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Quarterly Update

4th Quarter 2014

October 1, 2014 – December 31, 2014

Insurance companies marketing Partnership policies as of December 31, 2014:

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.

Currently, five Partnership insurance companies offer five basic plans: Total Asset 50 (two plans), Total Asset 100, Dollar for Dollar 50, & Dollar for Dollar 100. The notations, 50 & 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, any changes to these policies, & use of the policies. This report is based on an analysis of these data. Following are the highlights:

- Since April 1993, 144,747 applications for Partnership policies have been received. Of these, 24,580 (17%) were denied, 15,690 (11%) are pending or have been withdrawn, & 104,477 (72%) were approved & purchased.
- Of the 104,477 policies purchased, 28,140 were dropped—40% because the policy was dropped voluntarily, 30% because the policyholder died, & 26% because the policy was cancelled during the 30-day free-look period. As of the end of 4th quarter 2014, 76,337 policies were in-force.
- Since April 1993, four percent of policies lapsed by their one-year anniversary, 6% by two years, 8% by three years, 9% by four years, 11% by five years, & 16% by 10 years.
- During 4th quarter 2014, 435 policies were purchased & 87 were dropped.
- The table below compares several demographic characteristics & policy features of individuals who purchased a policy during 4th quarter 2014 with all who purchased prior to 4th quarter 2014. Among policies purchased during 4th quarter 2014, statistically significant differences are italicized in the table.

	Purchased during 4th quarter 2014 (435 policies)	Purchased prior to 4th quarter 2014 (104,042 policies)
Mean age	60 years	62 years
Female	58%	58%
Married	85%	76%
Live in upstate counties	60%	65%
Purchased 2-4-50 plan	43% <i>Those who were living outside of New York City more likely to purchase</i>	1%
Purchased 3-6-50 plan	51% <i>Those who were living in New York City more likely to purchase</i>	89%
Purchased 4-4-100 plan	5% <i>Those who were living in New York City more likely to purchase</i>	9%
Mean deductible period	87 days	79 days
3.5% inflation protection	89% <i>Those who were living outside of New York City more likely to purchase</i>	1%
5% inflation protection	11% <i>Those who were living in New York City more likely to purchase</i>	99%

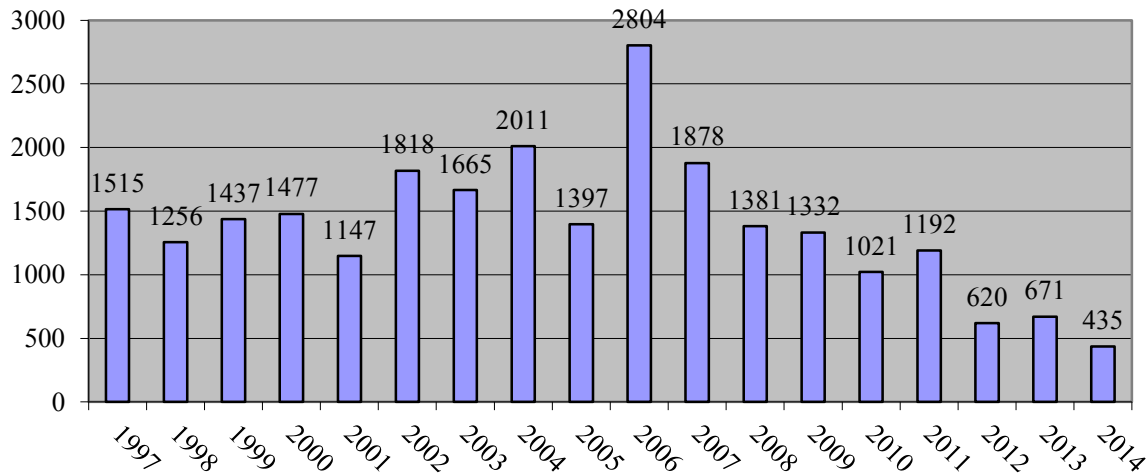
- Since April 1993, insurers have approved 94% of requests for benefits based on their assessment of policyholders' inability to perform activities of daily living (ADLs) or severe cognitive impairment.
- Since April 1993, there have been 6,142 policies with at least one service payment made. 767 individuals met the minimum duration requirement making them eligible to apply for Medicaid Extended Coverage (MEC). 440 received MEC benefits out of the 767.
- Females & those who were unmarried at time of purchase were significantly more likely to access their benefits.
- Females & 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 & those in upstate counties.
- Long-term care use continues to shift more toward home care, from 58% of days used in 2000 to 73% in 2014.
- The Partnership continues to shift costs away from Medicaid. In fiscal year 2013-2014, the estimated savings to Medicaid was more than \$34 million. Over the past eight fiscal years, annual savings to Medicaid has been growing at an average rate of 19%.
- The New York State Partnership continually monitors our data for irregularities.

How Many Partnership Policies Have Been Purchased & Dropped?

