

A REPORT BY THE SUPERINTENDENT OF INSURANCE
TO
GOVERNOR GEORGE E. PATAKI AND THE LEGISLATURE
ON
THE IMPLEMENTATION OF LEGISLATION
PERMITTING APPROVAL OF
CERTAIN LONG TERM CARE HEALTH INSURANCE PLANS

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DECEMBER 31, 2003



STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NEW YORK 12257

George E. Pataki
Governor

Gregory V. Serio
Superintendent

State of New York
Insurance Department

To Governor George E. Pataki and the Legislature:

A report and recommendations of the Superintendent of Insurance on the implementation of Chapter 245 of the Laws of 1986 permitting approval of certain long term care health insurance plans is herewith submitted in accordance with the provisions of such act.

Respectfully submitted,

Gregory V. Serio
Superintendent of Insurance

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EXECUTIVE SUMMARY

Chapter 245 of the Laws of 1986 permitted certain insurers authorized by the Superintendent of Insurance to issue contracts providing benefits for long term care. The first long term care plans were approved by the Insurance Department in 1986 and 1987, and were somewhat limited in amount and in the type of services covered. The number of insurers offering long term care policies continued to grow through 1990.

In 1991, the Insurance Department promulgated the Sixteenth Amendment to Regulation 62, which established minimum standards and set forth disclosure requirements for long term care insurance. After the promulgation of the regulation, the number of insurers in the long term care market decreased. In 1993, one year after promulgation of the regulation, there were ten insurers writing individual and four insurers writing group long term care policies in New York. Currently, there are seventeen insurers writing individual and nine insurers writing group long term care insurance in New York State and the total enrollment has continued to increase.

In an effort to encourage more New Yorkers to purchase long term care insurance, legislation was signed into law in July 1989, which established the New York State Partnership for Long Term Care Insurance. Under the program, New York State residents who purchase qualified policies providing long term care insurance will, once the benefits from the policy have been exhausted, be eligible for Medicaid assistance on a special eligibility basis regarding their assets.

In 1996 and 1997, the federal government and New York State enacted legislation providing favorable federal and state income tax treatment for qualified long term care policies. Also in 1997, New York State enacted legislation aimed at promoting the development of a broader and more integrated continuum of long term care, financed by a range of private, public and public/private options. In 2000 New York State enacted legislation which provides businesses and individuals with a tax credit equal to 10% of their long term care insurance premiums for taxable years beginning January 1, 2002. This legislation also repeals the earlier tax deduction for long term care premiums which was enacted in 1997. Chapter 311 of the Laws of 2002 amended the Tax and Insurance Laws to permit New York State residents covered under a federally qualified out-of-state group long term care insurance contract to deduct or receive a tax credit equal to 10% of the premium paid on their state income tax returns.

Chapter 585 of the Laws of 1998 was a further effort to encourage the purchase of long term care insurance. Under the law, the Department of Civil Service administers the New York Public Employee and Retiree Long Term Care Insurance Plan (NYPERL), the implementation of which began in early 2002. NYPERL offers long term care coverage to State employees, retirees and eligible family members under a group policy issued to the State of New York. The full

cost of the plan, including coverage of eligible family members, is paid by the employee or insured person and can be deducted from the employee's salary. NYPERL participation is 1.7% for the first year and a half of program implementation. NYPERL premium for 2002 is in excess of \$6 million and the average annual premium is \$1,727. As of the end of August, 2003, there were 3,299 enrollees, of which 2,454 selected a non-Partnership policy and 845 selected a Partnership policy.

The five key factors directly affecting the development of the enrollment in long term care insurance contracts in New York are consumer awareness, data needs and services, underwriting and policy design, the regulatory environment and marketing concerns. Progress has been made in all of these areas, which has encouraged the development of long term care insurance contracts in New York State.

There has been a decrease in the number of insurers selling long term care insurance in New York State and nationwide, but an increase in the number of in-force policies and in-force Partnership policies. In the 2001 report there were 208,414 in-force long term care policies in New York State. As of June 30, 2003, the number of in-force policies reached 330,507. The number of Partnership policies in the 2001 report was 31,005. As of June 30, 2003 the number rose to 40,969. Long term care insurance plans are no longer considered to be experimental products. Long term care insurance has developed into a viable product and insurers continue to offer a variety of benefit packages containing more comprehensive coverage. To further encourage the development and purchase of such policies, the Department of Insurance makes the following recommendations:

- The New York State Departments of Insurance, Health and Office for the Aging should continue their efforts to inform the public of the limitations of existing health insurance contracts and governmental programs as they relate to long term care services, the favorable federal and state tax treatment of premiums and favorable tax treatment of benefit payments for qualified long term care insurance, and the advantages of purchasing a long term care policy qualifying under the New York State Partnership.
- The federal government should liberalize the tax deductibility of tax qualified long term care insurance and clarify the applicability of the favorable federal tax treatment on non-tax qualified long term care policies.

The Department will take the following actions:

- Continue to review the minimum standards for the form, content and sale of long term care insurance, and amend them as necessary;

- Periodically update the Department's Consumer Shopping Guide for Long Term Care Insurance;
- Continue to work with the Department of Health and Office for the Aging in publicizing and answering questions from the public on the New York State Partnership for Long Term Care;
- Continue to provide information and assistance to senior citizens concerning Medicare supplement insurance and other coverage available to the elderly, such as long term care insurance;
- Continue to work with the Department of Health on new Partnership policy designs; and
- Continue to provide guidance to the industry and to engage in prompt discussions between the industry and the Department with regard to the marketing of long term care insurance.

Purpose of Report

Chapter 245 of the Laws of 1986 added a new Section 1117 to the New York Insurance Law to permit certain insurers authorized by the Superintendent to issue contracts providing benefits for long term care. As part of Chapter 245 of the Laws of 1986, it was provided that, "on or before January first, nineteen hundred eighty-eight, and biannually thereafter, the superintendent of insurance shall report to the governor and the legislature on the implementation of this act, including but not limited to a description of the plans authorized pursuant to this act, factors contributing to or impeding the development of the enrollment in such plans, the adequacy of consumer information in relation to insurance coverage for long term care services, and such recommendations as the superintendent may deem appropriate."

Objective of the Legislation Permitting Approval of Certain Long Term Care Health Plans

The objective of the legislation was to encourage the development and enrollment in various plans of insurance coverage for services provided in residential health care facilities and community based settings in order to help solve the problem of financing long term care. It was specifically stated in the legislative intent that private health insurance for long term care services is generally unavailable to the citizens of this state.

General Background

The first long term care insurance plans were approved by the Insurance Department during 1986 and 1987. These plans provided benefits that were somewhat limited in amount and in the type of services covered. Only a few insurers showed initial interest in writing long term care insurance. In order to encourage more insurers to offer such plans, the Insurance Department did not, at that time, establish minimum standards, but approved the plans under Section 1117 of the Insurance Law, which allowed flexibility in approving innovative products.

By late 1989, there were 13 insurance companies offering individual long term care policies and 10 insurers offering group long term care policies in the state. In 1989 and 1990, the Insurance Department first considered the adoption of a minimum standards regulation for long term care insurance.

In December 1990, the Insurance Department proposed the Sixteenth Amendment to Insurance Department Regulation 62, which established minimum standards and set forth disclosure requirements for long term care insurance. After a public hearing held on January 15, 1991 on the proposed amendment,

the Department, on July 2, 1991, promulgated the Sixteenth Amendment to Insurance Department Regulation 62, which took effect on January 1, 1992.

In establishing the minimum standards, the Insurance Department recognized that long term care insurance should provide a comprehensive range of benefits. The Department was also aware that such a benefit package could price many persons out of the long term care insurance market. The Department was also mindful that consumers have differing needs and desires concerning coverage of long term care services. Therefore, in order to allow insurers some flexibility in designing benefit packages to meet the varying needs of the public, and to provide meaningful coverage that is affordable to the greatest number of consumers, the Department established four new categories of insurance policies providing long term care type benefits. The categories of policies and the benefits they must cover are as follows:

1. Long Term Care Insurance must provide at least 24 months of coverage which meets one of the following options:
 - Coverage of all levels of care in a nursing home of at least \$100 per day for policies sold in the New York City metropolitan area (the counties of Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk, Rockland and Westchester); and \$70 per day for all other parts of New York State; and coverage of home care of at least 50% of the daily indemnity amount provided for care in a nursing home.
 - Coverage of all levels of care in a nursing home and coverage of home care, both at no less than 60% of the reasonable charge.
 - Coverage of all levels of care in a participating nursing home (one which has contracted with an insurer to provide services to their policyholders) at no less than 75% of the negotiated rate. For non-participating nursing homes, payment must be no less than 50% of the reasonable charge or \$55 per day, whichever is less. Coverage of home care by a participating home care provider at no less than 75% of the negotiated rate. For non-participating home care providers, payment must be no less than 50% of the reasonable charge or \$30 per day, whichever is less.
2. Nursing Home and Home Care Insurance must provide at least 12 months of coverage for custodial care services of at least \$50 a day while confined in a nursing home; and coverage for custodial care services in a private home of at least \$25 per day.
3. Nursing Home Insurance Only must provide at least 12 months of coverage for custodial care services of at least \$50 per day in a nursing home.

4. Home Care Insurance Only must provide at least 12 months of coverage for custodial care services of at least \$25 per day in a private home.

The Department evaluated the necessity of requiring other specified benefits in policies covering long term care services. It was decided that in order to keep policies affordable, to allow flexibility for insurers in designing products, and to allow consumers to purchase only the coverage they need, the Department would not mandate that certain benefits be included in the policies, but merely that they be offered. The benefits which must be offered include:

- An inflation protection benefit, which must be offered with all types of policies.
- A nonforfeiture benefit, which must be offered with long term care insurance policies.

