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

GREGORY V. SERIO
SUPERINTENDENT

DECEMBER 31, 2001

STATE OF NEW YORK
INSURANCE DEPARTMENT
AGENCY BUILDING ONE
EMPIRE STATE PLAZA
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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 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 585 of the Laws of 1998 was a further effort to encourage the purchase of long term care insurance. Under the law, the Departrment of Civil Service will administer the State Long Term Care Insurance Plan which will be offered to employees, retirees and eligible family members. The full cost of the 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.

The five key factors directly affecting the development of 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 an increase in the number of insurers selling long term care insurance in New York State, and an increase in the number of in-force policies and in-force Partnership policies. In the 1999 report there were 132,206 in-force long term care policies in New York State. As of June 30, 2001 the number of in-force policies reached 208,414. The number of Partnership policies in the 1999 report was 24,723. As of June 30, 2001, the number rose to 31,005. It is expected that the number of in-force long term care policies will rise as a result of the State Long Term Care Insurance Plan offered to state employees and retirees. To further encourage the development of 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 coverages available to the elderly, such as long term care insurance;

- Continue to work with the Department of Civil Service in implementing the new Long Term Care Insurance Program for New York State (and affiliated entities) employees and dependents; and

- Continue to provide guidance to the industry and to prompt discussions between the industry and the Department in regard to the marketing and sale of long term care insurance electronically.

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

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 is to encourage the development of 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 eight 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 four insurers writing group long term care policies in New York. (See page 9 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 which 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 2001, the minimum daily amount for care in a nursing home is $148. 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 which 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 another product design. 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 229 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 2001, benefits received under "qualified" policies that pay on an indemnity basis are excludable from income as long as the benefit payments do not exceed $200 per day or $73,000 per year and are not in excess of the actual expenses. Those caps will be annually increased by indexing. 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.

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 income to qualify for the deduction).

In the case of an individual with an attained age before the close of the taxable year of:	The limitation is:*
40 or less	$230
41 to 50	$430
51 to 60	$860
61 to 70	$2,290
71 & Over	$2,860

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;
- Not pay for expenses incurred to the extent such expenses are reimbursable under Medicare;
- Be guaranteed renewable; and

*2001 Premium Deduction Limits as reported in "National Underwriter Taxline, Volume 2001. No. 2.

- Only allow premium refunds and dividends (other than premium refunds upon death) or similar amounts under the long term care contract to be applied as a reduction in future premiums or to increase future benefits; contain consumer protection provisions including prohibitions on limitations and exclusions, extension of benefit requirements, continuation of benefits or conversion requirements, discontinuance and replacement of contract requirements, unintentional lapse requirements, disclosure requirements, prohibitions on post claims underwriting, minimum standards requirements, inflation protection offers, prohibitions against preexisting conditions and probationary periods in replacement contracts or certificates, limits on pre-existing conditions and prior hospitalization requirements, specific types of nonforfeiture benefit offers, requirements as to application forms and replacement coverage reporting, filing requirements for marketing, marketing standards, appropriateness of recommended purchases, standard outline of coverage formats, requirement to deliver shopper's guide, rights to return contracts/certificates, coverage outline requirements, requirements as to group certificates, requirements as to contract summaries and incontestability period requirements.

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 law, premiums paid for "qualified" long term care policies are deductible to the same extent as under the federal law. The deduction in New York State is taken from federal adjusted gross income. This deduction, therefore, is available even to those taxpayers who do not itemize their deductions. Benefits received under federally "qualified" long term care policies are 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. A part of this legislation 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. The legislation also repeals the tax deduction for long term care premiums which was contained in Chapter 42 of the Laws of 1997 as of January 1, 2002.

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 provide 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 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.

Since the enactment of Chapter 659, nine continuing care retirement communities have been given a Certificate of Authority, of which five are currently operational in New York State. They are Kendall at Ithaca in Tompkins County; Glen Arden, Inc. in Orange County; Summit at Brighton in Monroe County, Canterbury Woods in Erie County and Jefferson's Ferry in Suffolk County.

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 should be completed soon.

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 State Long Term Care Insurance Plan which will be 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 which 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 intact 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, will be 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 will be covered under a group policy issued to the State of New York Department of Civil Service.

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.

The insurers, along with the products which they have approved for sale in New York follow:

Insurer	Individual						Group		
	LTC	NHO	NH & HC	HCO	P*	TQ	NP	P*	TQ
Aetna, Inc.							X		X
Aid Association of Lutherans	X	X				X			
American Independent Network Ins. Co. of New York	X	X	X	X		X			
American International Life Assurance Co. of New York	X					X			
American Progressive Life & Health Ins. Co. of New York	X	X	X	X	X	X	X		
AUSA Life Ins. Co., Inc.	X	X	X			X			
Combined Life Ins. Co. of New York	X					X			
Conseco Life Ins. Co. of New York	X				X	X			
Continental Casualty Company	X	X			X	X	X	X	X
First UNUM Life Ins. Co.		X	X			X	X		X
GE Capital Life Assur. Co. of New York	X	X	X		X	X	X		X
Great American Life Ins. Co.							X		
Hartford Life Ins. Co.							X		X
IDS Life Ins. Co. of New York	X	X	X			X			
John Hancock Life Ins. Co.	X				X	X	X		X
Knights of Columbus	X	X				X			
Massachusetts Mutual Life Ins. Co.	X	X			X	X			
MedAmerica Ins. Co. of New York (formerly Finger Lakes Long Term Care Ins. Co.)	X	X		X	X	X	X	X	X
Metropolitan Life Insurance Co.	X	X			X	X	X	X	X
Mutual of Omaha Ins. Co.	X	X	X	X	X	X			
New York Life Ins. Co.	X	X			X	X			
Northwestern Long Term Care Ins. Co.	X					X			
Oriska Ins. Co.							X		
The Prudential Ins. Co. of America	X				X	X	X	X	X
State Farm Mutual Automobile Ins. Co.	X					X			
Teachers Ins. and Annuity Assoc.					X				
TIAA-CREF Life Ins. Co.	X					X			
Transamerica Life Ins. Co. of New York	X					X			

KEY

LTC = long term care insurance
NHO = nursing home insurance only
NH & HC = nursing home and home care insurance
HCO = home care only
P = Long Term Care Partnership policy
TQ = Tax qualified
NP = Non-partnership policy

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.

