including: the policy shall cover an insured who was a New Jersey resident at the time coverage first became effective under that policy; the policy is a qualified long-term care insurance policy as defined in 26 U.S.C. §7702B(b); and the policy is issued on or after November 23, 2007 (the effective date of the State plan amendment by the Centers for Medicare

and Medicaid Services regarding the Partnership Policy Program). These requirements reflect those imposed by applicable Federal law (the Social Security Act, 42 U.S.C. §§1396 et seq.) Further, in order to qualify as a Partnership Policy, the DRA and the State Medicaid Director's letter (SMDL #06-019) require that New Jersey's Long-Term Care Insurance Partnership Program coverage provide inflation protection based on an insured's age at the time the policy is issued. The Department also is proposing various inflation protections for issue ages under 61; for issue ages 61 to 75; and for issue ages 76 and over.

In addition, the proposed new rule provides that any carrier requesting approval of a long-term care insurance policy as a qualified Partnership Policy shall certify in writing that the policy meets all of the consumer protection standards required to qualify as a partnership policy that are specified in the certification form included in proposed new Appendix J to the subchapter, incorporated by reference. Further, any long-term care insurance policy previously filed and approved by the Department may be certified as a qualifying long-term care insurance policy meeting the consumer protection standards required by use of proposed Appendix J. After the certification is submitted to the Department, the carrier may market the previously approved policy as a Partnership Policy, provided the policy also meets the inflation protection standards set forth in proposed N.J.A.C. 11:4-34.30(a). The certification shall also be included when submitting a new qualifying policy or certificate as a part of the Department's standard form filing and approval process.

Finally, any partnership policy issued or delivered for use in New Jersey shall be accompanied by the Notice of Long-Term Care Partnership status set forth in proposed new Appendix K to the subchapter, incorporated by reference, which shall explain the benefits associated with a Partnership Policy and indicate at the time of issuance that the policy is a

Partnership Policy. In lieu of the notice set forth in proposed Appendix K, a similar notice may be used if it has been filed and approved by the Commissioner of Banking and Insurance (Commissioner).

Existing N.J.A.C. 11:4-34.29 and 34.30 are proposed to be codified as N.J.A.C. 11:4-34.31 and 34.32, without change.

A 60-day comment period is provided for this notice of proposal, and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The proposed amendment and new rules implement applicable Federal law and the New Jersey Partnership Program approved by CMS to provide members of the public additional options with respect to long-term care insurance. Partnership Policies allow an individual to protect assets equal to the insurance benefits received from a Partnership Policy so that such assets will not be taken into account in determining the individual's financial eligibility for Medicaid and will not subsequently be subject to Medicaid liens and recoveries. These additional options thus will provide a positive social impact.

Economic Impact

Insurers and producers will be required to incur any costs associated with complying with the requirements in the proposed new rules and amendments with respect to the issuance of Partnership Policies. Producers will be required to comply with the additional training

requirements. The costs to producers will generally involve the time and expense related to the additional training for long-term care insurance. The Department, however, does not believe that these requirements should impose any undue burden on producers. As noted in the Summary above, the proposed requirements reflect the national standard for training of producers in long-term care insurance adopted by the NAIC. It is reasonable and appropriate to require that producers be trained in the current products that may be made available and sold by insurers. This will help ensure that producers are able to provide accurate and complete information to consumers regarding options related to Partnership Policies and other long-term care insurance products. Accordingly, any additional costs are outweighed by the benefits to be achieved.

The costs to insurers relate to their verifying that producers who sell their products have satisfied the requisite training requirements, and that the Partnership Policies they issue satisfy the requirements set forth in the proposed new rules and are otherwise in compliance with applicable Federal and State law, as evidenced by filing the required certification. The Department believes that these costs are minimal, and are optional upon the insurer, to the extent the insurer seeks to issue a Partnership Policy. The services required to comply with the proposed new rules and amendment will be legal and administrative. The Department does not believe that any additional professional services will be required by producers or insurers to comply with the proposed new rules and amendment.

Federal Standards Statement

The proposed new rules and amendment implement the New Jersey Partnership Program approved by CMS pursuant to the Federal DRA. While the DRA requires that the items set forth in the proposed new rules and amendment be addressed, the proposed new rules and amendment

are not inconsistent with, nor do they impose greater requirements than, those required under applicable Federal law.

Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the proposed new rules and amendment.

The Department invites commenters to submit any data or studies on the potential jobs impact of the proposed new rules and amendment together with their comments on other aspects of the proposal.

Agriculture Industry Impact

The proposed new rules and amendment will not have any impact on the agriculture industry in New Jersey.

