



Creating Long-Term-Care Insurance Options for Elderly People

Promoting expansion of the Partnership for Long-Term Care

SUMMARY

From 2006 to 2010, the [Center for Health Care Strategies](#) provided grants of \$50,000 each, along with technical assistance, to help 10 states design and implement long-term-care insurance partnership programs.¹ These partnerships bring consumers, private insurers and state Medicaid agencies together to create insurance options that provide affordable coverage and financial protection for beneficiaries, generate business for insurers, and protect Medicaid budgets.

The Robert Wood Johnson Foundation (RWJF) created the model for these partnerships through a demonstration program launched in 1987 in California, Connecticut, Indiana and New York and called the *Program to Promote Long-Term Care Insurance for the Elderly*. For more information see the [Program Results Report](#). The Center for Health Care Strategies is a nonprofit located in Princeton, N.J., that works to improve the quality and cost-effectiveness of publicly financed health care.

Key Results

- Nine of the 10 grantee states implemented long-term-care insurance partnership programs and a total of 96,529 policies were in force by June 2010. Due to an unrelated legal conflict with the federal Centers for Medicare & Medicaid Services, Michigan did not implement a partnership.
- Eight additional states received technical assistance from the Center for Health Care Strategies and seven implemented partnership programs, putting 69,150 additional policies in effect.

Funding

RWJF supported this project with a grant of \$1,287,230.

¹ Arkansas, Colorado, Georgia, Michigan, Minnesota, Ohio, Oklahoma, South Dakota, Texas and Virginia.

CONTEXT

In 2006, Medicaid paid for nearly half the nation’s formal long-term-care services, according to the Center for Health Care Strategies. Administered and financed jointly by the states and the federal government, Medicaid provided health coverage and long-term-care assistance to more than 41 million people in low-income families and nearly 14 million elderly or disabled individuals.² Medicaid accounted for 16.8 percent of state expenses, on average,³ and federal Medicaid spending was expected to double, from \$190 billion in 2006 to \$363 billion in 2015.⁴

RWJF’s Interest in This Area

In 1987, RWJF established the *Program to Promote Long-Term Care Insurance for the Elderly* to help control Medicaid costs and protect consumers who need long-term care. California, Connecticut, Indiana and New York established partnership programs through the initiative that encouraged people to purchase affordable long-term-care insurance, while protecting some of their assets should they ultimately require Medicaid services.

Although the model continued to evolve in those four states, federal legislation passed in 1993 made it difficult to replicate the partnerships elsewhere. That changed in 2005, with the passage of the federal Deficit Reduction Act, which included a number of provisions designed to prevent Medicaid from becoming the nation’s long-term-care financing program. For the partnership model to spread, many states needed seed grants and technical assistance to build capacity.

For other publications focused on long-term-care insurance, click [here](#).

THE PROJECT

The Center for Health Care Strategies helped 10 states design and implement long-term-care partnership programs. The participating states were Arkansas, Colorado, Georgia, Michigan, Minnesota, Ohio, Oklahoma, South Dakota, Texas and Virginia.

Mark Meiners, PhD, of George Mason University, served as a consultant to the center and the states. Meiners is a long-term-care insurance expert who had provided extensive technical assistance to the four original RWJF partnership states.

² Kaiser Commission on Medicaid and the Uninsured. “Low Medicaid Spending Growth Amid Rebounding State Revenues.” October 2006. Available [online](#).

³ Georgetown University Health Policy Institute Center for Children and Families. “Medicaid and State Budgets: Looking at the Facts.” May 2008. Available [online](#).

⁴ “Medicaid Spending Growth and Options for Controlling Costs,” Congressional testimony by Congressional Budget Office Acting Director Donald B. Marron, before the Special Committee on Aging United States Senate, July 13, 2006. Available [online](#). These 2006 figures could change significantly as a result of both the Affordable Care Act and deficit reduction activities.

