

XIII. SURVEY NOTES

- 1 Average 2008 premiums may differ from average 2004 premiums due to many factors including, but not limited to changes in: (1) benefits covered under plans, (2) levels of coverage chosen, (3) average age at which plans are purchased, and (4) economic inflation affecting the cost of long-term care services.
- 2 The following statistics only reflect the number of insureds who no longer hold the original plan issued in the initial year. Statistics may include those insureds who switched to another plan during the reporting periods. Individual policies may no longer be in-force due to death of the insured, policy replacement, exhaustion of benefits or lapse due to non-payment. Group plans may no longer be in-force for the same reasons. Group lapse rates may be higher than individual lapse rates due to employers switching LTCI carriers or employees leaving groups without opting to continue the plan on a conversion basis.
- 3 Unions may also offer LTCI policies to their members.
- 4 Some group policies may also be offered to members of a group trust.
- 5 Since Massachusetts has not enacted legislation similar to the National Association of Insurance Commissioners' Model Long-Term Act, group long-term care insurance products are not required to meet any specific filing or benefit requirements under Massachusetts law. Individual long-term care insurance policies, however, are subject to review under M.G.L. c. 175, §108, as well as 211 CMR 42.00 and 211 CMR 65.00, promulgated by the Division of Insurance.
- 6 All of the forty-two companies could respond to this question. Massachusetts membership statistics represents carriers that participated in the 2005 survey but no longer actively market products in Massachusetts, as well as carriers currently marketing products as of December 31, 2008.
- 7 All of the forty-two companies could respond to this question. National membership statistics represent carriers that participated in the 2005 survey but no longer actively market products in Massachusetts, as well as carriers currently marketing products as of December 31, 2008.
- 8 All but five of the forty companies could respond to this question; the remaining companies either were no longer offering coverage nationally in 2004 or they provided insufficient information and their data were not included in the summary statistics.
- 9 All but one of the forty-two companies could respond to this question; the remaining company was no longer offering coverage in Massachusetts in 2008.
- 10 All but four of the forty companies could respond to this question; the remaining companies either were no longer offering coverage nationally in 2004 or they provided insufficient information and their data were not included in the summary statistics.
- 11 All forty-two companies could respond to this question.
- 12 According to 211 CMR 65.05(2)(b)2., "[I]f lifetime maximum benefit periods may not cover fewer than 730 days beyond the policy's elimination period.
- 13 Twenty-one companies could respond to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 14 Twenty-five companies could respond to this question; the remaining companies were no longer offering coverage nationally in 2008, with the exception of one company that provided insufficient information and its data was not included in the summary statistic.
- 15 Facility-based care could include day and overnight care in a nursing home, assisted living facility or hospice.
- 16 According to 211 CMR 65.06(4)(a), "A carrier shall make available, at the time of application at least one policy that satisfies the requirements of 130 CMR 515.014." According to 130 CMR 515.014, "The policy must have available benefits of at least \$125 per coverage day in a nursing facility."
- 17 Community-based care could include home health care, home care, personal care, chore care, respite care, adult day health, adult day care or other non-medical care services provided to chronically ill persons.
- 18 According to 211 CMR 65.06(3) (a), "[a] carrier shall make available, at the time of application, at least one policy covering home health care that satisfies 211 CMR 65.05(2) (c). According to 211 CMR 65.06(2) (c)2., "A long-term care insurance policy or certificate, if it provides for home health care services, shall provide total home health coverage that is a dollar amount equivalent to at least one-half of one year's coverage available for nursing home benefits under the policy or certificate, at the time the covered home health services are being received."
- 19 According to 211 CMR 65.06(1)(a), "[a] carrier shall make available, at the time of application, an option to increase benefits in order to adjust for or mitigate against future inflation."