Regulatory Flexibility Analysis

The proposed new rules and amendment will apply to “small businesses,” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. To the extent that the rules apply to small businesses, they will apply to New Jersey resident producers seeking to sell or negotiate long-term care insurance in the State, and to New Jersey domiciled insurers authorized to transact long-term care insurance. The costs for compliance are set forth in the Economic Impact above. The proposed new rules and amendment provide no differentiation in reporting, recordkeeping, or other compliance requirements based on business size. As discussed above, the proposed new rules and amendment are intended to implement the Partnership Program

approved by CMS under the DRA. These programs provide certain minimum standards for the issuance of Partnership Policies in the State. The goals of the proposed new rules and amendment are to ensure that producers are sufficiently trained in the selling of such coverage, and that Partnership Policies provide inflation protection as required under applicable Federal law. These goals do not vary based on business size.

Smart Growth Statement

The proposed new rules and amendment will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Housing Affordability Analysis

The proposed new rules and amendment will not have an impact on housing affordability in this State in that the proposed new rules and amendment relate to long-term care insurance producer training and the long-term care insurance Partnership Program.

Smart Growth Development Impact

The Department believes that there is an extreme unlikelihood that these new rules and amendment would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan because the proposed

new rules and amendment relate to long-term care insurance producer training and the long-term care insurance Partnership Policy.

Full text of the proposal follows (additions indicated in boldface **thus**):

SUBCHAPTER 34. LONG-TERM CARE INSURANCE

11:4-34.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Partnership Policy” means a long-term care insurance policy that is issued under the New Jersey Long-Term Care Partnership Program approved by the Centers for Medicare and Medicaid Services under the Deficit Reduction Act of 2005, P.L. 109-171, and which otherwise meets the requirements of this subchapter.

...

11:4-34.29 Training requirements

(a) No individual producer licensed on or after (the effective date of this proposed new rule) may sell, solicit or negotiate long-term care insurance unless the individual is licensed as an insurance producer for accident and health or sickness or life insurance pursuant to N.J.S.A. 17:22A-26 et seq. and has completed a one-time initial training course as set forth in (b) and (c) below. The training shall meet the requirements set forth in (b) below.

1. An individual already licensed and selling, soliciting or negotiating long-term care insurance on (the effective date of this proposed new rule) may not continue to sell, solicit or negotiate long term care insurance after July 1, 2009 unless the individual

completes a one-time initial training course as set forth in (b) and (c) below by no later than July 1, 2009.

2. In addition to the one-time initial training course, an individual who sells, solicits or negotiates long-term care insurance shall complete ongoing training as set forth in (b) and (c) below.

3. The training requirements of (b) and (c) below shall be approved in accordance with course approval standards found in N.J.A.C. 11:17-3.

(b) The one-time initial training required by this section shall be no less than eight hours and the ongoing training required by this section shall be no less than four hours every 24 months.

(c) The initial and ongoing training required by this section shall consist of topics related to long-term care insurance, long-term care services and, if applicable, qualified state long-term care insurance Partnership Programs, including, but not limited to:

1. State and Federal regulations and requirements and the relationship between qualified state long-term care insurance Partnership Programs and other public and private coverage of long-term care services, including Medicaid;

2. Available long-term services and providers;

3. Changes or improvements in long-term care services or providers;

4. Alternatives to the purchase of private long-term care insurance;

5. The effect of inflation on benefits and the importance of inflation protection; and

6. Consumer suitability standards and guidelines.

(d) The training required by this section shall not include training that is insurer or company product specific or that includes any sales or marketing information, materials, or training, other than those required by State or Federal law.

(e) Insurers shall obtain verification that a producer has received the training required by this section before a producer is permitted to sell, solicit or negotiate the insurer's long-term care insurance products. In addition, insurers shall maintain records of such verification, and shall make such records available to the Department upon request.

(f) Insurers shall maintain records with respect to the training of their appointed producers concerning the distribution of their Partnership Policies that will enable the Department to provide assurance to the state Medicaid agency that producers have received the training required by this section and that producers have demonstrated an understanding of the Partnership Policies and their relationship to public and private coverage of long-term care, including Medicaid, in this State. These records shall be made available to the Department upon request and shall be maintained by the insurer for as long as the producer is appointed by the company.

(g) The satisfaction of the training requirements set forth in this section in any state shall be deemed to satisfy the training requirements in this State.