	Cumulative since April 1993		4 th quarter 2014	
	n	%	n	%
<i>Applications received</i>	144,747		830	
Denied	24,580	17%	140 ¹	
Pending/withdrawn	15,690	11%		
Policies purchased	104,477	72%	435	
Policies dropped	28,140 ²		310 ³	
<i>Died</i>	8,480	30%	185	60%
<i>Dropped voluntarily</i>	11,214	40%	28	9%
<i>Unknown</i>	519	2%	59	19%
<i>Cancelled during 30-day free-look period</i>	7,461	26%	20	6%
<i>Exhausted benefits</i>	438	2%	18	6%
<i>Partnership status lost</i>	1	< 1%	0	0%
<i>Non-forfeiture (Partnership status lost)</i>	18	< 1%	0	0%
Rescission	9	< 1%	0	0%
Active policies⁴	76,337			

Where active policies are by county, including penetration rates into the 65 years and over populations, please see the Appendix.

**Number of Partnership Policies Newly Purchased
in 4th Quarter, by Year**



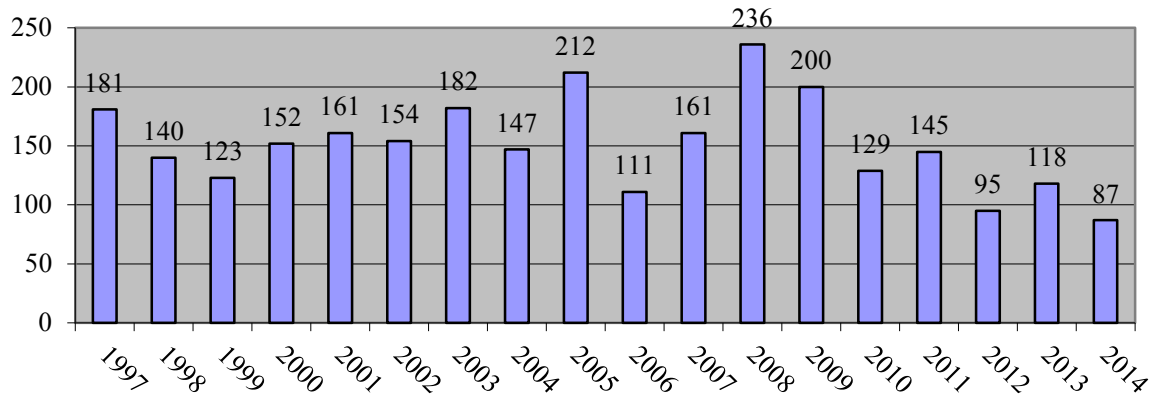
¹ Applications may have been received in a previous quarter.

² Does not include policies that have been reinstated.

³ Includes policies that were purchased and then dropped during the quarter.

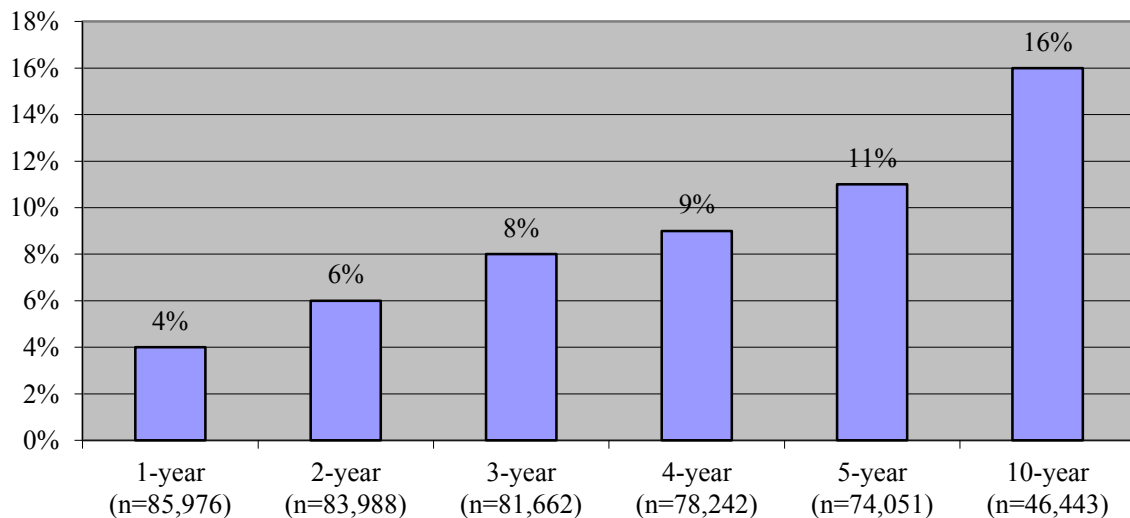
⁴ As of the end of 4th quarter 2014.

