

Indiana Partnership LTC Insurance Policies

Q. What is the "Indiana Partnership"?

A. The Program name is the Indiana Long Term Care Insurance Program. It is more commonly known as the Indiana Partnership. It is a **public-private** partnership — pairing State government with private long term care insurance companies.

Indiana was the first state in the country to pass enabling legislation for this Program (1987).

Indiana is one of four states to have developed this Program —the others are CA, CT, and NY.

Q. Why was the Indiana Partnership created?

A. The State saw the population was getting older and living longer, resulting in more individuals who were going to need long term care. The State couldn't afford to pay for the long term care for everyone (through the Medicaid program). Long term care insurance varied in quality and was difficult to understand.

Q. Who are the Partners?

A. On the State side, the partners are the Indiana Department of Insurance and Indiana Medicaid. On the private side, the partners are the insurance companies and their agents. Together, the partners created a high quality long term care insurance product that Hoosiers could purchase to finance their future long term care needs.

State's role: Educating the public, monitoring the insurance companies

Private Insurance Company's role: Develop and market policies, pay claims

Q. How is an Indiana Partnership LTC policy different from a traditional LTC policy?

- Agents who market these policies must receive additional education prior to marketing them.

The applicant must have an Indiana address to purchase a policy.

- The policies contain, at no additional cost to the purchaser, the State-added benefit of Medicaid Asset Protection. Medicaid Asset Protection is protection from Medicaid spend-down requirements, should the policyholder (a) use all the insurance policy benefits and continue to need long term care and (b) then choose to receive Medicaid assistance. The result is the policyholder could receive Indiana Medicaid assistance while retaining assets. Again, after the insurance coverage is exhausted, it is the individual's choice as to whether to utilize Medicaid assistance or his/her own personal funds.

The insurance *benefits* are portable, meaning benefits will be paid for services received in any state. The asset protection benefit is state specific. As a result, at the time the insurance benefits are exhausted and the individual continues to need care, the individual chooses whether to return to Indiana to receive Indiana Medicaid assistance and have his/her asset protection honored; or, remain in a different state and use his/her own funds to pay for care.

Exception: There is a reciprocity agreement between Indiana and Connecticut. These two states' Medicaid programs can honor the asset protection earned under the other state's Partnership policies. However, asset protection honored under a reciprocal agreement is on a dollar-for-dollar basis only.

- Participating insurance companies have the requirement of "pooling" their experience should they ever request a rate increase. "Pooling" makes it more difficult for the companies' to prove the need, to the Indiana Department of Insurance, for a rate increase.
- Premiums paid for Indiana Partnership policies are eligible for an Indiana tax deduction (within federal guidelines).

When compared to a traditional insurance policy with similar benefits, the price of the Partnership policy is the same. The consumer protection features and asset protection feature do **not** add to the price.

The Indiana Partnership Program is a Win-Win-Win for all involved!

Hoosier consumers win.

- a. Purchasers of Indiana Partnership policies receive *high quality long term care insurance*. This gives them purchasing power by providing them with choices about the types and providers of their LTC when they need it.
- b. Indiana Partnership policies include *additional consumer protections* not found in traditional LTC insurance policies.
- c. Policies include the state-added benefit of asset protection-to be used if LTC is needed beyond the limits of the insurance coverage. Medicaid acts as a backup safety net to the private insurance. The asset protection feature is “free”--the insurance companies cannot charge for it, since it is a state-added benefit. It is the state's way of saying "thanks for using private insurance before turning to Medicaid."
- d. Purchasers can have the security of knowing *more State oversight* is conducted with the participating insurance companies.
- e. Purchasers may deduct the premiums from their Indiana taxes.

The State of Indiana wins.

- a. For every year that Medicaid eligibility is delayed or prevented (through the use of private LTC insurance) *Indiana Medicaid and the federal government save* approximately \$35,000 in nursing home, prescription drug, and other medical services costs.
- b. Saving costs to Indiana Medicaid also *saves dollars for Hoosier taxpayers*.

The Insurance Industry wins.

- a. The insurance companies develop the products. Their agents market the products. The agents & companies earn commission from product sales. The State of Indiana receives no money from the insurance companies related to the sale of these policies.

For more information, visit the Indiana Long Term Care Insurance Program's website at www.longtermcareinsurance.in.gov