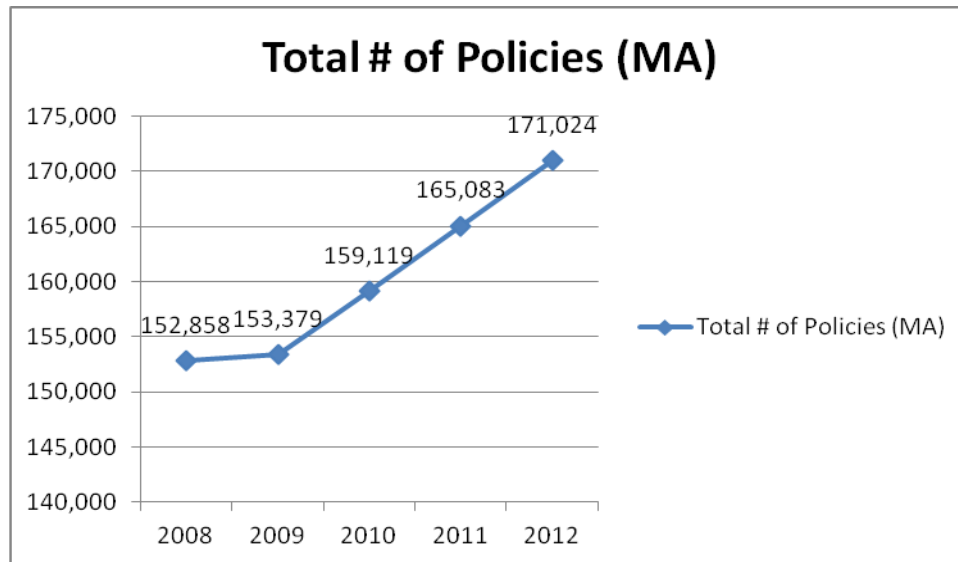


## I. EXECUTIVE SUMMARY

A. The number of Massachusetts subscribers with long-term care insurance (“LTCI”) coverage increased by 18,166 from 152,858 in 2008 to 171,024 in 2012.



### MA Individually Written Plans

- The number of individual policyholders increased by 8,333 or 8.53% from 97,644 in 2008 to 105,977 in 2012.
- The average age of an individual policyholder rose from 67.1 in 2008 to 67.6 in 2012. The average annual premium paid by a newly covered individual policyholder decreased from \$2,636.30 in 2008 to \$2,540.90 in 2012.
- For policies bought in 2012, 91.44% included inflation protection and almost 76% satisfied MassHealth (Medicaid) benefit standards; the average daily nursing home benefit purchased was \$193.22.
- Policy lapses in the first 3 years decreased - while 85.2% of those buying in 2005 held the policy for at least three years, 88.4% of those buying in 2009 held the plan for at least three years.

### MA Group Coverage Written Through Association- and Employment-Based Plans

- The number of subscribers with coverage through employer groups or through group associations increased by 9,833 or 17.81% from 55,214 in 2008 to 65,047 in 2012.
- The average age of a group certificateholder rose from 49.8 in 2008 to 50.8 in 2012. The average annual premium paid rose from \$495.90 in 2008 to \$1,108.60 in 2012.
- For coverage bought in 2012, 58.41% included inflation protection and 52.3% satisfied MassHealth benefit standards; the average daily nursing home benefit was \$136.50.
- Policy lapses in the first 3 years decreased - while 62.9% of those buying in 2005 held the policy for at least three years, 70.3% of those buying in 2009 held the plan for at least three years.

## B. Summary of Massachusetts Market

<b>Number of Subscribers</b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	89,749	97,664	105,977
<i>Group Market</i>	<u>46,538</u>	<u>55,214</u>	<u>65,047</u>
<i>Total</i>	136,287	152,858	171,024
<b>Average Premium for Plans Sold in Particular Year <sup>1</sup></b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	\$2,287.33	\$2,695.84	\$2,540.90
<i>Group Market</i>	\$744.91	\$513.22	\$1,108.60
<b>Average Age of Massachusetts Subscribers</b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	61.9	65.3	67.6
<i>Group Market</i>	47.7	50.4	50.8
<b>Average Nursing Home Benefit Purchased in Particular Year</b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	\$180.01	\$182.73	\$193.22
<i>Group Market</i>	\$110.77	\$121.46	\$136.50
<b>Average Home Health Benefit Purchased in Particular Year</b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	\$168.19	\$177.51	\$191.00
<i>Group Market</i>	\$76.50	\$93.19	\$124.48
<b>Percent Purchasing Inflation Benefit in Massachusetts</b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	80.6%	91.9%	91.5%
<i>Group Market</i>	36.8%	41.9%	58.4%
<b>Percent Purchasing Plans Intended to Qualify for Certain Mass Health Exemptions</b>	<b><u>2004</u></b>	<b><u>2008</u></b>	<b><u>2012</u></b>
<i>Individual Market</i>	94.8%	82.9%	75.9%
<i>Group Market</i>	31.5%	31.9%	52.3%

### Lapse Rates <sup>2</sup>

Lapse rates were measured according to the number of insureds who had purchased a plan and no longer held that plan by the end of 2008 and 2012 respectively. Coverage may have lapsed because an insured switched to a new plan, died, or dropped coverage.

In the individual market, **14.8%** of the plans purchased in **2005** had lapsed by **2008**.  
In the individual market, **11.6%** of the plans purchased in **2009** had lapsed by **2012**.

In the group market, **37.1%** of the plans purchased in **2005** had lapsed by **2008**.  
In the group market, **29.7%** of the plans purchased in **2009** had lapsed by **2012**.