**Number of Partnership Policies Dropped
in 4th Quarter by Year (Excludes Policies Dropped Because of
Policyholder Death, Exhaustion of
Benefits or Cancellation During Free-Look Period)**



The chart below shows one-year through five-year and 10-year policy lapse rates through 4th quarter 2014 (December 31, 2014). The ‘n’s under the bars are the number of policies purchased on or before a date where they have had at least one, two, three, four, five or 10 years to be active and whose holders did not die, cancel during the free-look period or exhaust policy benefits. For example, under the ‘1-year’ bar, 85,976 policies were purchased on or before December 31, 2013 (policies purchased by this date have had at least one year to be active). Four percent of these policies were dropped voluntarily before their one-year anniversary.

Partnership Policy Lapse Rates



Who Purchased a Policy?

- Note:**
- ✓ Throughout this section and the next, percentages may not add to 100 due to rounding.
 - ✓ 'n' = the number of cases (policies) that contain data values for the various variables.
 - ✓ **, ***, **** denote statistically significant differences.
- * $p < .05$ Less than 1 chance in 20 the difference occurred by coincidence
 ** $p < .01$ Less than 1 chance in 100 the difference occurred by coincidence
 *** $p < .001$ Less than 1 chance in 1,000 the difference occurred by coincidence

Demographics

	4 th quarter 2014 435 policies purchased	Cumulative since April 1993 104,042 policies purchased ⁵
<i>Age</i>		
<= 49 years	8%	6%
50-54 years	13%	11%
55-59 years	27%	22%
60-64 years	31%	27%
65-69 years	17%	19%
>= 70 years	4%	15%
Mean	60 years	62 years
Std. deviation	7.0 years	8.0 years
Minimum - maximum	22 - 76 years	18 - 93 years
<i>Gender</i>		
Female	58%	58%
Male	42%	42%
<i>Marital status</i>		
Not married	15%	24%
Married	85%	76%
<i>Geographic area (a complete breakdown can be found in the Appendix)</i>		
New York City ⁶	11%	11%
Downstate counties ⁷	29%	24%
Upstate counties ⁸	60%	65%

⁵ Does not include policies purchased during 4th quarter 2014.

⁶ New York City's five boroughs.

⁷ Metropolitan PMSA counties: Nassau, Putnam, Rockland, Suffolk, & Westchester.

⁸ All other counties in New York State plus out-of-state addresses & addresses that are under review.

What Kind of Policies Did They Purchase?

Note: ✓ The tables throughout this section are based on the 535 policies purchased during 4th quarter 2014. The last, high-lighted, row in each table is based on all policies purchased prior to 4th quarter 2014, for comparison.

Type of Partnership Policy						
	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	34	56%	35%	9%	0%	0%
50-54 years	55	27%	66%	6%	2%	0%
55-59 years	118	37%	58%	3%	1%	1%
60-64 years	135	43%	51%	4%	1%	1%
65-69 years	76	51%	40%	8%	0%	1%
>= 70 years	17	65%	35%	0%	0%	0%
<i>Gender</i>						
Female	251	45%	48%	5%	1%	1%
Male	184	39%	55%	5%	1%	1%
<i>Marital status</i>						
Not married	65	52%	43%	3%	2%	0%
Married	362	42%	53%	4%	1%	< 1%
<i>Geographic area**</i>						
New York City	48	23%	60%	17%	0%	0%
Downstate counties	125	43%	53%	2%	0%	2%
Upstate counties	262	46%	48%	4%	1%	< 1%
Total 4th quarter 2014	435	43%	51%	5%	1%	1%
Cumulative since April 1993	104,042	1%	89%	9%	< 1%	< 1%

Elimination Period⁹

	n	Mean	Minimum - Maximum
<i>Age</i>			
<= 49 years	34	89	30-100
50-54 years	55	89	30-100
55-59 years	118	86	30-100
60-64 years	135	87	30-100
65-69 years	76	89	30-100
>= 70 years	17	83	30-100
<i>Gender</i>			
Female	251	87	30-100
Male	184	88	30-100
<i>Marital status</i>			
Not married	65	89	30-100
Married	362	87	30-100
<i>Geographic area</i>			
New York City	48	90	30-100
Downstate counties	125	84	30-100
Upstate counties	262	88	30-100
Total 4th quarter 2014	435	87	30-100
Cumulative since April 1993	103,997	79	0-100

Maximum Daily Nursing Home Benefit¹⁰

	n	Mean	Minimum - Maximum
<i>Age**</i>			
<= 49 years	34	\$291	\$274-400
50-54 years	55	\$286	\$274-350
55-59 years	118	\$282	\$274-350
60-64 years	135	\$282	\$274-320
65-69 years	76	\$280	\$274-300
>= 70 years	17	\$292	\$274-400
<i>Gender</i>			
Female	251	\$283	\$274-400
Male	184	\$284	\$274-400
<i>Marital status</i>			
Not married	65	\$282	\$274-300
Married	362	\$284	\$274-400
<i>Geographic area</i>			
New York City	48	\$287	\$274-400
Downstate counties	125	\$281	\$274-350
Upstate counties	262	\$284	\$274-400
Total 4th quarter 2014	435	\$283	\$274-400

⁹ 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.