11:4-34.30 Partnership Policies-general requirements

(a) In order to qualify for New Jersey's Long-Term Care Partnership Program, a long-term care insurance policy shall satisfy the following requirements:

1. The policy shall cover an insured who was a New Jersey resident at the time coverage first became effective under that policy;

2. The policy is a qualified long-term care insurance policy as defined in 26 U.S.C. §7702B(b);

3. The policy is issued on or after November 23, 2007 (the effective date of the State plan amendment by the Centers for Medicare and Medicaid Services regarding the Partnership Policy Program);

4. If the policy is sold to an individual under the age of 61, it must provide compound annual inflation protection at a rate of at least three percent, or at a rate based on changes in the consumer price index for all urban consumers, U.S. city average, all items, as determined by the Bureau of Labor Statistics of the U.S. Department of Labor;

5. If the policy is sold to an individual aged 61 through 75, the policy must provide inflation protection at least equivalent to a guaranteed purchase option of additional coverage each year in an amount equal to three percent simple growth rate of the original benefits provided under the policy, or at a rate based on changes in the consumer price index for all urban consumers, U.S. city average, all items, as determined by the Bureau of Labor Statistics of the U.S. Department of Labor; and

6. If the policy is sold to an individual aged 76 or older, the insurer is required to offer inflation protection which meets the requirements for a partnership policy sold to an individual 61 through 75.

(b) Any carrier requesting approval of a long-term care insurance policy as a qualified Partnership Policy shall certify in writing that the policy meets all of the

consumer protection standards required to qualify as a Partnership Policy as set forth in the certification form included in Appendix J to this subchapter, incorporated herein by reference.

(c) Any long-term care insurance policy (including a certificate issued under a group policy) previously approved by the Department may be certified by a carrier as a qualifying long-term care insurance policy meeting the consumer protection standards set forth therein by completing and submitting the certification form included in Appendix J. Once this certification is submitted to the Department, the carrier may market the policy as a Partnership Policy provided the policy also meets the standards set forth in (a) above.

(d) If a carrier intends to use new policy or certificate forms which have not been previously approved by the Department for sale as a Partnership Policy, the certification in Appendix J shall be included when submitting the new qualifying policy or certificate as part of the Department's standard form filing and approval process.

(e) Any Partnership Policy issued or delivered for issue in New Jersey shall be accompanied by the Notice of Long Term Care Partnership Status set forth in Appendix K to this subchapter, incorporated herein by reference, explaining the benefits associated with a Partnership Policy and indicating at the time of issuance that the policy is a Partnership Policy. In lieu of the notice set forth in Appendix K, a similar notice may be used if it has been filed and approved by the Commissioner. In the case of a group insurance contract, such notice shall be provided to the insured under a certificate upon the issuance of the certificate. In determining whether to provide this notice with respect to a policy, the carrier may rely upon a statement by the policyholder, certificateholder, or insured that the insured is a resident of New Jersey.

Recodify existing 11:4-34.29 and 34.30 as **11:4-34.31 and 34.32** (No change in text.)

APPENDIX J

STATE OF NEW JERSEY
LONG-TERM CARE INSURANCE PARTNERSHIP PROGRAM
POLICY CERTIFICATION FORM

DIRECTIONS: This certification must be completed and submitted with each long-term care policy or certificate that is intended to qualify under the state long-term care insurance partnership program. The certification must be signed by an officer of the company with authority to bind the company. A separate certification must be completed for each policy form.

For newly-submitted policy forms intended to qualify for the partnership program, this certification must be included as part of the policy form filing. With respect to a previously filed form that qualifies for the partnership program, this certification shall be submitted to the Department of Banking and Insurance (“Department”) and identify the previously filed form number and date of filing by the Department. If an insurer is filing an endorsement or rider to amend a previously filed form in order to make the form compliant with the partnership program, this certification must be filed with the endorsement or rider filing, and must identify the previously filed form with which the rider or endorsement is intended to be used by form number and filing date.

A long-term care policy or certificate may not be issued in New Jersey as a partnership program policy or certificate unless and until this certification has been submitted to the Department and the policy, certificate, rider or endorsement has been filed for use by the Department.

CERTIFICATION

Under Section 1917(b)(5)(B)(iii) of the Social Security Act (42 U.S.C. 1396p(b)(5)(B)(iii)), the Commissioner of Banking & Insurance (“Commissioner”) may certify that long-term care insurance policies (including certificates issued under a group insurance contract) meet certain consumer protection requirements necessary for a policy to qualify as a partnership policy under the New Jersey Long-Term Care Insurance Partnership Program. These consumer protection requirements are set forth in Section 1917(b)(5)(A) of the Social Security Act (42 U.S.C. 1396p(b)(5)(A)) and principally include certain specified provisions of the Long-Term Care Insurance Model Regulation and Long-Term Care Insurance Model Act promulgated by the National Association of Insurance Commissioners (“NAIC”) adopted as of October 2000 (referred to herein as the “2000 NAIC Model Regulation” and “2000 NAIC Model Act”, respectively.)