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

Attached to this report as Appendix A is the Insurance Department's 2001 consumer guide, "Insurance Policies Covering Long Term Care Services in New York State", which provides basic information concerning insurance policies covering long term care services and the addresses and phone numbers of insurers selling such policies in New York State.

Number of Long Term Care Policies In-force in New York State

As of June 30, 2001

(The data concerning the number of insureds, number of contracts, and ages of those purchasing contracts was provided to the Insurance Department by industry sources. It has not been verified by the Department.)

Non-Partnership Policies

				Ages of Those Purchasing Contracts	
Company	**Contract &/or Approval Date**	**No. of Contracts**	**No. of Insureds**	**Age Group**	**Persons Covered**
Aetna/US Healthcare	GR-700			Under 45	1,799
	12/24/90	7	3,603	45-54	868
	12/14/94			55-64	630
	8/22/96			65-74	277
	7/14/98			75+	29
	4/20/99				
	9/29/00				
	6/12/01				
	7/19/01				
	TOTAL	7	3,603		
Aid Association for Lutherans	12105NY			Under 45	5
	12/28/98	206	206	45-54	48
				55-64	80
				65-74	68
				75+	5
	12106NY			Under 45	0
	12/28/98	47	47	45-54	3
				55-64	20
				65-74	21
				75+	3
	TOTAL	253	253		
American Family Life Assur. Co. of NY	NY-2000			Under 45	0
	3/15/91	18	18	45-54	1
				55-64	3
				65-74	7
				75 +	7
	NY-2100			Under 45	0
	1/21/92	111	111	45-54	5
				55-64	20
				65-74	64
				75+	22
	NY-2200			Under 45	0
	1/21/92	92	92	45-54	0
				55-64	12
				65-74	55
				75+	25
	TOTAL	221	221		

American Independent Network Ins. Co. of New York	PF2600(NY) 10/28/98	639	639	Under 45 45-54 55-64 65-74 75+	1 47 178 303 110
	ALP1(NY) & ALP2(NY) 10/12/99 ALP1(NY)-TQ & ALP2(NY)-TQ 10/1/99	237	237	Under 45 45-54 55-64 65-74 75+	0 8 40 102 87
	IL41(NY) & IL4-2(NY) 2/15/00 IL4-1-TQ(NY) & IL4-2-TQ(NY) 2/25/00	869	869	Under 45 45-54 55-64 65-74 75+	4 17 80 344 370
	LTCTP-6500(NY)-A1 10/4/00	89	89	Under 45 45-54 55-64 65-74 75+	1 3 30 42 13
	TOTAL	1,834	1,834		
American International Life Assurance Co. of New York	64391-NY 12/17/97	565	716	Under 45 45-54 55-64 65-74 75+	16 87 281 217 115
	TOTAL	565	716		
American Progressive Life & Health Ins. Co. of New York	ANH86	41	41	Under 45 45-54 55-64 65-74 75+	0 2 4 24 11
	APRLTCQ 7/1/99	68	68	Under 45 45-54 55-64 65-74 75+	0 11 16 30 11
	APRLTNQ 7/1/99	36	36	Under 45 45-54 55-64 65-74 75+	1 3 12 14 6
	CERT-HHC QC-HHC	2	120	Under 45 45-54 55-64 65-74 75+	0 0 7 50 63
	CERT-NHHH CERT-NHO QC-NHHH	3	11	Under 45 45-54 55-64 65-74 75+	0 3 4 2 2
	HHC-1/98 12/21/98	1,193	1,193	Under 45 45-54 55-64 65-74 75+	1 20 102 590 480
	HHC-800	879	879	Under 45 45-54 55-64 65-74 75+	1 7 96 428 347

American Progressive (cont.)	NHHH-700 NHO-700	211	211	Under 45 45-54 55-64 65-74 75+	0 6 43 90 72
	Q1-HHC 10/31/97	402	402	Under 45 45-54 55-64 65-74 75+	0 5 42 159 196
	Q1-NHHH Q1-NHO 10/31/97	127	127	Under 45 45-54 55-64 65-74 75+	0 4 20 63 40
	TOTAL	3,088	3,088		
AUSA Life Ins. Co. Inc.	GC Plus 2 1290(NY) 6/28/96	20	20	N/A	N/A
	TOTAL	20	20		
CIGNA (Insurance Company of North America)	TL-001445 4/20/90	1	366	N/A	N/A
	TOTAL	1	366		
Combined Life Ins. Co. of New York	44515 9/8/98	198	198	Under 45 45-54 55-64 65-74 75+	13 31 76 64 14
	TOTAL	198	198		
Conseco Life Ins. Co. of New York-check	ATIC-LTC-6-NY 1/13/97	660	1,025	Under 45 45-54 55-64 65-74 75+	5 61 339 465 155
	ATIC-LTC-6B-NY 5/31/97	286	377	Under 45 45-54 55-64 65-74 75+0	0 13 101 171 92
	ATIC-LTC-10-NY 10/8/96	37	42	Under 45 45-54 55-64 65-74 75+	0 1 8 20 13
	ATIC-FQ-LTC-NY 3/4/98	1,966	2,910	Under 45 45-54 55-64 65-74 75+	20 304 878 1,150 558
	TOTAL	2,949	4,354		
Continental Casualty Company	P1-15203-A31 12/13/91	1,327	1,327	Under 45 45-54 55-64 65-74 75 + Up	8 246 513 454 106
	P1-16356-A31 12/13/91	59	59	Under 45 45-54 55-64 65-74 75+ Up	0 26 30 3 0
	P1-18876-A31 5/4/95	291	291	Under 45 45-54 55-64 65-74 75+ Up	3 39 92 113 44