¹⁰ 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 Benefit¹¹

	n	Mean	Minimum - Maximum
<i>Age</i>			
<= 49 years	34	\$175	\$137-300
50-54 years	55	\$182	\$137-300
55-59 years	118	\$167	\$137-300
60-64 years	135	\$171	\$137-300
65-69 years	76	\$166	\$137-300
>= 70 years	17	\$155	\$137-300
<i>Gender</i>			
Female	251	\$167	\$137-300
Male	184	\$174	\$137-350
<i>Marital status</i>			
Not married	65	\$158	\$137-300
Married	362	\$170	\$137-350
<i>Geographic area**</i>			
New York City	48	\$200	\$137-300
Downstate counties	125	\$165	\$137-350
Upstate counties	262	\$167	\$137-300
Total 4th quarter 2014	435	\$170	\$137-350

Inflation Protection

	n	3.5%	5%
<i>Age</i>			
<= 49 years	34	82%	18%
50-54 years	55	84%	16%
55-59 years	118	95%	5%
60-64 years	135	87%	13%
65-69 years	76	91%	9%
>= 70 years	17	88%	12%
<i>Gender</i>			
Female	251	89%	11%
Male	184	89%	11%
<i>Marital status</i>			
Not married	65	91%	9%
Married	362	90%	10%
<i>Geographic area**</i>			
New York City	48	75%	25%
Downstate counties	125	92%	8%
Upstate counties	262	90%	10%
Total 4th quarter 2014	435	89%	11%
Cumulative since April 1993	100,692	1%	99%

¹¹ 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.

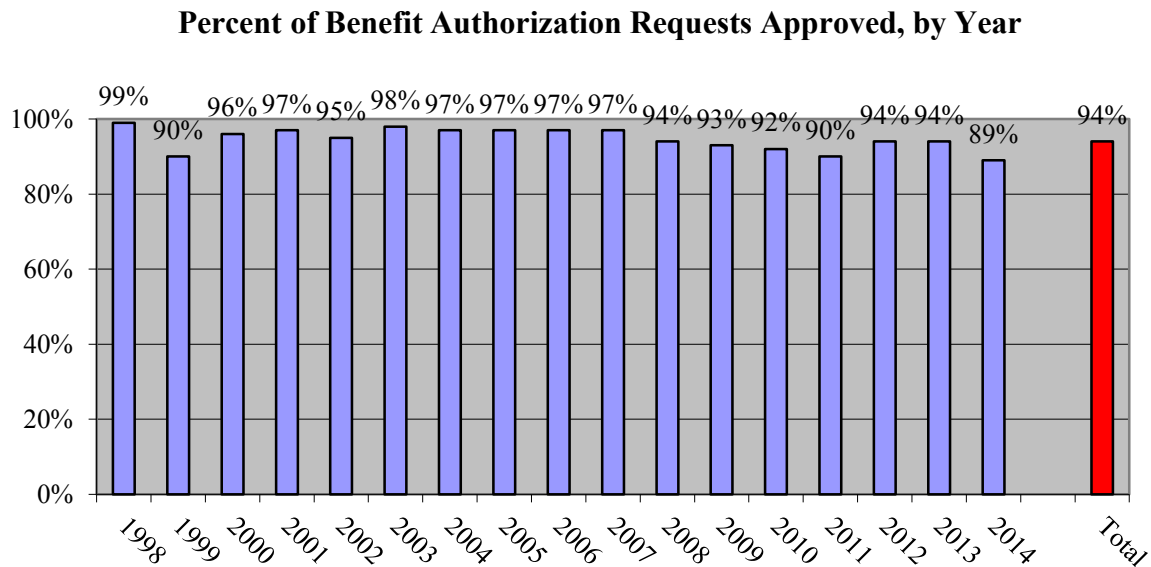
How Have Insurers Been Responding to Claims?

(Cumulative through 4th quarter 2014)

When a request for benefits is submitted to an insurer, two kinds of denials can take place:

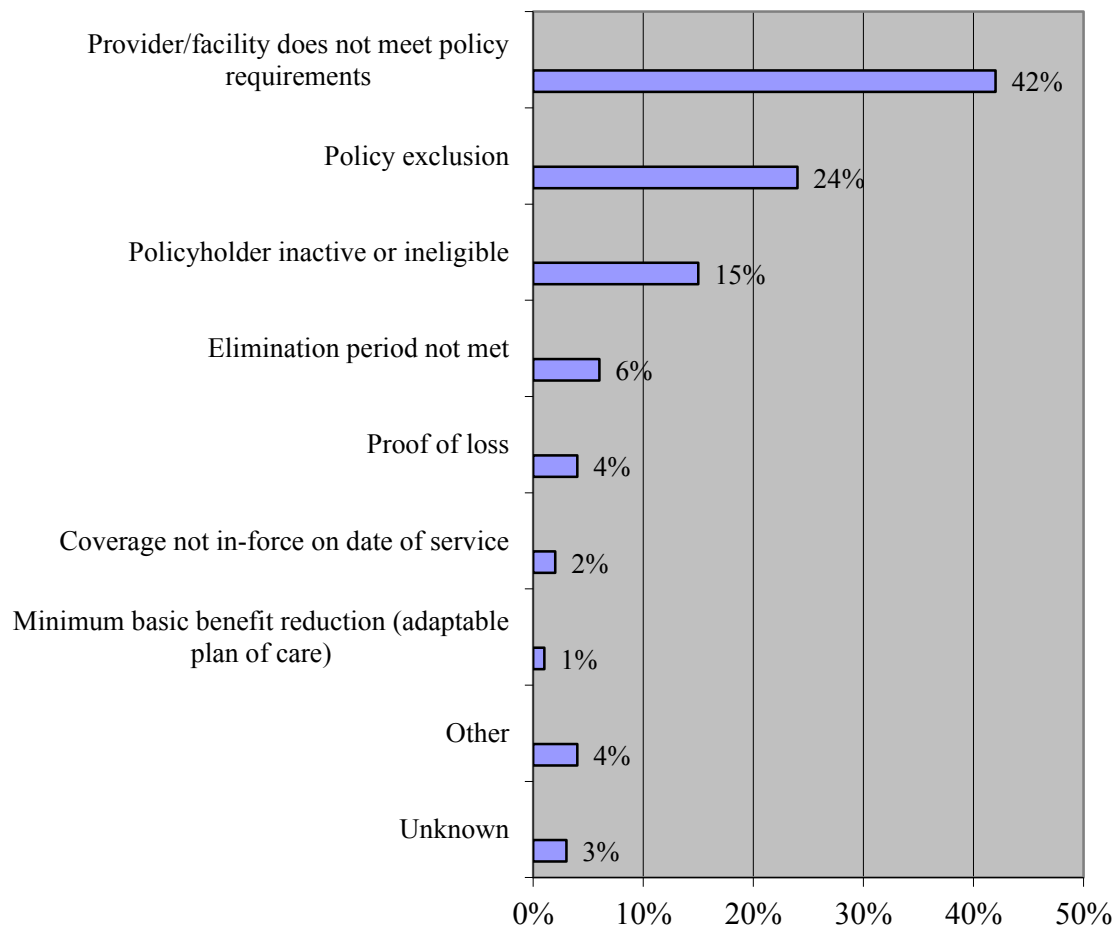
- (1) Insured event denial: an insurer's assessment of the claimant indicates that he or she does not meet the insured event criteria (inability to perform activities of daily living (ADLs) or severe cognitive impairment).
- (2) Non-insured event denial: denial for reason other than failure of claimant to meet insured event criteria (e.g., elimination period not met, rescission, provider does not meet policy requirements).

Of the 660 total benefit authorization denials through 4th quarter 2014, 408 were insured event denials. The chart below shows the percent of requests for benefits when claimant met the insured event criteria.



Of the 660 total benefit authorization denials through 4th quarter 2014, 252 were non-insured event denials. The chart below shows the specific reasons.

Non-Insured Event Denial Reasons (n=252)



What is the Policy Utilization Experience?

(Cumulative through 4th quarter 2014)

Total policies purchased	104,477
Died before any service payment made	5,759
Dropped for reasons other than death or policy cancellation during 30-day free-look period, before any service payment made	11,510
Policies with any service payment made	6,142
Mean length of time between date of policy purchase & date of first service payment (among policies with any service payment made)	10.9 years
Mean policyholder age at date of first service payment (among policies with any service payment made)	Overall 82.1 years
	Female 82.1 years
	Male 81.9 years
Mean policyholder age at date of first service payment for home care (among policies with any service payment made for home care)	Overall 82.3 years
	Female 82.3 years
	Male 82.2 years
Mean policyholder age at date of first service payment for nursing home care (among policies with any service payment made for nursing home care)	Overall 83.1 years
	Female*** 83.4 years
	Male 82.4 years
Number of days of service paid for by insurers	Total 4,154,299
	Nursing home 1,288,898 (31%)
	Home care ¹² 2,865,401 (69%)
Met minimum benefit duration requirement (among policies with any service payment made & whose beneficiary has died or met their minimum duration requirement)	767 (23% ¹³)
Accessed Medicaid Extended Coverage (MEC) (among policies with any service payment made & whose beneficiary has died or met their minimum duration requirement)	440 (13% ¹⁴)

¹² Includes long-term care services received in an assisted living residence.