In order to provide the Commissioner with information necessary to provide a certification for policies, this certification form requests information and a certification from the insurance carrier regarding policy forms which will be issued as partnership policies. A separate form must be completed for each policy or certificate form.

Part I. GENERAL INFORMATION

A. Name, address, and NAIC Company Code of insurance carrier:

B. Policy form covered by this certification, including the form number and filing date:

A copy of the above policy form filled-in for specimen issue, including any riders and endorsements, shall be provided with this certification.

Part II. QUESTIONS REGARDING APPLICABLE PROVISIONS OF THE 2000 MODEL REGULATION AND 2000 MODEL ACT

Please answer each of the questions below with respect to the policy form identified in Part I above. For purposes of answering the questions below, any provision of the 2000 NAIC Model Regulation or 2000 NAIC Model Act listed below shall be treated as including any other provision of the 2000 NAIC Model Regulation or 2000 NAIC Model Act necessary to implement the provision.

Are the following requirements of the 2000 NAIC Model Regulation met with respect to the policy (including certificates issued under a group insurance contract) intended to be covered under the New Jersey Long-Term Care Insurance Partnership Program that are issued on the policy form identified in Part I above?

Yes No N/A A. Section 6A (relating to guaranteed renewal or noncancellability), other than paragraph (5) thereof, and the requirements of section 6B of the 2000 NAIC Model Act relating to such section 6A. (N.J.A.C. 11:4-34.4(a), and N.J.S.A. 17B:27E-6a)

Yes No N/A B. Section 6B (relating to prohibitions on limitations and exclusions) other than paragraph (7) thereof. (N.J.A.C. 11:4-34.4(b))

Yes No N/A C. Section 6C (relating to extension of benefits). (N.J.A.C. 11:4-34.4(c))

Yes No N/A D. Section 6D (relating to continuation or conversion of coverage). (N.J.A.C. 11:4-34.4(d))

Yes No N/A E. Section 6E (relating to discontinuance and replacement of policies). (N.J.A.C. 11:4-34.4(e))

Yes No N/A F. Section 7 (relating to unintentional lapse). (N.J.A.C. 11:4-34.5)

- Yes ___ No ___ N/A ___ G. Section 8 (relating to disclosure), other than sections 8F, 8G, 8H, and 8I thereof. (N.J.A.C. 11:4-34.6(a) through (e))
- Yes ___ No ___ N/A ___ H. Section 9 (relating to required disclosure of rating practices to consumer). (N.J.A.C. 11:4-34.7)
- Yes ___ No ___ N/A ___ I. Section 11 (relating to prohibitions against post-claims underwriting). (N.J.A.C. 11:4-34.9)
- Yes ___ No ___ N/A ___ J. Section 12 (relating to minimum standards). (N.J.A.C. 11:4-34.10)
- Yes ___ No ___ N/A ___ K. Section 14 (relating to application forms and replacement coverage). (N.J.A.C. 11:4-34.12)
- Yes ___ No ___ N/A ___ L. Section 15 (relating to reporting requirements). (N.J.A.C. 11:4-34.13)
- Yes ___ No ___ N/A ___ M. Section 22 (relating to filing requirements for marketing). (N.J.A.C. 11:4-34.20)
- Yes ___ No ___ N/A ___ N. Section 23 (relating to standards for marketing), including inaccurate completion of medical histories, other than paragraphs (1), (6), and (9) of section 23C. (N.J.A.C. 11:4-34.21)
- Yes ___ No ___ N/A ___ O. Section 24 (relating to suitability). (N.J.A.C. 11:4-34.22)
- Yes ___ No ___ N/A ___ P. Section 25 (relating to prohibition against preexisting conditions and probationary periods in replacement policies or certificates). (N.J.A.C. 11:4-34.23)
- Yes ___ No ___ N/A ___ Q. The provisions of section 26 relating to contingent nonforfeiture benefits, if the policyholder declines the offer of a nonforfeiture provision described in section 7702B(g)(4) of the Internal Revenue Code of 1986 (26 U.S.C. 7702B(g)(4)). (N.J.A.C. 11:4-34.24)
- Yes ___ No ___ N/A ___ R. Section 29 (relating to standard format outline of coverage). (N.J.A.C. 11:4-34.27)
- Yes ___ No ___ N/A ___ S. Section 30 (relating to requirement to deliver shopper's guide). (N.J.A.C. 11:4-34.28)

Are the following requirements of the 2000 NAIC Model Act met with respect to the policy (including certificates issued under a group insurance contract) intended to be covered under the New Jersey Long-Term Care Insurance Partnership Program that are issued on the policy form identified in Part I above?