After the promulgation of the Sixteenth Amendment to Regulation 62, the number of insurers desiring to stay in the long term care market decreased. In December 1987, when the first Report to the Governor and the Legislature was drafted, there were 8 insurers with approved long term care policies in New York and by 1991 there were 15 carriers with approved individual policies and 14 insurers with approved group policies for sale in New York. In 1993, one year after promulgation of the regulation, there were 10 insurers writing individual and 4 insurers writing group long term care policies in New York. Currently there are seventeen insurers writing individual and nine insurers writing group long term care insurance in New York State. (See pages 9 and 10 for current information.)

The Insurance Department has not amended the long term care insurance minimum standards since their promulgation. The current regulation appears to allow the flexibility to develop meaningful policies with benefits geared to specific needs and to provide consumers with necessary protections in the purchase of insurance policies covering long term care services.

The New York State Partnership for Long Term Care Insurance

In an effort to encourage more New Yorkers to purchase long term care insurance, legislation was signed into law in July 1989, which established the New York State Partnership for Long Term Care Insurance. Due to many federal regulatory hurdles that had to be overcome, the actual implementation of the Partnership Program was not begun until 1992. The Partnership Program provides that New York State residents who purchase a qualified policy or certificate providing long term care insurance will, once the benefits from the policy or certificate have been exhausted, be eligible for Medicaid assistance on a special eligibility basis with respect to their assets. Income, however, will still have to be contributed toward the cost of care, in accordance with regular Medicaid rules.

Under the Partnership Program, the Insurance Department promulgated Regulation 144, which established minimum standards for a qualified policy or certificate under the program. The regulation requires that the following benefits be provided:

- Coverage of all levels of care in a nursing home of at least \$100 per day for 1993, and increasing by 5%, compounded annually. For 2003, the minimum daily amount for care in a nursing home is \$163. The lifetime maximum nursing home benefit must be for at least three years and the insured must be allowed to substitute home care benefits on the basis of two home care days for one nursing home day.
- Home care coverage must be provided in an amount that is 50% of the minimum required nursing home care benefit. Home care benefits are payable when services are provided in the insured's home, in a group setting such as an adult day care center, or where human assistance is needed to aid the insured in necessary travel, such as to a physician's office. The home care benefit must cover skilled nursing care, home health care, personal care, adult day care and assisted living care.
- Respite care must be provided for at least 14 days annually, and must be payable at the nursing home daily benefit amount.
- Alternate care benefits must be covered when the insured is in a hospital awaiting the availability of nursing home or home care services. Benefit payments must be in the amount of the nursing home daily benefit.
- Inflation protection must be included so that benefits increase by at least 5%, compounded annually, for life. Inflation protection benefits are not mandatory if the policy is purchased at age 80 or over.
- Waiting periods of more than 100 days are not permitted.

The minimum standards and benefit levels under the Partnership Program are more stringent than the minimum standards in the Sixteenth Amendment to Regulation 62. The comprehensive benefits and stricter standards are necessary in order to protect the viability of the New York State Medicaid Program, which is legally bound to provide benefits on a special eligibility basis after the benefits of the qualified long term care policy or certificate are exhausted.

Some long term care insurers currently marketing Partnership policies have expressed a desire to expand the products available under the Partnership to include other product designs. Although the Department of Health is the lead agency for the "Partnership" program, the Insurance Department must promulgate the minimum

standards of the qualifying coverage due to Section 3229 of the Insurance Law. The Insurance Department is currently discussing the viability of adding a new product design with the Health Department, the Office of Medicaid Management, the State Office for the Aging and representatives of insurance companies participating in the Partnership.

State and Federal Legislation to Encourage the Development of Long Term Care Plans

In 1996, the federal government enacted the Health Insurance Portability and Accountability Act (HIPAA) which, in part, provided tax incentives for purchasing long term care insurance. Pursuant to the law, benefits received by a chronically ill individual under a "qualified" long term care insurance contract are excludable from income if the payments are based on actual expenses incurred.

Generally, for 2002, benefits received under "qualified" policies that pay on an indemnity basis are excludable from income as long as the benefit payments do not exceed \$210 per day or \$76,650 per year and are not in excess of the actual expenses. These caps will be indexed for inflation. If payments under all "qualified" long term care insurance contracts exceed the cap, the excess is excludable from income only to the extent of actual costs incurred for long term care services. Amounts received in excess of the dollar cap for which no actual costs were incurred for long term care services are fully includable in income.

Pursuant to HIPAA, taxpayers who itemize should be aware that premiums for "qualified" long term care insurance contracts up to the following specified dollar limits are treated as medical expenses for purposes of itemized deductions (medical expenses must be more than 7.5% of adjusted gross income to qualify for the deduction).

<u>In the case of an individual with an attained age before the close of the taxable year of:</u>	<u>The annual limitation is:</u>
40 or less	\$240
41 to 50	\$450
51 to 60	\$900
61 to 70	\$2,390
71 & Over	\$2,990

The above limitations will be indexed annually. Under HIPAA, in order for a long term care insurance contract to qualify for the favorable tax treatment, it must:

- Provide only coverage of qualified long term care services;

- Generally not pay or reimburse expenses incurred for services or items that would be reimbursed under Medicare, except where Medicare is a secondary payer, or the contract makes per diem or other periodic payments without regard to expenses subject to federal interpretation of special rules in HIPAA.
- Be guaranteed renewable;
- Provide that refunds, other than refunds on the death of the insured or complete surrender or cancellation of the contract, and dividends under the contract must be used only to reduce future premiums or increase future benefits, and
- Not provide for a cash surrender value or other money that can be paid, assigned, pledged or borrowed.

HIPAA also provides that any contract issued before January 1, 1997, which met the long term care insurance requirements of the state in which the contract was located at the time it was issued, will be treated as a "qualified" long term care insurance contract for federal tax purposes, and services provided under the contract will be treated as qualified long term care services. The "grandfather" status for contracts issued before January 1, 1997 will continue so long as there is no "material change" in the contract on or after January 1, 1997 within the meaning of federal law.

New York State also encouraged the purchase of long term care insurance in 1997 by enacting legislation providing favorable state income tax treatment for qualified long term care policies. Chapter 42 of the Laws of 1997 provided favorable state income tax treatment for those persons purchasing long term care policies that qualify for the federal income tax deduction.

Under the state law, premiums paid for "qualified" long term care policies were deductible to the same extent as under the federal law. The deduction in New York State was taken from federal adjusted gross income. This deduction, therefore, was available even to those taxpayers who did not itemize their deductions. Benefits received under federally "qualified" long term care policies were excluded from income on the same basis as under the federal law.

Chapter 63 of the Laws of 2000 was a bill designed to encourage economic growth in New York State by enacting a broad-based energy, family and business tax reduction program. The legislation repealed the tax deduction for long term care premiums which was contained in Chapter 42 of the Laws of 1997 as of January 1, 2002, and instead provided for a tax credit equal to 10% of long term care insurance premiums for taxable years beginning January 1, 2002.

Chapter 311 of the Laws of 2002 amended the Tax and Insurance Laws to permit New York State residents covered under a federally qualified out-of-state group long term care insurance contract to deduct or receive a tax credit equal to 10 percent of the premium paid on their state income tax returns. Prior to this legislation in order to

deduct or receive the tax credit, the New York State resident's premium payment had to be for the purchase of a long term care insurance policy approved by the Superintendent of Insurance in New York State.

In an effort to promote the development of a broader and more integrated continuum of long term care, financed by a range of private, public and public/private options, Chapter 659 of the Laws of 1997 was signed on September 24, 1997. The law redefined life care communities as a type of continuing care retirement community (CCRC) which provides less than a lifetime guarantee for nursing facility care as part of their contract, and established a process for approval of CCRCs. The law also:

- Streamlined the approval process for residential health care facility beds and licensed home care service agencies operated as part of a CCRC;
- Established a comprehensive and flexible statutory and regulatory framework for an increased number of demonstration programs providing managed care for the elderly and chronically ill population who would not otherwise be served in a special needs plan or other managed care program;
- Made the long term care security demonstration program (the Partnership Program) permanent; and
- Permitted accelerated payment of death benefits under a life insurance policy when the insured is chronically ill and requires long term care services for the duration of his or her life.

Currently eight continuing care retirement communities have a Certificate of Authority issued by the Health Department, of which seven are currently operational in New York State. They are:

<u>Name</u>	<u>County</u>	<u>Living Facilities</u>
Canterbury Woods Episcopal Church Home & Affiliates Life Care Community, Inc. 24 Rhode Island Street Buffalo, NY 14213 716-929-5800 www.canterburywoods.org/home.html	Erie	Independent living units, enriched housing units, nursing home beds
Glen Arden, Inc. 46 Harriman Drive Goshen, NY 10924 800-914-4051 www.elant.org	Orange	Independent living units, nursing home beds

Jefferson's Ferry 1 Jefferson Ferry Drive S. Setauket, NY 11720-9800 631-650-2613	Suffolk	Independent living units, enriched housing units, nursing home beds
Kendal at Ithaca 2230 N. Triphammer Road Ithaca, NY 14850 800-253-6325 www.kai.kendall.org	Tompkins	Independent living units, enriched housing units, nursing home beds
Peconic Landing at Southold Feather Hill, Box 430 Southold, New York 11971 888-273-2664 www.peconiclanding.com/main.html	Suffolk	Independent living units, enriched housing units, nursing home beds
Summit at Brighton Jewish Home of Rochester Sr. Housing, Inc. Executive Square, 3 rd Floor 95 Allen's Creek Road Rochester, NY 14618 585-442-4500 www.summitbrighton.org	Monroe	Independent living units, enriched housing units, use of Jewish Home of Rochester
Westchester Meadows 1 Stephens Lane Valhalla, New York 10595 914-989-7800 www.westchestermeadows.org/	Westchester	Independent living units, enriched housing units, nursing home beds

The Department is currently working on an amendment to Insurance Department Regulation 143 which would allow insurers to offer accelerated payment of death benefits under life insurance policies to chronically ill individuals to enable them to pay for long term care services. The proposed regulation amendment is currently being drafted.