Continental Casualty (cont.)	P1-18878-A31 5/4/95	6	6	Under 45 45-54 55-64 65-74 75+ Up	0 1 3 2 0
	P1-21295-A31 5/19/95	530	530	Under 45 45-54 55-64 65-74 75+ Up	8 61 212 197 52
	P1-21300-A31 5/19/95	994	994	Under 45 45-54 55-64 65-74 75+ Up	27 197 419 298 53
	P1-21305-A31 5/19/95	29	29	Under 45 45-54 55-64 65-74 75+ Up	3 1 11 11 3
	P1-59806-A31 11/23/88	508	508	Under 45 45-54 55-64 65-74 75+ Up	0 67 207 209 25
	P1-N0022-A31 2/28/97	1,252	1,252	Under 45 45-54 55-64 65-74 75+ Up	10 143 481 493 125
	P1-N0023-A31 2/28/97	3	3	Under 45 45-54 55-64 65-74 75+ Up	0 0 1 2 0
	P1-N0026-A31 2/28/97	2,698	2,698	Under 45 45-54 55-64 65-74 75+ Up	56 499 1,185 821 137
	P1-N0027-A31 2/28/97	16	16	Under 45 45-54 55-64 65-74 75+ Up	2 9 2 3 0
	P1-N0030-A31 2/28/97	35	35	Under 45 45-54 55-64 65-74 75+ Up	0 5 12 11 7
	P1-N0034-A31 2/11/97	98	98	Under 45 45-54 55-64 65-74 75+ Up	1 5 35 38 19
	P1-N0035-A31 2/11/97	1	1	Under 45 45-54 55-64 65-74 75+ Up	0 0 0 0 1
	P1-N0080-A31 5/27/99	11	11	Under 45 45-54 55-64 65-74 75+ Up	0 0 5 3 3

Continental Casualty (cont.)	P1-N0081-A31 5/27/99	1	1	Under 45 45-54 55-64 65-74 75+ Up	0 0 1 0 0
	P1-N0085-A31 5/27/99	39	39	Under 45 45-54 55-64 65-74 75+ Up	2 4 23 10 0
	P1-N0086-A31 5/27/99	2	2	Under 45 45-54 55-64 65-74 75+ Up	0 0 0 2 0
	P1-N0090-A31 5/27/99	15	15	Under 45 45-54 55-64 65-74 75+ Up	2 1 8 3 1
	P1-N0095-A31 5/27/99	430	430	Under 45 45-54 55-64 65-74 75+ Up	2 56 177 153 42
	P1-N0096-A31 5/27/99	1	1	Under 45 45-54 55-64 65-74 75+ Up	1 0 0 0 0
	P1-N0100-A31 5/27/99	2,278	2,278	Under 45 45-54 55-64 65-74 75+ Up	72 571 1,114 472 49
	P1-N0101-A31 5/27/99	5	5	Under 45 45-54 55-64 65-74 75+ Up	0 0 4 1 0
	SR-LTCP-31 9/16/92	39	9,541	Under 45 45-54 55-64 65-74 75+ Up	3,125 3,367 2,191 741 117
	TOTAL	10,668	20,170		
First Fortis Life Ins. Co.	4051-NY 10/8/98	1,112	1,112	Under 45 45-54 55-64 65-74 75+ Up	5 66 514 433 94
First Fortis (cont.)	4062-NY 10/8/98	169	169	Under 45 45-54 55-64 65-74 75+ Up	1 16 58 63 31
	4063-NY 9/24/98	2,057	2,057	Under 45 45-54 55-64 65-74 75+ Up	12 257 1,019 571 198
	TOTAL	3,338	3,338		

First United American Life Ins. Co.	NYNH2 1/31/89	16	16	Under 45 45-54 55-64 65-74 75+ Up	0 1 5 8 2
	NYNH3 1/31/89	147	147	Under 45 45-54 55-64 65-74 75+ Up	0 3 39 84 21
	TOTAL	163	163		
First UNUM	TQBLTC 9/5/97	90	7,278	Under 45 45-54 55-64 65-74 75+ Up	4,464 5,284 7,517 4,016 996
	NH94 12/30/94 NH94Q 10/23/97	14,999	14,999		
	TOTAL	15,089	22,277		
GE Capital Life Assur. Co. of NY	PCS II 51005 11/25/98	13,085	15,472	Under 45 45-54 55-64 65-74 75+ Up	190 1,939 7,046 4,914 1,383
	Custom 51006 12/15/98	394	394	Under 45 45-54 55-64 65-74 75+ Up	1 15 90 175 113
	Facility 51007 9/28/98	123	123	Under 45 45-54 55-64 65-74 75+ Up	0 7 33 41 42
	Choice 51010 2/12/01	3,370	3,905	Under 45 45-54 55-64 65-74 75+ Up	74 913 1,812 878 228
	667-4-89 9/12/89	196	196	Under 45 45-54 55-64 65-74 75+ Up	0 2 55 65 74
	50100 3/21/89	1,569	1,569	Under 45 45-54 55-64 65-74 75+ Up	0 60 583 769 157
	60238	211	211	Under 45 45-54 55-64 65-74 75+ Up	0 10 64 115 22
	50107-60247 6/14/94	1,395	1,395	Under 45 45-54 55-64 65-74 75+ Up	9 102 450 682 152
	51000 1/31/96	132	132	Under 45 45-54 55-64 65-74 75+ Up	2 2 23 60 45