- Yes ___ No ___ N/A ___ A. Section 6C (relating to preexisting conditions). (N.J.S.A. 17B:27E-6b)
- Yes ___ No ___ N/A ___ B. Section 6D (relating to prior hospitalization). (N.J.S.A. 17B:27E-6c)
- Yes ___ No ___ N/A ___ C. The provisions of section 8 relating to contingent nonforfeiture benefits. (N.J.S.A. 17B:27E-8)

Yes No N/A D. Section 6F (relating to right to return). (N.J.S.A. 17B:27E-6d)

Yes No N/A E. Section 6G (relating to outline of coverage). (N.J.S.A. 17B:27E-6e)

Yes No N/A F. Section 6H (relating to requirements for certificates under group plans). (N.J.S.A. 17B:27E-6f)

Yes No N/A G. Section 6J (relating to policy summary). (N.J.S.A. 17B:27E-6g)

Yes No N/A H. Section 6K (relating to monthly reports on accelerated death benefits). (N.J.S.A. 17B:27E-6h)

Yes No N/A I. Section 7 (relating to incontestability period). (N.J.S.A. 17B:27E-7)

In order for a policy to be covered under the Qualified Partnership of the State, the answers to all questions above should be “yes” (or “N/A” where all requirements with respect to a provision above are not applicable).

Part III. INFLATION PROTECTION

Yes No Does the policy identified in Part I above contain the inflation protection of the New Jersey Long-Term Care Insurance Partnership Program described in N.J.A.C. 11:4-34.30

IV. CERTIFICATION

I hereby certify that the answers, accompanying documents, and other information set forth herein are, to the best of my knowledge and belief, true, correct, and complete. I understand that false, inaccurate or incomplete information on this form or accompanying documents may result in disapproval of the policy for use in New Jersey and other administrative sanctions against the insurance carrier.

Date Signature of Officer
Contact Information (Please type)

Name of Certifying Officer: _____

Title: _____

Name of Company Contact: _____
(If other than Certifying Officer)

Mailing Address: _____

Telephone Number: _____

Fax Number: _____

APPENDIX K

Notice of Long Term Care Partnership Status

Date _____

Insured's name: _____

Policy or certificate number: _____

Partnership issue date: _____

Please Note: Your long-term care insurance coverage has been identified as qualifying for inclusion in New Jersey's Long Term Care Insurance Partnership program.

Q: What is the Partnership program?

The New Jersey Long Term Care Partnership is a public/private arrangement between state government and private long-term care insurers to assist individuals in planning for their long-term care needs. It enables people who purchase certain long-term care insurance policies to have more of their assets protected if they later need to have the state pay for their long-term care. For example, if you receive \$100,000 in benefits under your long-term care insurance, you may be allowed to protect an additional \$100,000 in assets at the time you apply for Medicaid/Medical Assistance through a feature known as "Asset Disregard" under New Jersey's Medicaid program.

Q. What is "Asset Disregard"?

Asset disregard means that an amount of the policyholder's assets equal to the amount of long-term care insurance benefits received under a qualified Partnership Policy will be disregarded for the purpose of determining the insured's eligibility for Medicaid. This generally allows a person to keep assets equal to the insurance benefits received under a qualified Partnership Policy without affecting the person's eligibility for Medicaid. All other Medicaid eligibility criteria will apply and special rules may apply to persons whose home equity exceeds \$500,000. Asset disregard is not available under a long-term care insurance policy that is not a Partnership Policy. Therefore, you should consider if Asset Disregard is important to you, and whether a Partnership Policy meets your needs. *The purchase of a Partnership Policy does not automatically qualify you for Medicaid.*

Q: Do I have to take any action now?

No. You don't need to take any additional steps until you apply for Medicaid/Medical Assistance. At that time, you may be asked to provide information about your coverage and your insurer should be able to assist you.

Q: Will this have any affect on my premiums?

No. This new status will not affect your premiums.

Q: What could affect my Partnership status?

Your coverage may lose its Partnership status or your Partnership benefits may be altered if:

1. You change your inflation protection. Whether your coverage qualifies as a Partnership Policy depends in part on your age and the type of inflation protection you select and maintain. Therefore, before you make any change to your inflation protection, be sure to ask your insurer how a change may affect your partnership status.
2. You move to a state that does not have a Partnership program or does not agree to provide reciprocity with New Jersey.

3. State and/or federal laws change.

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