Chapter 585 of the Laws of 1998 is a further effort by New York State to encourage the purchase of long term care insurance. The law established the New York Public Employee and Retiree Long Term Care Insurance Plan (NYPERL) which is administered by the Department of Civil Service. Under the plan, the President of the Civil Service Commission has signed an agreement with MedAmerica Insurance Company of New York, the insurer that will provide the coverage. Participation in the Plan will be at the option of the employee. All State employees and retirees who are eligible or become eligible for participation in the State Health Insurance Plan are also eligible to participate in the Long Term Care Plan. Coverage remains in effect for employees who terminate employment while participating in the plan as long as they continue paying premiums. The full cost of the plan, including coverage of eligible family members, is paid by the employee or insured person and can be deducted from the employee's salary. Employees who terminate employment while participating in the plan will have the option to continue the coverage or convert it to an individual policy.

State employees and retirees who opt to purchase the long term care coverage are covered under a group policy issued to the State of New York Department of Civil Service.

NYPERL offers two tax-qualified benefit designs: the New York State Partnership option, which after the exhaustion of a three year nursing home benefit provides for coverage of long term care expenses under the State's Medicaid program, and a non-Partnership option which provides benefits based upon a three year, five year or unlimited benefit period that is selected by the insured at the time of application.

NYPERL implementation began in early 2002 with an educational campaign for employees that utilized several communication methods including print and broadcast media, a dedicated NYPERL website and interactive voice response telephone line, direct mailings and seminars held throughout the State for employees at their worksite. After the educational campaign was completed, employees were given 60 days to enroll without proof of medical eligibility. By the end of 2002, more than 35,000 people requested enrollment kits, over 29,000 people called the insurer with questions about NYPERL and over 6,000 people attended seminars.

NYPERL participation is 1.7% for the first year and a half of program implementation. MedAmerica reports NYPERL premium for 2002 in excess of \$6 million and an average annual premium of \$1,727. The average purchase age is 53 and most purchases were made by employees rather than family members or retirees. A majority of purchasers (70%) elected compound inflation protection and 44% purchased Partnership coverage. As of the end of August, 2003, there were 3,299 enrollees, of which 2,454 selected the non-Partnership policy and 845 selected the Partnership policy.

Listings of Authorized Long Term Care Plans

Long term care insurance plans are no longer considered to be experimental products. Long term care insurance has developed into a viable product and insurers continue to offer a variety of benefit packages containing more comprehensive coverage. Moreover, insurers continue to make innovations to product designs to offer a broader range of coverage.

The insurers, along with the products they are currently selling in New York, are as follows:

Insurer	Individual						Group		
	TQ	LTC	NHO	NH & HC	HCO	P*	NP	P*	TQ
Aetna Life Ins. Co.							X		X
American Independent Network Ins. Co.	X	X	X	X	X				
American Progressive Life & Health Ins.	X		X	X		X	X		
Combined Life Ins. Co. of New York	X	X							
Continental Casualty Company							X	X	X
First UNUM Life Ins. Co.	X		X	X			X		X
GE Capital Life Assurance Co. of NY	X	X	X	X		X	X		X
John Hancock Mutual Life Ins. Co.	X	X				X	X		X
Knights of Columbus	X	X	X						
Massachusetts Mutual Life Ins. Co.	X	X	X	X		X			
MedAmerica Ins. Co. of New York	X	X	X		X	X	X	X	X
Metropolitan Life Ins. Co.	X	X	X			X	X	X	X
Mutual of Omaha Ins. Co.	X		X	X		X			
New York Life Ins. Co.	X	X	X			X			
Northwestern Long Term Care Ins. Co.	X	X							
The Prudential Ins. Co. of America	X	X				X	X	X	X
State Farm Mutual Automobile Ins. Co.	X	X							
TIAA-CREF Life Ins. Co.	X	X							
Transamerica Financial Life Ins. Co.	X	X				X			

<p>KEY</p> <p>TQ = Tax qualified LTC = long term care insurance NHO = nursing home insurance only NH & HC = nursing home and home care insurance HCO = home care only insurance P = Partnership policy NP = Non-partnership policy</p>
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It should be noted that those insurers who market tax qualified policies may also market non-tax qualified policies. This information could be obtained by contacting the insurance carrier. Insurers are not obligated to inform the Department when they stop selling an approved product. Therefore, these policies may not all be available for marketing at the present time.

In the 2001 Report to the Governor and the Legislature, there were 28 insurers marketing policies covering long term care services in New York State. In 2003, the number of insurers is down to 19. It is important to note that while the number of insurers is down, the number of people who currently have long term care coverage has increased. It is also important to note that the decrease in the number of insurers is not unique to New York State and, in fact, is occurring nationwide.

*These policies meet the minimum standards for long term care insurance.

Reasons for the decrease in the number of insurers marketing long term care coverage include: the unprecedented number of acquisitions and mergers in the insurance industry, the realization by long term care insurers of their long term liability on current long term care sales and their decision to avoid further exposure, and the “labor-intensive” nature of long term care sales. The fact remains that the number of covered lives has increased significantly.

**Number of Long Term Care Policies In-force
in New York State
As of June 30, 2003**

Non-Partnership Policies

<u>Company</u>	<u>Contract &/or Approval Date</u>	<u>No. of Contracts</u>	<u>No. of Insureds</u>	<u>Ages of Those Purchasing Contracts</u>	
				<u>Age Group</u>	<u>Persons Covered</u>
Aetna Life Insurance Company	GR-700 12/24/90 12/14/94 8/22/96 7/14/98 4/20/99 9/29/00 6/12/01 7/19/01 4/23/02 5/20/02	32	3,468	Under 45 45-54 55-64 65-74 75 & over	1,611 886 678 263 30
	TOTAL	32	3,468		
American Family Life Assur. Co. of NY	NY-20000 3/15/91	15	15	Under 45 45-54 55-64 65-74 75 & over	0 0 3 6 6
	NY-21000 1/21/92	95	95	Under 45 45-54 55-64 65-74 75 & over	0 0 19 61 15
	NY-22000 1/21/92	81	81	Under 45 45-54 55-64 65-74 75 & over	0 0 8 50 23
	TOTAL	191	191		
American Independent Network Ins. Co. of New York	PF2600(NY) 10/28/98	628	628	Under 45 45-54 55-64 65-74 75 & over	3 52 178 308 87
	ALP1(NY) and ALP2(NY) 10/12/99 ALP1(NY)-TQ and ALP2(NY)-TQ 10/21/99	206	206	Under 45 45-54 55-64 65-74 75 & over	0 10 28 91 77
	IL4-1(NY) and IL4-2(NY) 2/15/00 IL4-1-TQ(NY) and IL4-2-TQ(NY) 2/25/00	888	888	Under 45 45-54 55-64 65-74 75 & over	5 21 97 400 365
	LTCTP-6500(NY)-A1 10/4/00	97	97	Under 45 45-54 55-64 65-74 75 & over	1 8 32 42 14
	TOTAL	1,819	1,819		

American International Life Assurance Co. of New York	64391 & C12270	516	637	Under 45 45-54 55-64 65-74 75 & over	27 78 232 198 102
	TOTAL	516	637		
American Progressive Life & Health Ins. Co. of New York	QI-NHO 7/97	132	132	Under 45 45-54 55-64 65-74 75 & over	0 6 22 73 31
	NHO-700 7/31/96	183	183	Under 45 45-54 55-64 65-74 75 & over	0 4 35 85 59
	HHC-800 12/20/95	697	697	Under 45 45-54 55-64 65-74 75 & over	1 4 80 347 265
	ANH-86 1986	31	31	Under 45 45-54 55-64 65-74 75 & over	0 1 2 20 8
	CERT-NHO 7/97	7	7	Under 45 45-54 55-64 65-74 75 & over	0 1 4 1 1
	CERT-HHC 7/97	52	52	Under 45 45-54 55-64 65-74 75 & over	0 0 4 14 34
	QI-HHC 7/97	378	378	Under 45 45-54 55-64 65-74 75 & over	0 2 42 156 178
	QI-NHHH 7/97	3	3	Under 45 45-54 55-64 65-74 75 & over	0 3 0 0 0
	QC-HHC 7/97	33	33	Under 45 45-54 55-64 65-74 75 & over	0 0 2 20 11
	HHC 1/98 1/98	1,589	1,589	Under 45 45-54 55-64 65-74 75 & over	2 32 177 795 583
	PR-NHO 10/00	32	32	Under 45 45-54 55-64 65-74 75 & over	0 1 11 16 4

American Progressive (cont.)	PR-NHOQ 10/00	80	80	Under 45 45-54 55-64 65-74 75 & over	0 10 32 27 11
	APRLTCQ 3/99	68	68	Under 45 45-54 55-64 65-74 75 & over	4 6 25 24 9
	APRLTNQ 3/99	106	106	Under 45 45-54 55-64 65-74 75 & over	9 18 21 46 12
		3,391	3,391		
Bankers Life of New York (former John Alden business)	N-5762-P 2/18/94	154	154	Under 45 45-64 65-74 75 & over	6 97 42 9
	TOTAL	154	154		
CIGNA (Insurance Company of North America)	TL-001445 4/20/90	1	312	N/A	N/A
	TOTAL	1	312		
Combined Life Insurance Co. of New York	44515 9/8/98	171	171	Under 45 45-54 55-64 65-74 75 & over	9 24 66 61 11
	TOTAL	171	171		
Conseco Life Ins. Co. of New York	ATIC-FQ-LTC-NY 3/4/98	1,790	2,289	Under 45 45-54 55-64 65-74 75 & over	14 249 682 901 443
	ATIC-LTC-10-NY 10/8/96	33	36	Under 45 45-54 55-64 65-74 75 & over	0 1 7 18 10
	ATIC-LTC-6-NY 1/13/97	701	884	Under 45 45-54 55-64 65-74 75 & over	3 46 263 411 161
	ATIC-LTC-6B-NY 5/31/97	224	253	Under 45 45-54 55-64 65-74 75 & over	0 9 61 123 60
	TOTAL	2,748	3,462		
Continental Casualty Company	P1-15203-A31/ 12/13/91	1,251	1,251	Under 45 45-54 55-64 65-74 75 & over	7 240 499 421 84
	P1-16356-A31/ 12/13/91	58	58	Under 45 45-54 55-64 65-74 75 & over	0 25 30 3 0