GE Capital (cont.)	62018 1/28/97	149	149	Under 45 45-54 55-64 65-74 75+ Up	0 3 38 48 60
	51002 1/31/96	1,489	1,489	Under 45 45-54 55-64 65-74 75+ Up	6 80 388 753 262
	62016 1/28/97	5,083	5,083	Under 45 45-54 55-64 65-74 75+ Up	13 262 1,494 2,375 939
	TOTAL	27,196	30,118		
GE Capital Life Assur. Co. of NY (former Travelers Ins. Co. business)	LTC1	20	20	Under 45 45-54 55-64 65-74 75+ Up	1 3 10 5 1
	LTC2	19,223	19,223	Under 45 45-54 55-64 65-74 75+ Up	240 2,022 7,059 8,514 1,388
	LTC4	7,671	7,671	Under 45 45-54 55-64 65-74 75+ Up	166 1,259 3,478 2,389 379
	TOTAL	26,914	26,914		
Hartford Life Ins. Co.	SRP-1353 1/28/99	0	79	Under 45 45-54 55-64 65-74 75+ Up	23 20 21 13 2
	SRP-1283	0	2	Under 45 45-54 55-64 65-74 75+ Up	0 0 0 2 0
	TOTAL	0	81		
IDS Life Ins. Co. of NY	38260A 11/10/99	2,082	2,082	Under 45 45-54 55-64 65-74 75+	50 533 930 480 89
	38240C 9/30/94	4,617	4,617	Under 45 45-54 55-64 65-74 75+	88 1,051 2,196 1,096 186
	38225 12/31/91	1,922	1,922	Under 45 45-54 55-64 65-74 75+	0 97 895 770 160
	TOTAL	8,621	8,621		
John Hancock Life Ins. Co.	LTC87A 7/30/87	94	94	Under 45 45-54 55-64 65-74 75+ Up	9 6 34 42 3

John Hancock (cont.)	LTC-88A NY 4/15/88	64	64	Under 45	0
				45-54	2
				55-64	17
				65-74	35
				75+ Up	10
	LTC-88B NY 4/15/88	1,279	1,279	Under 45	41
				45-54	175
				55-64	622
				65-74	400
				75+ Up	41
	LTC-90-NY 9/7/90	262	262	Under 45	24
				45-54	50
				55-64	111
				65-74	69
				75+ Up	8
	LTC-91-NY 12/31/91	1,923	1,923	Under 45	28
				45-54	229
				55-64	754
				65-74	801
				75+ Up	111
	NH-91-NY 12/31/91	40	40	Under 45	0
				45-54	0
				55-64	8
				65-74	21
				75+ Up	11
	LTC94NY 2/24/94	3,915	3,915	Under 45	50
				45-54	497
				55-64	1,346
				65-74	1,611
				75+ Up	411
	NH-94-NY 2/24/94	56	56	Under 45	1
				45-54	1
				55-64	10
				65-74	28
				75+ Up	16
	LTC-96-NY 1/16/97	12,378	12,378	Under 45	124
				45-54	655
				55-64	5,102
				65-74	6,148
				75+ Up	349
	LTC-96CL-NY 1/16/97	40	40	Under 45	0
				45-54	0
				55-64	17
				65-74	20
				75+ Up	3
	GCB-COV-0001 10/19/89	1	2,261	Under 45	333
				45-54	767
				55-64	798
				65-74	328
				75+ Up	35
	GCB-COV-0002 7/30/90	1	6,354	Under 45	1,703
				45-54	2,160
				55-64	1,829
				65-74	627
				75+ Up	35
	GPB-COV0002.1 6/28/96	1	7,671	Under 45	3,157
				45-54	2,689
				55-64	1,489
				65-74	304
				75+ Up	32
	TOTAL	20,054	36,337		

Knights of Columbus	LTC01-NY 6-99 10/18/00	74	74	Under 45 45-54 55-64 65-74 75+ Up	1 14 36 22 1
	NHC01-NY 6-99 10/18/00	7	7	Under 45 45-54 55-64 65-74 75+ Up	0 2 2 3 0
	TOTAL	81	81		
Massachusetts Mutual Life Ins. Co.	MM-200-P-NY MM-201-P-NY 8/29/00	97	97	Under 45 45-54 55-64 65-74 75+ Up	1 14 61 21 0
	MM-202-P-NY 7/11/00	25	25	Under 45 45-54 55-64 65-74 75+ Up	1 4 16 4 0
	TOTAL	122	122		
MedAmerica Ins. Co. of New York	LTC89-CD1 4/89	142	142	Under 45 45-54 55-64 65-74 75+ Up	1 2 66 58 15
	LTC89-CD2-NY 6/89	550	550	Under 45 45-54 55-64 65-74 75+ Up	137 134 147 106 26
	LTC91-CD4-NY 6/91	2,709	2,709	Under 45 45-54 55-64 65-74 75+ Up	18 107 906 1,344 334
	LTC-LBP-NY 7/94	887	887	Under 45 45-54 55-64 65-74 75+ Up	4 43 243 437 160
	LTC-CD6-NY 7/94	1,183	1,183	Under 45 45-54 55-64 65-74 75+ Up	11 49 422 509 192
	LTC-CD8-NY 9/95	354	354	Under 45 45-54 55-64 65-74 75+ Up	3 17 115 148 71
	LTC-LBP8-NY 9/95	357	357	Under 45 45-54 55-64 65-74 75+ Up	0 6 75 187 89
	LTC-CD8-NY (rev. 1/1/97) 2/97	230	230	Under 45 45-54 55-64 65-74 75+ Up	5 8 101 90 26

MedAmerica (cont.)	LTC-LBP8-NY (rev 1/1/97) 2/97	100	100	Under 45 45-54 55-64 65-74 75+ Up	0 3 26 61 10
	LTC-CD10-NY 4/97	1,724	1,724	Under 45 45-54 55-64 65-74 75+ Up	44 175 533 706 266
	LTC-LBP10-NY 4/97	244	244	Under 45 45-54 55-64 65-74 75+ Up	1 1 34 125 83
	LTQ11-336-NY-998 3/00	384	384	Under 45 45-54 55-64 65-74 75+ Up	24 46 152 132 30
	NTQ11-337-NY-998 3/00	38	38	Under 45 45-54 55-64 65-74 75+ Up	0 0 3 20 15
	HTQ11-338-NY-998 3/00	86	86	Under 45 45-54 55-64 65-74 75+ Up	0 2 15 47 22
	GRP11-341-NY-699 3/00	1	422	Under 45 45-54 55-64 65-74 75+ Up	157 154 97 14 0
	TOTAL	8,989	9,410		
Metropolitan Life Ins. Co.	G.LTC1697 5/29/98	1	4,407	Under 45 45-54 55-64 65-74 75+ Up	1 614 1,889 1,650 253
	G.LTC197 8/31/98	1	58	Under 45 45-54 55-64 65-74 75+ Up	22 16 12 8 0
	G.24112 6/27/91	1	659	Under 45 45-54 55-64 65-74 75+ Up	211 123 191 114 20
	G.24151 11/10/93	1	484	Under 45 45-54 55-64 65-74 75+ Up	148 156 114 58 8
	G.24153 8/4/93	1	1,974	Under 45 45-54 55-64 65-74 75+ Up	654 545 501 242 32