¹³ Translation: If a Partnership policyholder ends up needing long-term care, there is a 23% chance that he/she will meet the minimum duration requirement making him/her eligible to apply for MEC.

¹⁴ Translation: If a Partnership policyholder ends up needing long-term care, there is a 13% chance that he/she will ever access MEC.

Who is More Likely to Use Their Policy?

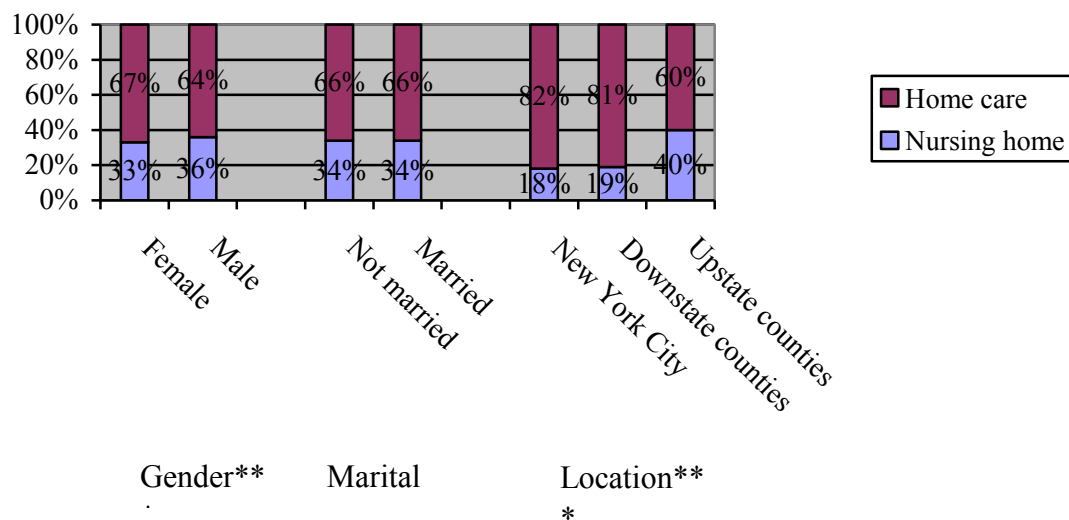
This chart shows the percent of policyholders who have accessed their policy benefits by various demographic groups. It is based on policies purchased from 1993 through 1996 and controls for age. Females and those who were unmarried at time of purchase were significantly more likely to access their benefits. 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	1%	3%	4%	< 1%**	1%	1%	2%
50-59 years	4%	3%	6%	3%*	5%	4%	4%
60-69 years	16%	12%***	17%	13%***	14%	14%	14%
>= 70 years	35%	27%***	36%	28%***	31%	29%	32%
Total	19%	15%***	24%	15%***	19%	17%	18%

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

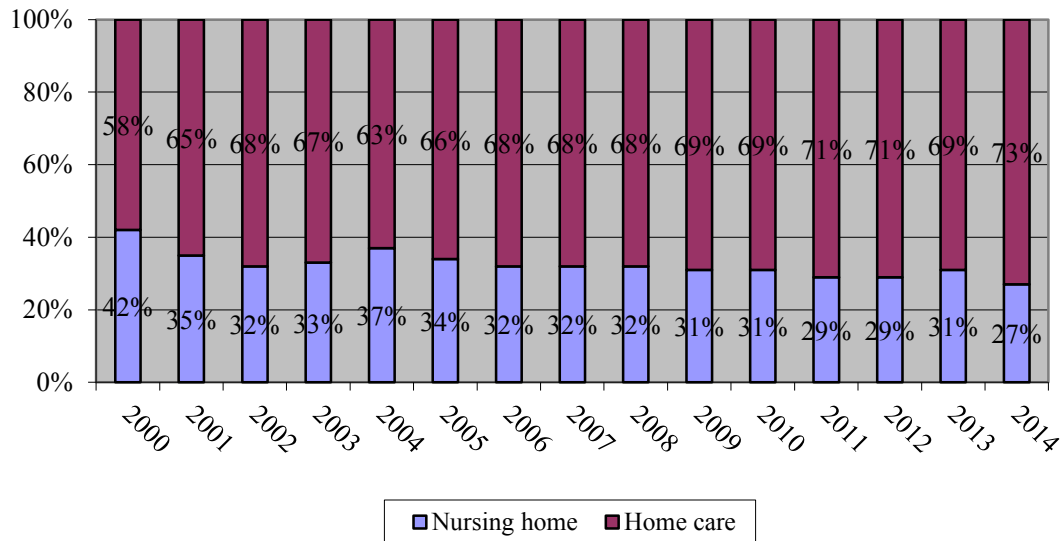
This chart shows that females and those who live in New York City or downstate counties are significantly more likely to use home care. Nursing home use is more common among males and those in upstate counties.