Continental Casualty Company (cont.)	P1-18876-A31/ 5/4/95	276	276	Under 45 45-54 55-64 65-74 75 & over	3 39 91 106 37
	P1-18878-A31/ 5/4/95	6	6	Under 45 45-54 55-64 65-74 75 & over	0 1 3 2 0
	P1-21295-A31/ 5/19/95	502	502	Under 45 45-54 55-64 65-74 75 & over	7 60 207 180 48
	P1-21300-A31/ 5/19/95	949	949	Under 45 45-54 55-64 65-74 75 & over	24 187 407 282 49
	P1-21305-A31/ 5/19/95	24	24	Under 45 45-54 55-64 65-74 75 & over	3 1 10 8 2
	P1-59806-A31/ 11/23/88	464	464	Under 45 45-54 55-64 65-74 75 & over	0 62 196 191 15
	P1-N0022-A31/ 2/28/97	1,205	1,205	Under 45 45-54 55-64 65-74 75 & over	10 139 470 472 114
	P1-N0023-A31/ 2/28/97	3	3	Under 45 45-54 55-64 65-74 75 & over	0 0 1 2 0
	P1-N0026-A31/ 2/28/97	2,545	2,545	Under 45 45-54 55-64 65-74 75 & over	48 469 1,130 775 123
	P1-N0027-A31/ 2/28/97	13	13	Under 45 45-54 55-64 65-74 75 & over	1 7 2 3 0
	P1-N0030-A31/ 2/28/97	33	33	Under 45 45-54 55-64 65-74 75 & over	0 5 10 11 7
	P1-N0034-A31/ 2/11/97	95	95	Under 45 45-54 55-64 65-74 75 & over	1 4 34 37 19

Continental Casualty Company (cont.)	P1-N0075-A31/ 5/27/99	3	3	Under 45 45-54 55-64 65-74 75 & over	0 0 1 1 1
	P1-N0080-A31/ 5/27/99	15	15	Under 45 45-54 55-64 65-74 75 & over	2 0 5 5 3
	P1-N0081-A31/ 5/27/99	2	2	Under 45 45-54 55-64 65-74 75 & over	0 0 2 0 0
	P1-N0085-A31/ 5/27/99	132	132	Under 45 45-54 55-64 65-74 75 & over	2 20 56 46 8
	P1-N0086-A31/ 5/27/99	3	3	Under 45 45-54 55-64 65-74 75 & over	0 0 0 2 1
	P1-N0090-A31/ 5/27/99	44	44	Under 45 45-54 55-64 65-74 75 & over	6 3 15 14 6
	P1-N0091-A31/ 5/27/99	1	1	Under 45 45-54 55-64 65-74 75 & over	0 0 1 0 0
	P1-N0095-A31/ 5/27/99	631	631	Under 45 45-54 55-64 65-74 75 & over	4 86 274 194 73
	P1-N0100-A31/ 5/27/99	4,726	4,726	Under 45 45-54 55-64 65-74 75 & over	173 1,259 2,302 901 91
	P1-N0101-A31/ 5/27/99	9	9	Under 45 45-54 55-64 65-74 75 & over	0 3 6 0 0
	SR-LTCP-31 9/16/92 GLTC-3-P-NY-01 3/5/03	59	12,040	Under 45 45-54 55-64 65-74 75 & over	3,234 3,597 3,452 1,365 392
	TOTAL	13,049	25,030		
	First United America Life Ins. Co.	NYNH2/ 1/31/89	15	15	N/A
	NYNH3/ 1/31/89	124	124	N/A	N/A
TOTAL		139	139		

First UNUM Life Insurance Co.	TQB.LTC.1.1.1 9/5/97	141	10,687	Under 45 45-54 55-64 65-74 75 & over	5,841 3,169 1,427 213 37
	NH94Q and NH94FQ 10/23/97 NH94 12/30/94	19,487	19,487	Under 45 45-54 55-64 65-74 75 & over	1,489 5,114 8,488 3,617 779
	TOTAL	19,628	30,174		
GE Capital Life Assur. Co. of NY	51005 PCS II 11/25/98	12,144	14,380	Under 45 45-54 55-64 65-74 75 & over	164 1,788 6,586 4,625 1,217
	51006 Custom 12/15/98	611	611	Under 45 45-54 55-64 65-74 75 & over	1 25 146 274 165
	51007 Facility 9/28/98	147	147	Under 45 45-54 55-64 65-74 75 & over	0 11 43 47 46
	51010 Choice 2/12/01	14,476	16,997	Under 45 45-54 55-64 65-74 75 & over	414 4,204 8,106 3,396 877
	6667 Nursing Home 9/12/89	107	107	Under 45 45-54 55-64 65-74 75 & over	0 2 54 47 4
	50100 3/21/89	1,397	1,397	Under 45 45-54 55-64 65-74 75 & over	0 57 542 678 120
	60238 (used with 50100) 3/21/89	194	194	Under 45 45-54 55-64 65-74 75 & over	0 9 62 105 18
	50107-60247 6/14/94 Home Care Rider	4,208	4,208	Under 45 45-54 55-64 65-74 75 & over	26 287 1,359 2,050 486
	50110 5/10/95	945	945	Under 45 45-54 55-64 65-74 75 & over	2 56 266 481 140
	51000 1/31/96	258	258	Under 45 45-54 55-64 65-74 75 & over	2 5 61 103 87

GE Capital Life Assur. Co. of NY (cont.)	51002 1/31/96	6,221	6,221	Under 45 45-54 55-64 65-74 75 & over	19 318 1,821 2,988 1,075
	62000 Home Care Rider for Nursing Home Policy 51000	19	19	Under 45 45-54 55-64 65-74 75 & over	0 1 5 7 6
	51010-62030 Choice LTC Policy with Restoration of Benefits Rider 2/12/01	3,961	5,254	Under 45 45-54 55-64 65-74 75 & over	80 1,093 2,766 1,147 168
	51000 Nursing Home	16	16	Under 45 45-54 55-64 65-74 75 & over	0 0 4 8 4
	51002 Individual (PCS) Policy 1/25/96	221	221	Under 45 45-54 55-64 65-74 75 & over	3 8 73 96 41
GE Capital Life Assur. Co. of NY (former Traveler's Business)	LTC1 5/10/89	105	105	Under 45 45-54 55-64 65-74 75 & over	0 6 48 50 1
	LTC2 3/18/91	72,467	72,467	Under 45 45-54 55-64 65-74 75 & over	451 4,823 19,871 34,661 12,661
	LTC4 12/30/97	14,701	14,701	Under 45 45-54 55-64 65-74 75 & over	223 1,666 5,618 5,672 1,522
	TOTAL	132,198	138,248		
Hartford Life Ins. Co.	SRP-1353 1/28/99	0	24	Under 45 45-54 55-64 65-74 75 & over	1 1 14 8 0
	SRP-1283 N/A	0	1	Under 45 45-54 55-64 65-74 75 & over	0 0 0 1 0
	TOTAL	0	25		
IDS Life Ins. Co. of New York	38240/ 10/89	1,785	1,785	Under 45 45-54 55-64 65-74 75 & over	0 96 853 707 129
	38225/ 10/94	4,347	4,347	Under 45 45-54 55-64 65-74 75 & over	82 1,005 2,062 1,030 168

IDS Life Ins. Co. of New York (cont.)	38260/ 10/99	3,047	3,047	Under 45 45-54 55-64 65-74 75 & over	80 874 1,374 618 101
	TOTAL	9,179	9,179		
John Hancock Life Ins. Co.	LTC-87A 7/30/87	83	83	Under 45 45-54 55-64 65-74 75 & over	6 5 33 38 1
	LTC-88A NY 4/15/88	61	61	Under 45 45-54 55-64 65-74 75 & over	0 2 18 31 10
	LTC-88B NY 4/15/88	1,171	1,171	Under 45 45-54 55-64 65-74 75 & over	39 201 575 336 20
	LTC-90-NY 9/7/90	236	236	Under 45 45-54 55-64 65-74 75 & over	23 45 101 59 8
	LTC-91-NY 12/31/91	1,740	1,740	Under 45 45-54 55-64 65-74 75 & over	32 215 707 703 83
	NH-91-NY 12/31/91	30	30	Under 45 45-54 55-64 65-74 75 & over	0 0 7 17 6
	LTC-94-NY 2/24/94	3,570	3,570	Under 45 45-54 55-64 65-74 75 & over	45 478 1,283 1,423 341
	NH-94 NY 2/24/94	53	53	Under 45 45-54 55-64 65-74 75 & over	1 3 9 22 18
	LTC-96-NY 1/16/97	15,088	15,088	Under 45 45-54 55-64 65-74 75 & over	184 1,620 6,071 5,986 1,227
	LTC-96CL-NY 1/16/97	128	128	Under 45 45-54 55-64 65-74 75 & over	2 10 56 51 9
	LTC-02NY 4/19/02	6,806	6,806	Under 45 45-54 55-64 65-74 75 & over	202 1,217 3,185 1,698 504