Metropolitan Life (cont.)	G.2095			Under 45	0
	6/28/96	1	23	45-54	6
				55-64	8
				65-74	6
				75+ Up	3
	G.LTC197			Under 45	5
	8/31/98	1	28	45-54	8
				55-64	7
				65-74	8
				75+ Up	0
	G.24102			Under 45	77
	8/31/90	1	210	45-54	36
				55-64	43
				65-74	36
				75+ Up	18
	G.LTC197			Under 45	105
	8/31/98	1	240	45-54	80
				55-64	44
				65-74	9
				75+ Up	2
	G.24182			Under 45	192
	8/5/93	1	2,210	45-54	571
				55-64	844
				65-74	529
				75+ Up	74
	G.LTC197			Under 45	98
	8/31/98	1	198	45-54	51
				55-64	32
				65-74	13
				75+ Up	4
	G.2095			Under 45	174
	6/28/96	1	314	45-54	59
				55-64	63
				65-74	17
				75+ Up	1
	G.24169			Under 45	12
	8/5/93	1	26	45-54	4
				55-64	8
				65-74	2
				75+ Up	0
	G.24221			Under 45	1
	4/11/95	1	11	45-54	2
				55-64	2
				65-74	3
				75+ Up	3
	G.36000-10			Under 45	0
	10/30/86	1	10,563	45-54	637
				55-64	4,237
				65-74	4,650
				75+ Up	1,039
	G.24118			Under 45	75
	7/31/91	1	112	45-54	16
				55-64	11
				65-74	7
				75+ Up	3
	G.LTC197			Under 45	2
	8/31/98	1	3	45-54	1
				55-64	0
				65-74	0
				75+ Up	0
	G.LTC197			Under 45	65
	8/31/98	1	133	45-54	41
				55-64	22
				65-74	5
				75+ Up	0

Metropolitan Life (cont.)	G.LTC197 8/31/98	1	1	Under 45 45-54 55-64 65-74 75+ Up	0 0 0 1 0
	2LTC-97 5/24/99	1	32	Under 45 45-54 55-64 65-74 75+ Up	0 5 10 16 1
	1LTC-97 5/24/99	1	1,622	Under 45 45-54 55-64 65-74 75+ Up	58 409 653 404 98
	G.LTC197 8/31/98	1	1,674	Under 45 45-54 55-64 65-74 75+ Up	181 680 595 187 31
	G.LTC197 8/31/98	1	1	Under 45 45-54 55-64 65-74 75+ Up	0 0 0 1 0
	G.LTC197 8/31/98	1	122	Under 45 45-54 55-64 65-74 75+ Up	27 51 37 7 0
	GPNP99LTC 7/23/99	1	53	Under 45 45-54 55-64 65-74 75+ Up	31 15 4 3 0
	TOTAL	25	25,158		
Mutual of Omaha Ins. Co.	HCA 6/22/00	51	51	Under 45 45-54 55-64 65-74 75+ Up	5 13 17 11 5
	HCAQ 6/22/00	49	49	Under 45 45-54 55-64 65-74 75+ Up	2 5 8 26 8
	LT50 5/12/98	446	446	Under 45 45-54 55-64 65-74 75+ Up	25 76 136 164 45
	LTA 6/22/00	4	4	Under 45 45-54 55-64 65-74 75+ Up	0 0 4 0 0
	LTAQ 6/22/00	42	42	Under 45 45-54 55-64 65-74 75+ Up	2 9 19 11 1

Mutual of Omaha (cont.)	LTC12 4/28/93	469	469	Under 45 45-54 55-64 65-74 75+ Up	2 30 138 258 41
	LTC17 4/28/93	190	190	Under 45 45-54 55-64 65-74 75+ Up	16 47 56 67 4
	LTI12 4/28/93	21	21	Under 45 45-54 55-64 65-74 75+ Up	2 4 4 11 0
	LTM12 4/28/93	40	40	Under 45 45-54 55-64 65-74 75+ Up	1 5 13 21 0
	NH11 1/28/88	156	156	Under 45 45-54 55-64 65-74 75+ Up	0 6 40 83 27
	NH27 2/3/89	222	222	Under 45 45-54 55-64 65-74 75+ Up	18 25 62 107 10
	NH28 2/3/89	221	221	Under 45 45-54 55-64 65-74 75+ Up	14 8 37 138 24
	NH3 12/10/84	337	337	Under 45 45-54 55-64 65-74 75+ Up	0 0 0 105 232
	NH50 4/17/98	30	30	Under 45 45-54 55-64 65-74 75+ Up	1 1 10 13 5
	NHA 6/22/00	13	13	Under 45 45-54 55-64 65-74 75+ Up	2 5 3 2 1
	NHAQ 6/22/00	74	74	Under 45 45-54 55-64 65-74 75+ Up	2 14 28 24 6
	TOTAL	2,365	2,365		
New York Life Ins. Co.	G-6601	0	2	Under 45 45-54 55-64 65-74 75+ Up	2 0 0 0 0