**Ratio of Nursing Home to Home Care Days Used,
by Demographic Group**

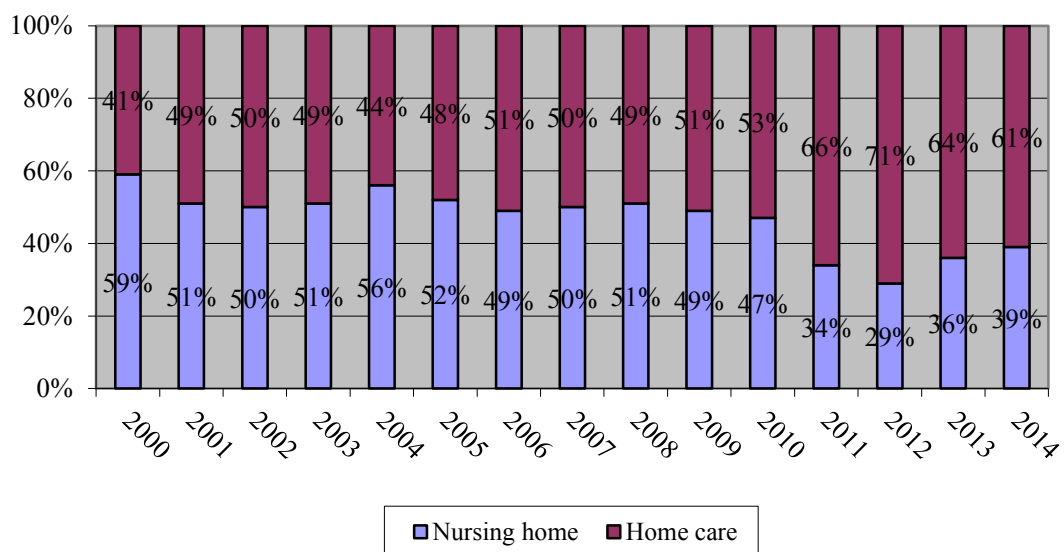


How Has the Mix of Nursing Home & Home Care Use Changed Over Time?

Ratio of Nursing Home to Home Care Days Used, by Year



Ratio of Nursing Home to Home Care \$ Amounts Billed, by Year



Has the Partnership Resulted in Savings to Medicaid?

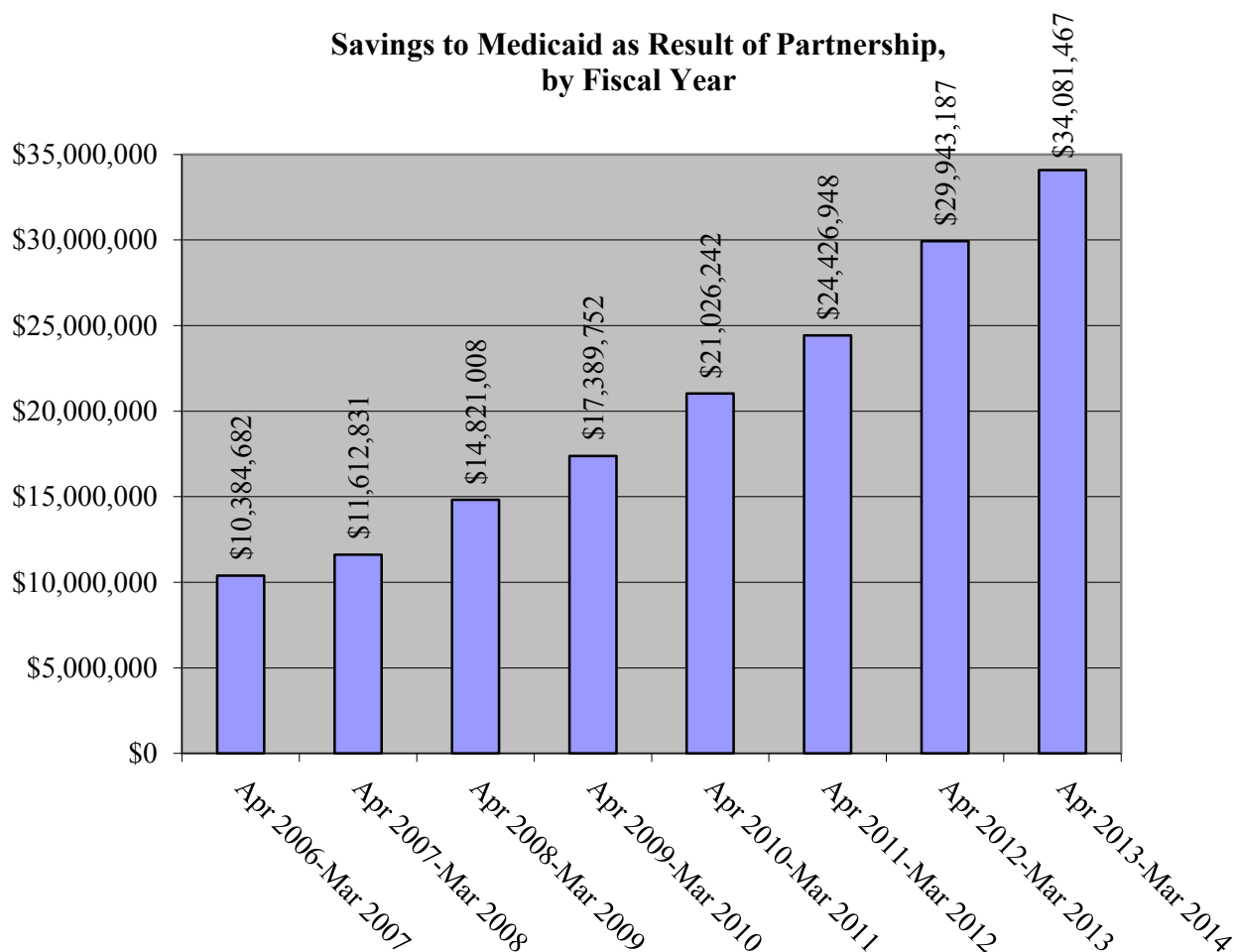
(New York fiscal years 2005-2006 through 2013-2014)