John Hancock Life Ins. Co. (cont.)	SG-02 NY 4/19/02	1,976	1,976	Under 45 45-54 55-64 65-74 75 & over	102 367 951 451 105
	BSC-02 NY 4/19/02	439	439	Under 45 45-54 55-64 65-74 75 & over	12 32 170 136 89
	SGB-02 NY 4/19/02	57	57	Under 45 45-54 55-64 65-74 75 & over	3 6 22 18 8
	GCB-COV-0001 10/19/89	1	2,755	Under 45 45-54 55-64 65-74 75 & over	523 906 918 390 18
	GPB-COV-002 7/30/90	1	7,470	Under 45 45-54 55-64 65-74 75 & over	1,946 2,565 2,158 751 50
	GPB-COV0002.1 6/28/96	1	6,931	Under 45 45-54 55-64 65-74 75 & over	2,761 2,218 1,562 355 35
John Hancock Life Ins. Co. (former First Fortis business)	4062-NY 10/8/98	226	226	Under 45 45-54 55-64 65-74 75 & over	1 22 81 82 40
	4063-NY 10/8/98	3,247	3,247	Under 45 45-54 55-64 65-74 75 & over	33 489 1,732 887 106
	4051-NY 9/24/98	2,121	2,121	Under 45 45-54 55-64 65-74 75 & over	19 192 1,059 705 146
John Hancock Life Ins. Co. (New York insureds covered under the Federal Long Term Care Program)	900-01	N/A	2,084	Under 45 45-54 55-64 65-74 75 & over	264 697 691 353 79
	TOTAL	37,035	56,272		
Knights of Columbus	LTC01-NY 6-99 10/18/00	221	221	Under 45 45-54 55-64 65-74 75 & over	5 52 107 53 4
	NHC01-NY 6-99 10/18/00	36	36	Under 45 45-54 55-64 65-74 75 & over	1 8 15 12 0
	TOTAL	257	257		

Massachusetts Mutual Life Ins. Co.	MM-200-P-NY	512	778	Under 45	24
	MM-201-P-NY			45-54	184
	MM203-P-NY			55-64	429
	MM-204-P-NY			65-74	130
	8/29/2000			75 & over	11
	TOTAL	512	778		
MedAmerica Ins. Co. of New York	LTC89-CD1	96	96	Under 45	0
	4/89			45-54	3
				55-64	56
				65-74	32
				75 & over	5
	LTC89-CD2-NY	538	538	Under 45	137
	2/89			45-54	136
				55-64	143
				65-74	98
				75 & over	24
	LTC91-CD4-NY	2,486	2,486	Under 45	18
	6/91			45-54	107
				55-64	861
				65-74	1,242
				75 & over	258
	LTC-LBP-NY	795	795	Under 45	4
	7/94			45-54	43
				55-64	229
				65-74	390
				75 & over	129
	LTC-CD6-NY	1,094	1,094	Under 45	10
	7/94			45-54	47
				55-64	405
				65-74	477
				75 & over	155
	LTC-CD8-NY	315	315	Under 45	2
	9/95			45-54	15
				55-64	104
				65-74	134
				75 & over	60
	LTC-LBP8-NY	321	321	Under 45	0
	9/95			45-54	5
				55-64	67
				65-74	171
				75 & over	78
	LTC-CD8-NY (rev	201	201	Under 45	4
	1/1/97)			45-54	8
	2/97			55-64	94
				65-74	74
				75 & over	21
	LTC-LBP8-NY (rev	96	96	Under 45	0
	1/1/97)			45-54	3
				55-64	24
				65-74	60
				75 & over	9
	LTC-CD10-NY	1,621	1,621	Under 45	40
	4/97			45-54	170
				55-64	537
				65-74	639
				75 & over	235
	LTC-LBP10-NY	223	223	Under 45	1
	4/97			45-54	1
				55-64	30
				65-74	112
				75 & over	79

MedAmerica Ins. Co. of New York (cont.)	LTQ11-336-NY-998 3/00	644	644	Under 45 45-54 55-64 65-74 75 & over	53 100 237 203 51
	NTQ11-337-NY-998 3/00	60	60	Under 45 45-54 55-64 65-74 75 & over	0 3 8 30 19
	HTQ11-338-NY-998 3/00	227	227	Under 45 45-54 55-64 65-74 75 & over	2 6 48 121 50
	GRP11-341-NY-699 3/00	12	574	Under 45 45-54 55-64 65-74 75 & over	215 217 117 25 0
	NYG11-341-NY-200 5/01	1	2,456	Under 45 45-54 55-64 65-74 75 & over	400 1,020 845 171 20
	GRP11-341-NY-601 10/01	7	241	Under 45 45-54 55-64 65-74 75 & over	61 91 63 26 0
	LTQ11-336-NY-601 1/02	466	466	Under 45 45-54 55-64 65-74 75 & over	26 105 221 89 25
	NTQ11-337-NY-601 1/02	28	28	Under 45 45-54 55-64 65-74 75 & over	0 0 6 13 9
	HTQ11-338-NY-601 1/02	388	388	Under 45 45-54 55-64 65-74 75 & over	1 21 148 159 59
	TOTAL	10,379	12,870		
Metropolitan Life Ins. Co.	G.LTC197 8/31/98	1	69	Under 45 45-54 55-64 65-74 75 & over	50 13 3 3 0
	G.24118 7/31/91	1	1	Under 45 45-54 55-64 65-74 75 & over	1 0 0 0 0
	G.LTC197 8/31/98	1	1,001	Under 45 45-54 55-64 65-74 75 & over	438 220 212 117 14

Metropolitan Life Ins. Co. (cont.)	G.24102 7/30/93	1	21	Under 45	9
				45-54	3
				55-64	2
				65-74	4
				75 & over	3
	GPNP99LTC 7/23/99	1	323	Under 45	120
				45-54	100
				55-64	65
				65-74	35
				75 & over	3
	GPN99LTC 7/23/99	1	4,433	Under 45	2,240
				45-54	1,474
				55-64	571
				65-74	134
				75 & over	14
	G.24153 8/4/93	1	18	Under 45	8
				45-54	4
				55-64	2
				65-74	3
				75 & over	1
	G.24169 8/5/93	1	7	Under 45	2
				45-54	0
				55-64	5
				65-74	0
				75 & over	0
	G.LTC197 8/31/98	1	681	Under 45	266
				45-54	165
				55-64	158
				65-74	80
				75 & over	12
	G.24112 6/27/91	1	1	Under 45	0
				45-54	0
				55-64	1
				65-74	0
				75 & over	0
	G.LTC197 8/31/98	1	2,519	Under 45	225
				45-54	923
				55-64	956
				65-74	372
				75 & over	43
	G.24182 8/5/93	1	1,536	Under 45	144
				45-54	382
				55-64	600
				65-74	368
				75 & over	42
	G.LTC197 8/31/98	1	8	Under 45	1
				45-54	2
				55-64	1
				65-74	2
				75 & over	2
	G.LTC197 8/31/98	1	319	Under 45	150
				45-54	98
				55-64	53
				65-74	14
				75 & over	4
	G.2095 6/28/96	1	30	Under 45	6
				45-54	10
				55-64	6
				65-74	6
				75 & over	2

Metropolitan Life Ins. Co. (cont.)	GPNP99LTC 7/23/99	1	588	Under 45	321
				45-54	166
				55-64	76
				65-74	23
				75 & over	2
	G.2095 6/28/96	1	70	Under 45	36
				45-54	15
				55-64	15
				65-74	4
				75 & over	0
	G.24112 6/27/91	1	5	Under 45	1
				45-54	3
				55-64	0
				65-74	1
				75 & over	0
	G.LTC197 8/31/98	1	105	Under 45	59
				45-54	33
				55-64	12
				65-74	1
				75 & over	0
	GPNP99LTC 7/23/99	1	92	Under 45	20
				45-54	46
				55-64	23
				65-74	3
				75 & over	0
	GPNP99LTC 7/23/99	1	2,104	Under 45	723
				45-54	787
				55-64	505
				65-74	71
				75 & over	18
	G.LTC197 8/31/98	1	1	Under 45	0
				45-54	1
				55-64	0
				65-74	0
				75 & over	0
	GPN99LTC 7/23/99	1	287	Under 45	100
				45-54	110
				55-64	66
				65-74	9
				75 & over	2
	GPNP99LTC 7/23/99	1	11	Under 45	6
				45-54	4
				55-64	1
				65-74	0
				75 & over	0
	G.LTC1697 5/29/98	1	5,991	Under 45	3
				45-54	980
				55-64	2,610
				65-74	2,090
				75 & over	308
	G.36000-10 10/30/86	1	3,315	Under 45	0
				45-54	242
				55-64	1,534
				65-74	1,364
				75 & over	175
Metropolitan Life Ins. Co. (New York insureds covered under the Federal Long Term Care Program)	900-02	N/A	1,949	Under 45	265
				45-54	630
				55-64	628
				65-74	353
				75 & over	73
TOTAL		26	25,485		

Mutual of Omaha	HCA 6/22/00	51	51	Under 45	6
				45-54	13
				55-64	18
				65-74	9
				75 & over	5
	HCAQ 6/22/00	48	48	Under 45	2
				45-54	5
				55-64	9
				65-74	25
				75 & over	7
	LT50 5/12/98	371	371	Under 45	18
				45-54	66
				55-64	118
				65-74	138
				75 & over	31
	LTA 6/22/00	4	4	Under 45	0
				45-54	0
				55-64	4
				65-74	0
				75 & over	0
	LTAQ 6/22/00	40	40	Under 45	2
				45-54	11
				55-64	19
				65-74	8
				75 & over	0
	LTC12 4/28/93	177	177	Under 45	2
				45-54	11
				55-64	64
				65-74	89
				75 & over	11
	LTC17 4/28/93	89	89	Under 45	9
				45-54	18
				55-64	38
				65-74	21
				75 & over	3
	LT112 4/28/93	4	4	Under 45	0
				45-54	0
				55-64	2
				65-74	2
				75 & over	0
	LTM12 4/28/93	11	11	Under 45	1
				45-54	2
				55-64	4
				65-74	4
				75 & over	0
	9468GM-M-R-EZ 1/2/91	59	59	Under 45	21
				45-54	18
				55-64	16
				65-74	4
				75 & over	0
	NH11 1/28/88	42	42	Under 45	0
				45-54	3
				55-64	20
				65-74	17
				75 & over	2
	NH27 2/3/89	78	78	Under 45	7
				45-54	10
				55-64	20
				65-74	39
				75 & over	2