New York Life (cont.)	G-9065 12/16/98	0	117	Under 45 45-54 55-64 65-74 75+ Up	5 15 32 55 10
	21073(NY) 21084(NY) 5/15/95	108	108	Under 45 45-54 55-64 65-74 75+ Up	0 2 45 44 17
	INH-4300(NY)(0197) ILTC-4300(NY)(0197) 2/11/98	2,323	2,323	Under 45 45-54 55-64 65-74 75+ Up	354 713 731 452 73
	TOTAL	2,431	2,550		
The Prudential Ins. Co. of America	GRP 99210 GRP 99211 GRP 99212 6/10/99	293	293	Under 45 45-54 55-64 65-74 75+ Up	19 83 100 79 12
	83500 LTC R200 LTC U 2001 10/4/95	55	55	N/A	N/A
	83500 COV 1004 et al 7/6/99	172	172	N/A	N/A
	83500 COV 1004 et al 12/1/00	7	7	N/A	N/A
	TOTAL	527	527		
State Farm Mutual Automobile Ins. Co.	**97045 NY.2** **5/8/01**	714	714	Under 45 45-54 55-64 65-74 75+	128 175 267 120 24
	TOTAL	714	714		
TIAA-CREF Life Ins. Co.	LTC02 4/4/97 LTC03 3/31/99	4,161	4,161	Under 45 45-54 55-64 65-74 75+ Up	40 272 1,464 1,845 540
	LTC04 3/21/00	654	654	Under 45 45-54 55-64 65-74 75+ Up	11 82 311 220 30
	TOTAL	4,815	4,815		

TOTAL 208,414

Since not all insurers provided a breakdown of in-force policies by age group, it is estimated from the above information (excluding the numbers from those insurers that did not provide an age breakdown) that the number of in-force policies by age group is as follows:

Age Group	Approximate Number of In-force Non-Partnership Policies
Under 45	19,202
45-54	34,591
55-64	73,704
65-74	64,479
75 + Up	15,764
Total	207,740
Total of all policies, including insurers without age breakdowns	208,414

New York State Partnership for Long Term Care Policies

(The data concerning the number of insureds, number of contracts, and ages of those purchasing contracts was provided to the Insurance Department by industry sources. It has not been verified by the Department.)

Company	Contract &/or Approval Date	No. of Contracts	No. of Insureds	Ages of Those Purchasing Contracts: Age Group	Persons Covered
American Family Life Assur. Co.	NY-2300			Under 45	1
	12/2/94	5	5	45-54	1
				55-64	0
				65-74	2
				75+	1
American Progressive Life & Health Ins. Co. of New York	APRLTCP			Under 45	0
	4/26/00	56	56	45-54	6
				55-64	8
				65-74	28
				75+	14
Conseco Life Ins. Co. of NY	ATIC-RWJ-NY			Under 45	11
	10/16/97	1,408	2,229	45-54	136
				55-64	1,056
				65-74	841
				75+	185
Continental Casualty Co.	P1-18584-A31			Under 45	18
	3/23/93	2,625	2,625	45-54	194
				55-64	879
				65-74	1,178
				75+ Up	356
	P18585-A31			Under 45	0
	3/23/93	87	87	45-54	16
				55-64	40
				65-74	30
				75+ Up	1
Continental Casualty (cont.)	P1-N0041-A31			Under 45	50
	7/29/97	3,911	3,911	45-54	467
				55-64	1,618
				65-74	1,492
				75+ Up	284
	P1-N0042-A31			Under 45	1
	7/29/97	34	34	45-54	2
				55-64	22
				65-74	9
				75+ Up	0
	SR-LTCP-31			Under 45	109
	1/1/94	3	583	45-54	233
				55-64	168
				65-74	64
				75+ Up	9
GE Capital Life Assur. Co. of NY	51011			Under 45	0
	8/31/01	0	0	45-54	0
				55-64	0
				65-74	0
				75+ Up	0
	50109			Under 45	2
	3/30/93	1,002	1,002	45-54	40
				55-64	335
				65-74	472
				75+ Up	153
	50110			Under 45	3
	5/10/95	1,024	1,024	45-54	58
				55-64	276
				65-74	521
				75+ Up	166

GE Capital (cont.)	51001 10/31/95	436	436	Under 45 45-54 55-64 65-74 75+ Up	0 13 143 222 58
	62021 5/30/97	1,588	1,588	Under 45 45-54 55-64 65-74 75+ Up	1 96 589 677 225
GE Capital Life Assur. Co. of NY (former Travelers Ins. Co. business)	LC3	5,494	5,494	Under 45 45-54 55-64 65-74 75+ Up	19 362 2,203 2,579 331
	LC4	2,371	2,371	Under 45 45-54 55-64 65-74 75+ Up	19 284 1,251 761 56
	LTC-91-NY-RWJ 3/25/93	2,108	2,108	Under 45 45-54 55-64 65-74 75+ Up	6 92 711 1,123 176
John Hancock Life Ins. Co.	LTC-96RWJ2-NY 3/20/98	3,264	3,264	Under 45 45-54 55-64 65-74 75+ Up	18 219 1,264 1,501 262
	LTC-96RWJ3-NY 3/20/98	468	468	Under 45 45-54 55-64 65-74 75+ Up	0 19 141 211 97
MedAmerica Ins. Co.	LTC-CD6-NY (rev. 1/1/97) 2/97	1,837	1,836	Under 45 45-54 55-64 65-74 75+ Up	8 137 787 787 117
	PRT11-336-NY-998 2/01	42	42	Under 45 45-54 55-64 65-74 75+ Up	0 6 15 20 1
Metropolitan Life Insurance Company	G.24184 6/21/93	1	566	Under 45 45-54 55-64 65-74 75+ Up	38 109 229 162 28
Mutual of Omaha Ins. Co.	LTC20 10/26/93	177	177	Under 45 45-54 55-64 65-74 75+ Up	3 30 44 95 5
	LTC23 10/26/93	13	13	Under 45 45-54 55-64 65-74 75+ Up	0 0 2 7 4
	LTM20 10/26/93	14	14	Under 45 45-54 55-64 65-74 75+ Up	1 3 4 6 0

Mutual of Omaha (cont.)	LTM23 10/26/93	1	1	Under 45 45-54 55-64 65-74 75+ Up	0 0 1 0 0
New York Life Ins. Co.	21050RWJ 7/1/94	64	64	Under 45 45-54 55-64 65-74 75+ Up	1 9 27 26 1
The Prudential Ins. Co. of America	83500 LTC R 8003 6/30/93	1	720	N/A	N/A
TIAA-CREF Life Ins. Co.	RWJ.01 2/25/94	287	287	Under 45 45-54 55-64 65-74 75+ Up	1 8 74 143 61