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:

<i>Gross savings to Medicaid</i>	-	<i>Expense to Medicaid</i>	=	<i>Net savings to Medicaid as result of Partnership</i>
(Total amount billed to Partnership policies, reduced by the rate Medicaid reimburses, then by the percent of policyholders who would have transferred their assets in absence of Partnership ¹⁵)		(Total MEC expense, reduced by percent of those on MEC who would not have transferred their assets in absence of Partnership ¹⁵)		

¹⁵ 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



Appendix

Where Are the Active Policies?

County	# of persons 65 years & over (2012 estimate) ¹⁶	# of persons 65 years & over with active Partnership policy ¹⁷	% of persons 65 years & over with active Partnership policy
Monroe	109,929	7,195	6.5
Schenectady	23,424	1,329	5.7
Wayne	14,409	720	5.0
Ontario	18,014	883	4.9
Saratoga	32,876	1,587	4.8
Albany	44,596	2,033	4.6
Livingston	9,527	434	4.6
Warren	12,059	543	4.5

¹⁶ U.S. Department of Commerce United States Census Bureau 2012 estimate

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

¹⁷ As of December 31 2014. This allows for an accurate comparison with the county 65 years and over populations.

County	# of persons 65 years & over (2012 estimate)¹⁶	# of persons 65 years & over with active Partnership policy¹⁷	% of persons 65 years & over with active Partnership policy
Rensselaer	22,856	879	3.8
Tompkins	11,794	440	3.7
Yates	4,410	160	3.6
Erie	147,973	5,242	3.5
Genesee	9,836	341	3.5
Wyoming	6,074	211	3.5
Onondaga	68,160	2,216	3.3
Orleans	6,468	216	3.3
Hamilton	1,199	38	3.2
Broome	33,868	1,051	3.1
Cortland	6,976	208	3.0
Niagara	35,711	1,061	3.0
Dutchess	43,112	1,171	2.7
Lewis	4,301	114	2.7
Madison	10,857	290	2.7
Washington	10,258	282	2.7
Columbia	12,187	317	2.6
Schoharie	5,617	145	2.6
Tioga	8,480	216	2.5
Chenango	8,888	211	2.4
Montgomery	8,540	205	2.4
Seneca	5,790	139	2.4
Rockland	45,121	1,040	2.3
Ulster	29,450	663	2.3
Fulton	9,337	205	2.2
Nassau	213,179	4,652	2.2
Putnam	13,646	305	2.2
Chautauqua	23,102	496	2.1
Cayuga	12,887	262	2.0
Clinton	11,677	239	2.0
Delaware	9,881	198	2.0
Schuyler	3,314	65	2.0
Westchester	146,174	2,982	2.0
Jefferson	13,830	265	1.9
Otsego	10,861	211	1.9
Suffolk	217,395	4,239	1.9
Oneida	39,237	715	1.8
Oswego	16,430	300	1.8
Franklin	7,251	126	1.7
Greene	9,102	156	1.7
Steuben	16,544	280	1.7
Essex	7,753	121	1.6
Cattaraugus	12,793	188	1.5
St. Lawrence	16,274	229	1.4
Herkimer	11,547	149	1.3
Orange	44,192	509	1.2
Allegany	7,737	83	1.1
Chemung	14,315	154	1.1

County	# of persons 65 years & over (2012 estimate)¹⁶	# of persons 65 years & over with active Partnership policy¹⁷	% of persons 65 years & over with active Partnership policy
New York	225,054	2,245	1.0
Richmond	64,490	545	0.8
Sullivan	12,133	83	0.7
Queens	300,006	1,468	0.5
Bronx	153,524	401	0.3
Kings	300,179	1,033	0.3
Total	2,756,605	54,484	2.0