Mutual of Omaha (cont.)	NH28 2/3/89	50	50	Under 45	1
				45-54	2
				55-64	15
				65-74	27
				75 & over	5
	NH3 12/10/84	36	36	Under 45	0
				45-54	0
				55-64	0
				65-74	19
				75 & over	17
	NH50 4/17/98	24	24	Under 45	1
				45-54	1
				55-64	7
				65-74	10
				75 & over	5
	NHA 6/22/00	10	10	Under 45	1
				45-54	4
				55-64	3
				65-74	1
				75 & over	1
	NHAQ 6/22/00	71	71	Under 45	1
				45-54	18
				55-64	26
				65-74	21
				75 & over	5
	TOTAL	1,165	1,165		
New York Life Ins. Co.	G-6601 Out-of-state group contract	0	2	Under 45	2
				45-54	0
				55-64	0
				65-74	0
				75 & over	0
	G-9065 Out-of-state group contract 12/16/98	0	108	Under 45	5
				45-54	14
				55-64	31
				65-74	52
				75 & over	6
	21073(NY) and 21084(NY) 5/15/95	102	102	Under 45	0
				45-54	2
				55-64	45
				65-74	39
				75 & over	16
	INH-4300(NY)(0197) and ILTC-4300(NY)(0197) 2/11/98	3,824	3,824	Under 45	584
				45-54	1,257
				55-64	1,205
				65-74	664
				75 & over	114
	INH-5000(NY)(1001) and ILTC-5000(NY)(1001) 11/20/02	71	71	Under 45	15
				45-54	21
				55-64	21
				65-74	13
				75 & over	1
	TOTAL	3,997	4,107		
Northwestern Long Term Care Ins. Co.	RS.LTC.(1101) 10/29/01 RS.LTC.ML. (1101) 8/22/02	372	372	Under 45	59
				45-54	135
				55-64	118
				65-74	49
				75 & over	11
	TOTAL	375	372		
The Prudential Ins. Co. of America	GLTC-1 Out-of State Contract	0	978	Under 45	532
				45-54	272
				55-64	111
				65-74	55
				75 & over	8

The Prudential Ins. Co. of America (cont.)	83500 LTC R 8002 6/30/93	1	572	Under 45	315
				45-54	159
				55-64	64
				65-74	27
				75 & over	7
	83500 GR 1045 6/30/98	18	885	Under 45	287
				45-54	326
				55-64	208
				65-74	59
				75 & over	5
	GRP 99210 6/10/99	695	695	Under 45	34
				45-54	145
				55-64	291
				65-74	208
				75 & over	17
	GRP 99211 6/10/99	1,379	1,379	Under 45	245
				45-54	510
				55-64	516
				65-74	107
				75 & over	1
	GRP 99212 6/10/99	690	690	Under 45	37
				45-54	108
				55-64	236
				65-74	232
				75 & over	77
	83500 BFW 5005 5/29/02	2	203	Under 45	88
				45-54	55
				55-64	47
				65-74	13
				75 & over	0
	TOTAL	2,874	5,402		
State Farm Mutual Automobile Ins. Co.	97045 1/1/98	855	855	Under 45	176
				45-54	209
				55-64	305
				65-74	141
				75 & over	24
	97058 12/31/01	554	554	Under 45	273
				45-54	99
				55-64	134
				65-74	45
				75 & over	3
	TOTAL	1,409	1,409		
Thrivent Financial for Lutherans (formerly Aid Association for Lutherans)	12106NY 12/28/98	60	60	Under 45	8
				45-54	86
	12105NY 12/28/98	297	297	55-64	152
				65-74	101
				75 & over	10
	TOTAL	357	357		
TIAA-CREF Life Ins. Co.	LTC.02/ 11/91	1,474	1,474	Under 45	20
				45-54	100
				55-64	454
				65-74	691
				75 & over	209
	LTC.03/ 3/31/99	2,349	2,349	Under 45	17
				45-54	165
				55-64	922
				65-74	989
				75 & over	256

TIAA-CREF Life Ins. Co. (cont.)	LTC.04/ 3/21/00	1,810	1,810	Under 45	41
				45-54	248
				55-64	870
				65-74	563
				75 & over	88
	TOTAL	5,633	5,633		

**TOTAL NO. OF NON-PARTNERSHIP LONG TERM CARE INSUREDS IN NYS
330,507**

It is estimated from the above information (excluding the Bankers Life numbers, which used different age brackets, and CIGNA (Insurance Company of North America) and First United American Life Insurance Company which failed to provide a breakdown of insureds by age brackets), that the number of in-force Non-Partnership policies by age group is as follows:

Age Group	Approximate Number of In-force Non-Partnership Policies
Under 45	29,298
45-54	56,436
55-64	114,065
65-74	100,699
75 and Over	29,404
Total	329,902
Total of all insureds, including Insurers without age breakdowns	330,507

New York State Partnership for Long Term Care Policies

American Family Life Assur. Co.	NY-23000 12/2/94	4	4	Under 45	1
				45-54	1
				55-64	0
				65-74	1
				75 & over	1
American Progressive Life & Health Ins. Co. of New York	APRLTCP 11/99	109	109	Under 45	0
				45-54	9
				55-64	21
				65-74	53
				75 & over	26
Bankers Life of New York (former John Alden business)	N-2500-P 2/27/95	384	384	Under 45	10
				45-64	241
				65-74	120
				75 & over	13
Conseco Life Ins. Co. 10/7/96	ATIC-LTC-RWJ-NY 10/7/96	1,140	1,550	Under 45	8
				45-54	94
				55-64	730
				65-74	579
				75 & over	139
Continental Casualty Company	P1-18584-A31/ 3/23/93	2,501	2,501	Under 45	17
				45-54	187
				55-64	848
				65-74	1,122
				75 & over	327

Continental Casualty Company (cont.)	P1-18585-A31/ 3/23/93	81	81	Under 45 45-54 55-64 65-74 75 & over	0 15 39 26 1
	P1-N0041-A31/ 7/29/97	5,004	5,004	Under 45 45-54 55-64 65-74 75 & over	76 666 2,187 1,751 324
	P1-N0042-A31/ 7/29/97	39	39	Under 45 45-54 55-64 65-74 75 & over	1 1 24 13 0
	SR-LTCP-31 1/1/94 GLTC-3-P-NY-01 3/5/03	3	582	Under 45 45-54 55-64 65-74 75 & over	108 239 171 58 6
GE Capital Life Assur. Co. of NY	50109 3/30/93	917	917	Under 45 45-54 55-64 65-74 75 & over	2 40 323 429 123
	51001 10/31/95	1,898	1,898	Under 45 45-54 55-64 65-74 75 & over	1 108 693 845 251
	51011 8/31/01	3,286	3,286	Under 45 45-54 55-64 65-74 75 & over	65 808 1,837 513 63
	62021 5/30/97	1,479	1,479	Under 45 45-54 55-64 65-74 75 & over	1 95 557 627 199
GE Capital Life Assur. Co. of NY (former Travelers business)	LC3 3/31/97	5,282	5,282	Under 45 45-54 55-64 65-74 75 & over	19 354 2,149 2,468 292
	LC4 3/9/98	2,277	2,277	Under 45 45-54 55-64 65-74 75 & over	19 276 1,199 730 53
John Hancock Life Ins. Co.	LTC-96RWJ2-NY 3/20/98	4,316	4,316	Under 45 45-54 55-64 65-74 75 & over	17 332 2,044 1,675 248
	LTC-96RWJ3-NY 3/20/98	505	505	Under 45 45-54 55-64 65-74 75 & over	1 28 190 236 50

John Hancock Life Ins. Co. (cont.)	LTC-91-NY-RWJ 3/25/93	1,957	1,957	Under 45 45-54 55-64 65-74 75 & over	8 97 676 1,039 137
Massachusetts Mutual Life Ins. Co.	MM-202-P-NY MM-205-P-NY 7/11/00	45	69	Under 45 45-54 55-64 65-74 75 & over	0 18 36 14 1
MedAmerica Ins. Co.	LTC-CD6-NY (rev. 1/1/97) 2/97	1,727	1,727	Under 45 45-54 55-64 65-74 75 & over	7 135 738 741 106
	PRT11-336-NY-998 2/01	1,431	1,431	Under 45 45-54 55-64 65-74 75 & over	36 170 647 467 111
	PGR11-341-NY-200 3/01	2	12	Under 45 45-54 55-64 65-74 75 & over	1 4 7 0 0
	NYP11-341-NY-200 5/01	1	852	Under 45 45-54 55-64 65-74 75 & over	100 373 282 80 17
Metropolitan Life Insurance Co.	1LTC-97,2LTC-97 5/24/99 1LTC-97-NYP 8/31/01	3	3,148	Under 45 45-54 55-64 65-74 75 & over	142 841 1,285 707 173
	LTC-IDEAL-NY, LTC- VAL- NY, LTC-PREM-NY, LTC-FAC-NY 8/28/02 LTC-IDEAL-ML-NY, LTC- VAL-ML-NY, LTC-PREM- ML-NY, LTC-FAC-ML-NY 11/25/02 LTC-VAL-NYP 12/23/02 LTC-VAL-ML-NYP 2/6/03	10	995	Under 45 45-54 55-64 65-74 75 & over	60 308 470 134 23
Mutual of Omaha Ins. Co.	LTC20 10/26/93	113	113	Under 45 45-54 55-64 65-74 75 & over	3 14 46 49 1
	LTC23 10/26/93	6	6	Under 45 45-54 55-64 65-74 75 & over	0 0 1 5 0
	LTM20 10/26/93	5	5	Under 45 45-54 55-64 65-74 75 & over	0 2 2 1 0

New York Life Insurance Co.	21050RWJ 7/1/94	59	59	Under 45 45-54 55-64 65-74 75 & over	1 10 26 21 1
The Prudential Ins. Co. of America	83500 PLTC 9001 11/14/95	1	8	Under 45 45-54 55-64 65-74 75 & over	4 2 1 1 0
	GRP 99865	88	88	Under 45 45-54 55-64 65-74 75 & over	1 12 47 23 5
TIAA-CREF Life Ins. Co.	RWJ.01 2/25/94	285	285	Under 45 45-54 55-64 65-74 75 & over	1 9 76 141 58