TOTAL 31,005

Since not all insurers provided a breakdown of in-force policies by age group it is estimated from the above information (excluding the numbers from those insurers that did not provide an age breakdown) 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	310
45-54	2,540
55-64	11,887
65-74	12,957
75 + Up	2,591
Total	**30,285**
Total of all policies, including insurers without age breakdowns	**31,005**

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

There were five key issues discussed in earlier reports that directly affected the development of 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

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. Prudential Insurance Company of America reported that especially in the group market, there is also a great deal of confusion concerning long term care insurance and long term disability coverage, and that many employees who have long term disability insurance think that this will cover long term care services. According to a 2000 study by the Health Insurance Association of America, Who Buys Long-Term Care Insurance in 2000?, "Most Americans age 55 and over do not believe that the government will pay for most long-term care services within the next 10 years. There is also a consensus that individuals will have to assume greater responsibility for their long-term care services within the next 10 years."

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 the public awareness regarding long-term care. Thus, we find that New York State has a population that is more informed about the need for long-term care insurance than other states." American Progressive reported that advertising for the Partnership program has had some limited success in educating the public on the need for long term care insurance.

Insurers have also developed educational approaches in marketing of long term care insurance. Prudential's group enrollment communications are focused on education. Their typical enrollment campaign usually includes an educational process followed by a four to six week enrollment period. Their preferred approach encompasses four elements:

(1) Identification and description of the Long Term Care "problem" in the United States, including the aging population, what services are not covered by health insurance, the government's position, etc.

(2) Raising awareness that each and every individual may be at risk for long term care expenses. The company presents statistics, gives average charges and presents "needs assessment" tools so that individuals can intelligently draw their own conclusions.

(3) Creating a sense of urgency to react.

(4) Providing complete information on the group's plan.

In Phase 1 (Awareness/Education) of their marketing campaign the company makes use of announcement letters to inform employees that their employer will be offering long term care insurance, e-mail to provide educational information, postcards to reinforce different messages about long term care, a general educational article for use by the employer in an employee newsletter or the employer's intranet and posters to increase awareness and alert employees to watch for more information.

In Phase 2 (Advertising/Marketing) of their campaign the company uses an educational/marketing brochure accompanied by a letter signed by a senior executive of the employer. This brochure encourages calls from employees to request full enrollment kits. The company also provides seminars/classes and "train-the-trainer" sessions for members of a client's benefits staff; a comprehensive enrollment kit containing a description of plan features, enrollment forms, rate information, and a long term care Shopper's Guide; voice mail messages to remind employees of new coverage and important enrollment deadlines; and for clients with 5,000 or more employees access to a Web site customized to their plan.

John Hancock uses preformed focus groups of individuals which they feel are likely to purchase long term care insurance (seniors and babyboomers) as part of its product development. The company presents various product features to the focus groups to gain feedback on the value of offering the feature.

Insurers also 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. TIAA stated that the current federal tax deduction has not had a measurable impact on the company's long term care sales. In a recent survey they conducted of long term care purchasers, 86% reported that they itemize deductions and only 7% had medical expenses that exceed 7.5% of adjusted gross income. Since the federal tax deduction only applies to those insureds who itemize deductions and have medical expenses that exceed 7.5% of adjusted gross income, most people do not qualify for the deduction. CNA reported that the New York State tax deduction has had no noticeable effect on marketing, which is probably due to a general unawareness of the tax. The company stated that the favorable federal tax treatment of long term care premiums had the most significant effect on its marketing in the fourth quarter of 1996, when consumers rushed to purchase policies that would be grandfathered under the federal law. Sales during that quarter nearly tripled. Since then sales have been flat. First Fortis Life Insurance Company stated that the tax deductions have had a positive effect on sales, but that what is needed is a clarification from the federal government on the tax treatment of non-tax qualified policy benefits. The company is uncertain whether non-tax qualified policyholders could be taxed when benefits are received.

The public appears to be better informed concerning long term care and more people appear to be purchasing the coverage. Insurers and industry trade groups continue to conduct studies to determine who is purchasing long term care insurance and their reasons for the purchase. A recent study, Who Buys Long-Term Care Insurance in 2000? was conducted by the Health Insurance Association of America. Some of the findings of the survey follow:

- The average age of individual buyers has decreased from 69 years to 67 years and a third of all individual long-term care policies sold are purchased by people younger than 65.

- Non-buyers tend to be somewhat older, less likely to be employed and less wealthy than buyers of long-term care insurance.

- The average income and asset level of buyers has increased substantially over the past decade. HIAA attributes the change in the wealth profile of buyers to more "younger elders" buying the product, a substantial boost in retirement savings over the past five years due to the stock market, and agents avoiding sales to individuals with less than $20,000 annual income.

- About 45% of buyers indicated that the tax benefit was an important motivator, 34% said it was not important, and 21% did not even know about the tax change.

- Non-buyers said that cost was the most significant barrier to purchase.

Insurers continue to expend a great deal of effort on educating employers on the benefits of offering group long term care policies to employees, retirees and their families, and in tailoring policies to best meet the needs of the particular employer. Metropolitan Life Insurance Company stated that it has found that the simpler the plan design and the stronger the employer endorsement, the higher the participation level. The company provides employers with a study entitled, "The MetLife Study of Employer Costs for Working Caregivers" to help employers understand the effects on employees with caregiving responsibilities. John Hancock emphasizes the minimal effort required by employers, the fact that there will be no cost to the employer, and the good will that will be generated by offering a group long term care benefit. To assist both the employer and employees, the company offers on-line enrollment with guaranteed issue or simplified underwriting. The web site also provides convenient access to plan information and rates, and allows for printing of applications . The company's marketing approach is based on the employer's corporate culture. The company tries to complement the look and feel of the company's benefits and highlight the client's sponsorship.