To promote partnership programs, the team:

- Hosted a 2006 meeting in Indianapolis with 21 long-term-care experts to identify the challenges facing states and determine the technical assistance they would need to pursue partnerships.
- Reviewed proposals from 19 states and selected 10 that best demonstrated the experience and capacity to implement a partnership program.
- Provided technical assistance to the states through phone calls and email exchanges.
 - Initially, assistance focused on program design, insurance regulations and the process of amending state Medicaid plans.⁵
 - Later, the assistance focused primarily on effective outreach to consumers.
- Conducted three in-person meetings and periodic technical assistance calls involving all the states to exchange information and share progress about implementing partnerships. The phone calls were conducted in collaboration with the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services.
- Provided travel scholarships to staff members of partnership programs being developed in eight other states so that they could benefit from the technical assistance and peer-to-peer learning offered at meetings.⁶
- Collaborated with RWJF to provide communications training in 2008 and 2009 for seven of the original 10 states, as well as 14 others that were developing partnerships.
- Once states established partnerships and amended their Medicaid plans, private companies could sell long-term-care insurance policies that protect policyholders against the catastrophic costs of care. Typically, the plans cover a broad range of home, community and institutional services. Once policyholders exhaust their private coverage, they are permitted to access Medicaid long-term-care benefits without having to first spend all of their assets.

RESULTS

The project team reported the following results to RWJF:

- Nine of the 10 states implemented long-term-care insurance partnership programs, putting a total 96,529 policies in force by June 2010. Only Michigan, which was engaged in a legal conflict with the Centers for Medicare & Medicaid Services over

⁵ When a state modifies its Medicaid program significantly, it is required to submit a State Plan Amendment to the federal Centers for Medicare & Medicaid Services for approval.

⁶ Idaho, Illinois, Maryland, Missouri, New Jersey, Oregon, Pennsylvania and Wisconsin.

unrelated Medicaid issues, did not implement a partnership. See [Appendix 1](#) for the number of policies available in each state.

- Seven of the eight additional states to which the team provided technical assistance developed partnership programs, with a total 69,150 policies in force as of June 30, 2010. Illinois had not established a partnership by that date.
- Project staff created resources to promote the development of long-term-care insurance partnership programs and posted them on a page of the Center for Health Care Strategies' website (available [here](#)).⁷ See the [Bibliography](#) for details.

LESSONS LEARNED

1. **The state should head the long-term-care insurance effort to coordinate with multiple stakeholders, and one person should be clearly designated to lead the team.** The partnership effort necessarily involves many different state entities—including the Medicaid agency, governor's office, legislature and the offices in charge of the budget and aging issues—as well as consumer groups and the insurance industry.

In this initiative, the state lead became the key point of contact for the project team, facilitated much of the peer-to-peer sharing, and helped to connect representatives from different states facing similar implementation issues. (Project Director Somers)

2. **Provide options for agencies in states with procurement laws that make it difficult to spend grant funds.** The project team helped some states develop strategies to procure services and materials without reaching the threshold spending levels that triggered burdensome procurement requirements. Nonetheless, some states were unable to fully spend their grant monies and their funds were distributed to other states. (Project Director Somers)
3. **Build robust consumer education and insurance agent training into new state partnership programs.** Clear and concise materials and face-to-face interaction is often necessary because many stakeholders lack basic knowledge about how long-term-care services are financed and about the available insurance options. (Project Director Somers)
4. **Encouraging people with moderate incomes to purchase private long-term-care insurance is essential to the viability of these partnerships.** To keep premiums affordable, states should create a range of benefit options—for example, offering less coverage and more limited asset protection to those with limited assets, and more generous and costlier coverage for those with more to protect.

⁷ Additional materials about state policies are available on the Thomson Reuters Long-Term Care Partnership Care Program [website](#), the official clearinghouse for federal data on partnerships.

5. **Inflation protection must be incorporated into insurance policies, as mandated by the Deficit Reduction Act.** All states use a model that provides an automatic benefit increase while maintaining a fixed premium. The inflation adjustment is calculated into the price when the policy is purchased.
6. **Long-term-care insurance needs to be reciprocal across states.** The federal Department of Health and Human Services, in consultation with the National Association of Insurance Commissioners and others, is developing standards to ensure that all states honor policies purchased elsewhere.

AFTERWARD

The project ended with this grant. As this [map](#) shows, all but six states (Alaska, Hawaii, Mississippi, New Mexico, Utah and West Virginia) had long-term-care insurance partnerships, or were working toward implementing partnerships, as of August 2010.

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Program area: Vulnerable Populations

APPENDIX 1

Policies in Force as of June 30, 2010

- Arkansas: 2,046
- Colorado: 10,450
- Georgia: 13,480
- Minnesota: 28,452
- Ohio: 8,310
- Oklahoma: 809
- South Dakota: 3,485
- Texas: 12,473
- Virginia: 17,024

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Charts or Data

Map

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Communication or Promotion

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