**TOTAL NO. OF PARTNERSHIP LONG TERM CARE INSUREDS
IN NYS**

40,969

It is estimated from the above information (excluding the Bankers Life numbers, which used different age brackets), that the number of in-force policies which qualify under the New York State Partnership for Long Term Care Insurance by age group is as follows:

Age Group	Approximate Number of In-force Partnership Policies
Under 45	700
45-54	5,248
55-64	17,352
65-74	14,549
75 and Over	<u>2,736</u>
Total	40,585
Total of all insureds, including Insurers without age breakdowns	40,969

Factors Contributing to or Impeding the Development of Long Term Care Plans

There were five key issues discussed in earlier reports that directly affect the development of, and enrollment in, long term care insurance contracts in New York. Those issues were:

- Consumer Awareness
- Data Needs and Services
- Underwriting and Policy Design
- Regulatory Environment
- Marketing Concerns

Consumer Awareness

There have been a number of initiatives undertaken to increase consumer awareness and knowledge about long term care coverage. Long term care insurers continue to indicate that consumer awareness of the need for long term care insurance and the perception by many consumers that medical insurance and/or Medicare will cover these services is still a problem, but educational efforts appear to be lessening this perception. Another problem mentioned by insurers in the successful marketing of long term care insurance is denial. Long term care is a subject that makes many people uncomfortable and they often refuse to believe they will need long term care, and therefore, they refuse to plan for future long term care expenses.

While confusion over the need for long term care insurance is still a problem nationwide, several insurers reported that New York State consumers are more informed about the need for such coverage than consumers in other states. MedAmerica stated that the existence of the Partnership product increases the educational level and public awareness regarding long term care.

Insurers have also developed educational approaches in marketing long term care insurance. Northwestern Long Term Care Insurance Company has developed an educational seminar and a guide on the Employee Retirement Income Security Act (ERISA) and the tax implications for long term care insurance. The long term care insurance seminar program is a component of a comprehensive seminar series which address a variety of financial needs. Their long term care seminar provides information on providers of care, the cost of care and the potential payers of care. The long term care information presented at the seminar does not reference any specific company's product or product features. The seminar is made available to their financial representatives, including their long term care specialists. They in turn provide the educational program to the public.

The company also makes available a guide to help professionals and advisors better understand some of the legal ramifications associated with employers offering long term care insurance. The guide, "Using Individual Long-Term Care Insurance Policies as Part of an Employer Sponsored Plan, ERISA and Tax Implications", is also designed to assist employers in better understanding the technical aspects of the federal tax incentives and ERISA implications.

Massachusetts Mutual Life Insurance Company provides black and white ads that can be placed locally by a long term care producer and can be customized with their agency information. The company also has a very aggressive public relations program which participates in trade publication interviews, industry articles, and other media opportunities on both a national and local level.

The New York State Partnership for Long Term Care is also taking a novel approach to educating agents and brokers on the Partnership program to improve marketing and to disseminate information on the Partnership Plan. The New York State Department of Health has become a licensed continuing education provider of the Insurance Department. In that capacity, the Department of Health-Partnership is offering continuing education credits to agents, and brokers to learn more about the Partnership program concept. It is hoped that insurance company representatives will take these courses for required continuing education credits and become better versed concerning the Partnership insurance product and Extended Medicaid coverage. To the extent the insurer representatives are better educated concerning the Partnership program, this should stimulate more Partnership sales to persons who should consider the purchase of a Partnership product.

It appears that long term care sales are not as successful as a single sale product, but when considered as an integral part of financial planning, the products can be more successfully marketed. Prudential Insurance Company of America states that in marketing individual policies, some of their agents will partner with financial advisors, estate planners, attorneys, CPA's or other similar professionals to conduct long term care seminars, and that the sales process can typically take two, three or even four meetings before a sale is made.

Insurers also generally indicated that media attention and publicity generated by the enactment of federal and state laws which provided favorable tax treatment for qualified long term care policies has helped focus the attention of the public on long term care issues. Insurers in general felt that the favorable tax treatment sends a positive message to consumers. There was some disagreement on the impact the tax deductions have had on sales. Several insurers stated that the state tax deduction is valuable more for the message it presents than for the actual dollars deducted for New Yorkers. One insurer stated that the tax breaks for employers who pay at least a portion of their employees' premiums for long term care insurance resulted in some employers considering such an arrangement, but none opted for it. The same insurer stated that it did not experience a measurable positive impact in the group long term care market as a result of HIPAA, but that enrollees in the group market are typically younger than people who buy individual coverage and that the tax breaks from HIPAA

are more substantial for older people, whose incomes are lower and medical expenses higher.

First UNUM Insurance Company stated that it has seen a significant increase in the sale of its group and individual long term care policies since the introduction of HIPAA, and that the Federal Long Term Care Plan has increased the level of awareness of the need for long term care coverage. First UNUM's sales on non-tax qualified plans has been substantially reduced due to the enactment of many state tax deduction programs. Prudential stated that in the group marketplace, the vast majority of the proposals which Prudential receives directly from clients or through brokers request a plan design intended to qualify for favorable tax treatment under HIPAA. The company feels that tax-qualified policies are favored by employers who would like to make the product available to employees.

A survey conducted by the Health Insurance Association of America, Long-Term Care Insurance in 2000-2001, indicated that, "In 1998, 75 percent of policies sold met HIPAA requirements. This proportion further increased to 86 percent in 1999 and has stabilized at or around this level through the end of the year."

These educational efforts and marketing approaches have resulted in a sound market and increased sales of long term care policies in New York. Insurers were asked to compare their sales in New York State with their marketing success in other states. Their responses follow:

Insurer	Response
Prudential	New York residents represent approximately 8% of our total long term care insured population. This is fourth, behind New Jersey with 13.1%; California, 9.6% and Pennsylvania, 8.1%.
Mutual of Omaha	2002 NY sales ranked 15 th (out of 51 states/territories where we market LTC). States with higher sales had either a higher percentage of seniors or more producers who focus on the senior market and LTC in particular.
TIAA-CREF	We believe that due to greater awareness of the risk for LTC in NYS and due to the concentration of high-net worth and affluent participants, New York State is one of the top ten states in terms of the number of LTC issues and LTC premium.
Continental Casualty	Our group long term care area has been relatively successful in marketing in New York State. Nearly 6% of our current in-force block is on New York residents.
Northwestern Long Term Care	There are a number of issues that have limited our marketing efforts in the state. The biggest issue is probably the high cost of care throughout the State of New York. This has led our average policy size and cost to be much higher in New York than in the nation overall. Our year-to-date experience through August 2003 is that the average daily benefit in New York is 41% higher than the national average and the average premium sold is 38% higher than the national average.
American Family	New York is currently ranked 22 nd in LTC sales nationwide.
Aetna	We find our marketing to be consistent across states, with no uncommon success or lack of success in the State of New York.
John Hancock	New York sales are among the top states for our individual LTC sales production.
First UNUM	New York group sales are 2.6% of total sales, and individual sales are 11% of total sales.

There is currently a great deal of information available to consumers on long term care insurance plans. In addition to the Insurance Department's Web site which offers information on long term care insurance and the 2003 Insurance Department's Consumer Guide, which includes a new section on continuing care retirement communities and new appendices listing options to consider in purchasing long term care coverage, selecting an insurance company and other sources of information and assistance; the New York State Partnership for long Term Care publishes a "Consumer Booklet – Affordable Financing for Long-Term Care". The Partnership booklet provides information on planning for long term care expenses, the New York State Partnership for Long Term Care, how to choose a long term care policy, and a worksheet for comparing long term care policies. The Partnership also issues a consumer brochure entitled "Medicaid Eligibility and the Treatment of Income and Assets under the New York State Partnership for Long Term Care". These publications are available from the New York State Department of Health. A publication developed jointly by the National Association of Insurance Commissioners and the Health Care Financing Administration of the U.S. Department of Health and Human Services entitled, "2003 Guide to Health Insurance for People with Medicare," contains a section on long term care insurance and also explains those long term care expenses that are covered by Medicare and those which need to be paid for privately. The National Association of Insurance Commissioners also has available "A Shopper's Guide to Long-Term Care Insurance" which provides advice on whether or not you should buy long term care insurance, worksheets to assist consumers in obtaining information on the availability and cost of long term care services, how to compare long term care insurance policies, and facts consumers should have available concerning any long term care policy they purchase. Long term care insurers also have their own publications with general information on long term care and specific information on their long term care products.

While it appears that more needs to be done in educating the public on long term care issues, it is evident that the government and long term care insurers have continued their efforts and have made progress in this area.

Data Needs and Services

The second key issue discussed in earlier reports was data needs and services. Since long term care policies have been sold for more than 15 years in New York State, the need for data has become less critical. Experience data is now credible and extensive, and as insurers have been able to obtain more data, they have revised their long term care policies to make the benefits more comprehensive, and offer a greater number of optional benefits to policyholders.

Some insurers have made it easier to qualify for benefits. The number of "activities of daily living" in which persons must have a functional impairment has been lowered by some insurers in their non-tax qualified policies to liberalize eligibility requirements. For tax-qualified policies, insurers must adhere to the requirements under HIPAA for benefit eligibility triggers. TIAA-CREF, under their latest policy form, makes it easier for insureds to qualify for home health care. If they receive at least two days of qualified care in a seven day period, the company will count it as seven days toward the satisfaction of the elimination period.

More and more insurers are now offering paid-up policies. While the premium for these policies is higher than for a long term care policy that is payable for life, policies are now available that can be paid-up in as little as ten years.