Long term care insurers are also trying to gear their group products to met the unique needs of individual employers. CNA's group long term care department has developed a product targeted to smaller employer groups. Prudential Insurance Company of America offers employers a "Booster Program" which allows employers to offer "starter" long term care insurance coverage. The employer pays the premium, which is based on competitive rates, for the starter coverage for each of their employees. Employees can then supplement their coverage by purchasing additional coverage to meet their own personal needs and situations.

These educational efforts, marketing approaches and innovative products have resulted in 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
GE Capital	No discernable differences
Prudential	New York sales almost 50% of national sales
Mutual of Omaha	New York ranks 6th highest in sales, company sells in all 50 states
First UNUM	New York sales about 6% of nationwide sales
American Progressive	New York is primary market, the company is a relatively new insurer in other states
Conseco	New York sales are comparable to other states
AIG Life	New York ranks in the top five states for overall production
Aetna/US Healthcare	Marketing consistent across states
CNA	Group long term care sales have been relatively successful in New York. Nearly 6% of current in-force block is on New York residents
John Hancock	New York is among the top 3 states for individual sales
Metropolitan Life	For AARP product, no statistically significant difference in New York than other states
TIAA	Over 13% of sales come from New York residents

There is currently a great deal of information available to consumers on long term care insurance plans. In addition to the Insurance Department's consumer guide, which is attached to this report as Appendix A, 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, "2001 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.

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 about 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.

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. 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.

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.

All 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 Finger Lakes 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:

- Continental Casualty Company's group long term care area has developed a hybrid plan that bases the level of benefit payment on the insured's degree of impairment rather than the site of care. The benefit provides 100% coverage for home care for the severely impaired at a discount of about 25% over a straight 100% home care provision.

- Prudential Insurance Company of America has developed a cash benefit option. Insureds who elect the option can receive regular cash payments in the event they become eligible for home and community based care benefits, instead of having to submit a bill with a claim form. These cash benefit payments can be used for both licensed and informal care providers.

- John Hancock Life Insurance Company stated that one of the more successful perspectives in product design is to focus on provisions to enable consumers to remain at home for as long as possible. The company also has a "SharedCare" feature which allows spouses to access each other's benefits.

As can be seen by the above information, long term care insurers continue to offer more comprehensive benefits under their policies.

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 in 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 State Long Term Care Insurance Plan which will make 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 which will provide the coverage. Participation in the Long Term Care Insurance 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 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 an effort to improve the "speed to market" objective for accident and health insurance, including long term care insurance, the Department developed an optional prior approval procedure. The new procedure involves the use of standard transmittal forms, certifications of compliance, underlining changes made to previously approved forms and expanded submission letters. The purpose of the new procedure is to streamline the current review and approval process in an effort to establish a timeframe that is responsive to the needs of the changing marketplace. At the present time, no long term care insurers have utilized the new "speed to market" procedure.

Many group long term care insurers have complained that the requirement in the New York State Insurance Law that each group contract be approved on a case-by-case basis was cumbersome and costly. Chapter 389 of the Laws of 2001, which became effective on October 31, 2001, amended the Insurance Law to permit the Insurance Department to approve long term care policy forms for general use rather than on a case-by-case basis.

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:

- The lack of understanding and awareness of the need to plan for future long term care needs. Despite the fact that New Yorkers seem to understand the need more than in surrounding states, the value of long term care insurance protection needs to be emphasized so that it becomes perceived as a mainstream financial need.

- The high cost of long term care policies prevents many people from purchasing the coverage.

- While the favorable federal and New York State tax treatment of qualified policies provide an incentive for the purchase of tax qualified long term care policies, some people are reluctant to purchase the coverage due to the stricter requirements to qualify for benefits.

Many insurers stated that New York State has taken steps that have been effective in encouraging the purchase of long term care policies, including the favorable New York State tax treatment. Several insurers stated that most New Yorkers are not aware of the deduction and that it should be more widely publicized.

MedAmerica stated that educating employers concerning the consequences of long term care, i.e., lost work hours due to elderly care responsibilities, and the fact that employers may deduct any contributory long-term care premium as a business expense would be a sound marketing approach.

TIAA feels that the most important effort to help make long-term care insurance more desirable is to assist in promoting the above the line tax deduction at the federal level. Combined with the favorable tax treatment in New York State, it would send a strong message that federal programs such as Medicare and federally funded state Medicaid are not going to pay the cost of long term care services for most consumers.

CNA stated that making forms available on the Internet and possibly applying on the Internet is a definite trend.

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. First Fortis, New York Life, American Progressive, Prudential and CNA group sales department indicated that they were less successful in marketing long term care policies qualifying under the Partnership than other long term care products.

Many insurers did feel that Partnership policies are being successfully marketed. CNA individual sales department stated that New York ranks among the top states in long term care premium production for the company, and that this can be attributed to the success of the Partnership for Long Term Care Program. MedAmerica stated that they have found that the Partnership products have been successfully marketed and that the existence of the Partnership product increases public awareness regarding long term care. Conseco reported that the marketing success of the Partnership product compared to non-Partnership products is fairly consistent. However, with the state's endorsement of the Partnership program and the attractiveness of asset protection as a selling point, the Partnership product would hold an edge. John Hancock markets an individual Partnership policy and feels it is a critical product to be able to do business in New York. The company also stated that their New York Partnership sales are a higher percentage than Partnership sales in other states.

The Partnership seems to be much more successful in the individual than the group market. According to CNA, the problems with the Partnership in the group market is the requirement to offer a core plan. Many employers have employees in other states or want to offer a less expensive option without the automatic benefit increase inflation feature.

Recommendations and Anticipated Actions to be Taken By the Insurance Department

There has been an increase 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 1999 report there were 132,206 in-force long term care policies in New York State. As of June 30, 2001, the number of in-force policies reached 208,414. The number of Partnership policies in the 1999 report was 24,723. As of June 30, 2001 the number rose to 31,005. 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 coverages available to the elderly, such as long term care insurance;

- Continue to work with the Department of Civil Service in implementing the new Long Term Care Insurance Program for New York State (and affiliated entities) employees and dependents; and

- Continue to provide guidance to the industry and to engage in prompt discussions between the industry and the Department in regard to the marketing and sale of long term care insurance electronically.