Underwriting and Policy Design

In earlier reports, the third key issue affecting the development of long term care insurance was underwriting and policy design. The necessity of adequate underwriting controls in the writing of long term care policies remains a major concern. Individual long term care policies are medically underwritten through the use of medical questionnaires or assessments at the time of application. For group long term care policies which are offered to employees as well as parents, grandparents and retirees, many insurers conduct minimal underwriting for active employees, with more detailed underwriting for others. As mentioned earlier, under NYPERL, the long term care plan for New York State employees and their families, long term care coverage was offered under a 60-day open enrollment period without proof of medical eligibility.

Most insurers do not impose pre-existing condition limitations in long term care policies, although some do impose such limitations for conditions not disclosed on the application. The most common provisions used in long term care policies which are not tax qualified in determining eligibility for benefits are medical necessity, the inability to perform a specified number of activities of daily living or a cognitive impairment. For tax-qualified policies insurers must adhere to the requirements under HIPAA for benefit eligibility triggers.

The vast majority of policies now being sold in New York are policies which pay up to a fixed sum for each day of nursing home confinement or a portion of the fixed reimbursement for other long term care services. As was stated in earlier reports, in 1989, Finger Lakes Long Term Care Insurance Company (now MedAmerica Insurance Company of New York) received approval of a comprehensive long term care policy under which the company contracted with certain nursing homes and home health care agencies to provide services to its policyholders and paid benefits on the basis of a certain percentage of the negotiated rate. Finger Lakes made a corporate decision to stop selling the policy, since the high cost of the coverage prevented the company from successfully marketing the policy.

Insurers continue to develop and offer new long term care benefits either as part of the long term care policy or through the purchase of optional riders. Some of these innovative benefits include:

- First UNUM has a Total Home Care option that allows care by family and friends as well as home health care providers.
- John Hancock states that one of the more successful benefits enables consumers to remain at home for as long as possible. The company also offers a SharedCare feature which allows for spouses and partners to access each others benefits.

- Massachusetts Mutual provides discounts depending on the marketing channels used by the insurer.
- Northwestern Long Term Care offers a survivorship benefit which provides that if a spouse dies regardless of whether both husband and wife paid premiums for a certain number of years or either were in claim status at one point in time, the policy on the other spouse will be “paid up”.
- New York Life has several innovative benefits. The company offers a three-year rate guarantee, does not exclude preexisting conditions and does not exclude mental or nervous disorders. The company has one policy series that provides worldwide coverage and restoration of benefits. New York Life also has a Consumer Price Index Urban Benefit Increase Rider that provides annual benefit increase offers with no limit to the number of refusals and no future underwriting. The premium for this rider is based on issue age. The company also offers a Couples Additional Benefit Rider that includes a spousal waiver of premium benefit, spousal waiting period benefit and a survivorship benefit.
- Continental Casualty offers a shared lifetime maximum which allows a couple to share an extra pool of lifetime maximum dollars if one or both exhaust their existing plan benefits.

Regulatory Environment

The fourth key issue discussed in earlier reports concerns the regulatory environment. The Insurance Department has continued to make every effort to encourage the development of long term care coverage through priority review of long term care contracts submitted for approval. The Department, while continuing to monitor the need for amendments to the minimum standards regulation, has determined that the current regulation provides necessary protections, while allowing insurers flexibility in designing products.

The Insurance Department has also worked with the Office for the Aging and the Department of Health in implementing the Long Term Care Partnership and has established a toll-free number (1-888-NYS-PLTC) within the Insurance Department for inquiries on the program. The Insurance Department is currently working with the Health Department, which is the lead agency for Partnership policies, on modernizing the benefits under a new optional Partnership policy in order to make it more marketable in the current environment.

As was mentioned earlier in the report, Chapter 585 of the Laws of 1998 established the New York Public Employee and Retiree Long Term Care Insurance Plan (NYPERL) which has made available a group long term care policy for all State employees who are eligible or become eligible for participation in the State Health Insurance Plan. Under the Long Term Care Insurance Plan, the President of the Civil Service Commission has signed an agreement with MedAmerica Insurance Company of

New York to provide the coverage. Participation in the Long Term Care Insurance Plan is at the option of the employee. All state employees and retirees who are eligible or become eligible for participation in the State Health Insurance Plan are also eligible to participate in the Long Term Care Plan. Coverage remains intact for employees who terminate employment while participating in the Long Term Care Insurance Plan as long as they continue to pay premiums. The full cost of the Long Term Care Insurance Plan, including coverage of eligible family members will be paid by the employee or insured person and can be deducted from the employee's salary. State employees and retirees who opt to purchase the long term care coverage will be covered under a group policy issued to the State of New York Department of Civil Service. The Insurance Department approved the forms and rates for MedAmerica Insurance Company of New York in May of 2001, and the Long Term Care Insurance Plan became operational in late 2001.

In order to assist insurers in submitting long term care products to the Department for approval and in order to expedite the approval of the policies, the Department has developed product outlines for individual tax qualified, non Partnership long term care insurance policies and tax qualified nursing home and home care, nursing home only, and home care only insurance policies and has posted them to the Department's Web site. Insurers are also eligible to use the Department's Speed to Market process in order to secure expedited approval of these products. The Department has also developed a checklist for the same types of policies which goes through each step of submitting policies for approval, including the filing process, requirements for tax-qualified policies, the application, conditional receipt/interim insurance agreement, required disclosure form, general reminders, review of product outline, actuarial requirements for new products and actuarial requirements for existing products. This checklist is also posted on the Department's Web site.

Marketing Concerns

The last key issue discussed in earlier reports deals with marketing concerns of insurance companies. Insurers cited the following factors as those which impede the sale of long term care insurance:

- Continental Casualty feels that the biggest impediment to group long term care sales is the belief that the federal government provides extensive long term care protection or will provide the protection sometime in the future. There is also a low perceived need by consumers and a suspicion that if only the insurance company is explaining the need, it may be exaggerated.
- John Hancock stated that the cost of long term care services in New York drives long term care insurance premiums to a level where many people cannot afford them.
- Prudential stated that when long term care insurance is offered through an employer as a voluntary benefit, the insurer is often competing against other voluntary benefit offerings which require a contribution by the employer.

There are very few employers willing to contribute to the cost of long term care insurance.

- MedAmerica stated that many individuals are unaware of or underestimate the potential need for long term care.
- MassMutual does not sell group products. The company's multi-life target market is for groups or employers with fewer than 100 participants. Impediments to marketing within this target market include not having the technology for electronic enrollment at this time and the fact that the company does not have guaranteed issue policies – they sell individual, fully underwritten policies only.

While more work still needs to be done on the five key issues discussed above, major progress has been made in all five of these areas.

Success of Marketing Policies Under the New York State Partnership for Long Term Care

Insurers again reported mixed results on the success of marketing long term care policies that qualify under the New York State Partnership. TIAA-CREF, Continental Casualty, Mutual of Omaha and Massachusetts Mutual indicated that they were less successful in marketing long term care policies qualifying under the Partnership than other long term care products. These insurers stated several reasons for this, which included:

- TIAA stated that the Partnership policies do not offer the same flexibility to consumers in the ability to choose features and benefits since so many of the benefits are mandatory. The company also attributes this to the fact that their core client base consists of consumers that will have high incomes in retirement, and therefore, these high incomes would not qualify for the special eligibility under Medicaid in the event the benefits of the long term care policy are exhausted.
- Continental Casualty reported that the primary barrier to marketing Partnership plans is the requirement that companies offer a core plan. They state that many employers have employees in other states or want to offer a less expensive option without the automatic benefit increase inflation feature.
- Massachusetts Mutual believes that the challenge in marketing Partnership policies is to better educate the producers so that the Partnership is better understood by them and can be effectively presented to the consumer. The company has publicized the training that is available on the Partnership.

Four insurers that market Partnership policies stated that their marketing efforts have been successful. MedAmerica stated that they were more successful in marketing

Partnership policies than other policies. John Hancock compared the New York ratio of Partnership to non-Partnership sales to the two other states where the company has offered Partnership policies for many years and reported that New York Partnership sales are a higher percentage than the other states. Met Life believes interest in the New York State Partnership is good. Approximately 36 percent of individual policies sold by Met Life in 2002 were Partnership policies.

Prudential reported moderate success in selling an individual Partnership policy. On the group side, Prudential offers a group Partnership Plan to an association group. At the present time, they only have eight insureds under the Partnership policy compared to 572 under non-Partnership policies.

Recommendations and Anticipated Actions to be Taken By the Insurance Department

There has been a decrease in the number of insurers selling long term care insurance in New York State, and an increase in the number of both in-force policies and in-force Partnership policies. In the 2001 report there were 208,414 in-force long term care policies in New York State. As of June 30, 2003, the number of in-force policies reached 330,507. The number of Partnership policies in the 2001 report was 31,005. As of June 30, 2003 the number rose to 40,969. In order to continue to encourage insurance companies to offer, and consumers to purchase long term care insurance, the Department has the following recommendations:

- The New York State Departments of Insurance, Health and Office for the Aging should continue their efforts to inform the public of the limitations of existing health insurance contracts and governmental programs as they relate to long term care services, the favorable federal and state tax treatment of premiums and favorable tax treatment of benefit payments for qualified long term care insurance, and the advantages of purchasing a long term care policy qualifying under the New York State Partnership.
- The federal government should liberalize the tax deductibility of tax qualified long term care insurance and clarify the applicability of the favorable federal tax treatment on non-tax qualified long term care policies.

The Department will take the following actions:

- Continue to review the minimum standards for the form, content and sale of long term care insurance, and amend them as necessary;
- Periodically update the Department's Consumer Shopping Guide for Long Term Care Insurance;
- Continue to work with the Department of Health and Office for the Aging in publicizing and answering questions from the public on the New York State Partnership for Long Term Care;
- Continue to provide information and assistance to senior citizens concerning Medicare supplement insurance and other coverage available to the elderly, such as long term care insurance;
- Continue to work with the Department of Health on new Partnership policy designs; and
- Continue to provide guidance to the industry and to engage in prompt discussions between the industry and the Department with regard to the marketing of long term care insurance.