- 20 Twenty-five companies could respond to these questions; the remaining companies were no longer offering coverage nationally in 2008, with the exception of one company that provided insufficient information and its data was not included in the summary statistic.
- 21 Federally qualified long-term care standards are defined under section 7702B(b) of the Internal Revenue Code of 1986, as amended.
- 22 According to 211 CMR 65.09(1)(e)3., “[t]here shall be on the face of the policy or certificate, or a sticker attached to the first page of the policy or certificate, a notice that includes the following in substantially the same language and format: **FEDERAL INCOME TAX EXEMPTIONS:** This policy (**IS**)(**IS NOT**) intended to be a federally-qualified long-term care insurance contract under section 7702B(b) of the Internal Revenue Code of 1986, as amended.
- 23 Thirty-three companies could respond to this question; the remaining companies either were no longer offering coverage nationally in 2004 or they provided insufficient information and their data were not included in the summary statistics.
- 24 Twenty-five companies could respond to this question; the remaining companies were no longer offering coverage nationally in 2008.
- 25 According to 130 CMR 515.014(a), “[u]nder Division of Insurance regulations at 211 CMR 65.09(1)(e)(2), to qualify for the MassHealth exemptions, an individual must be a covered person under an individual, group, or employment-based group policy issued on or after March 15, 1999, that meets the individual policy minimum standards of 211 CMR 65.05 and all of the following requirements.
- (1) Scope of Benefits. The policy must cover nursing and custodial care in a nursing facility licensed by the Department of Public Health.
 - (2) Daily Dollar Benefits. The policy must have available benefits of at least \$125 per coverage day in a nursing facility, except where the actual expense incurred is less, regardless of whether accrued benefits are measured in terms of days or dollar amount.
 - (3) Nursing Facility Coverage Days: Lifetime Benefit Period. The policy must have benefits available sufficient to cover at least 730 days in a nursing facility.
 - (4) Elimination Period. No policy may have an elimination period (days on which services are provided to an insured before the policy begins to pay benefits) longer than 365 days in a nursing facility. The application of more than one elimination period is not allowed unless the insured has received no benefits for a period of at least 180 consecutive days. In lieu of an elimination period, the policy may have a deductible of no more than \$54,750.
- 26 According to 211 CMR 65.09(1)(e)3., “[t]here shall be on the face of the policy or certificate, or a sticker attached to the first page of the policy or certificate, a notice that includes the following in substantially the same language and format: **STATE MASSHEALTH (MEDICAID) EXEMPTIONS:** This policy (**IS**)(**IS NOT**) intended to satisfy Massachusetts’ minimum long-term care insurance coverage requirements as of the policy’s effective date for certain asset and liability exemptions under the Massachusetts MassHealth (Medicaid) Program. Please note that there may be other MassHealth (Medicaid) requirements to qualify for these exemptions.
- 27 According to 211 CMR 65.06(1)(a), “[a] carrier shall make available, at the time of application at least one policy that satisfies the requirements of 130 CMR 515.014.
- 28 Twenty-eight companies could respond to this question; the remaining companies either were no longer offering coverage in Massachusetts in 2004 or they provided insufficient information and their data were not included in the summary statistics.
- 29 Twenty-two companies could respond to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 30 The average 2001, 2004, and 2008 premiums may differ due to many factors including, but not limited to changes in: (1) benefits covered under plans, (2) levels of coverage chosen, (3) average age at which plans are purchased, and (4) economic inflation affecting the cost of long-term care services.
- 31 All but five of the forty companies could respond to this question; the remaining companies either were no longer offering coverage in Massachusetts in 2004 or they provided insufficient information and their data were not included in the summary statistics.
- 32 All but one of the forty-two companies could respond to this question; the remaining company was no longer offering coverage in Massachusetts in 2008.
- 33 All but four of the forty companies could respond to this question; the remaining companies either were no longer offering coverage nationally in 2004 or they provided insufficient information and their data were not included in the summary statistics.
- 34 All forty-two companies could respond to this question.

- 35 According to 211 CMR 65.05(2)(b)2., “[l]ifetime maximum benefit periods may not cover fewer than 730 days
beyond the policy's elimination period.
- 36 Twenty-one companies could respond to this question; the remaining companies were no longer offering coverage in
Massachusetts in 2008.
- 37 Twenty-five companies could respond to this question; the remaining companies were no longer offering coverage
nationally in 2008, with the exception of one company that provided insufficient information and its data was not
included in the summary statistic.
- 38 Facility-based care could include day and overnight care in a nursing home, assisted living facility or hospice.
- 39 According to 211 CMR 65.06(4)(a), “A carrier shall make available, at the time of application at least one policy that
satisfies the requirements of 130 CMR 515.014.” According to 130 CMR 515.014, “The policy must have available
benefits of at least \$125 per coverage day in a nursing facility.”
- 40 Community-based care could include home health care, home care, personal care, chore care, respite care, adult day
health, adult day care or other non-medical care services provided to chronically ill persons.
- 41 According to 211 CMR 65.06(3)(a), “[a] carrier shall make available, at the time of application, at least one policy
covering home health care that satisfies 211 CMR 65.05(2)(c). According to 211 CMR 65.06(2)(c)2., “A long-term
care insurance policy or certificate, if it provides for home health care services, shall provide total home health
coverage that is a dollar amount equivalent to at least one-half of one year's coverage available for nursing home
benefits under the policy or certificate, at the time the covered home health services are being received.”
- 42 According to 211 CMR 65.06(1)(a), “[a] carrier shall make available, at the time of application, an option to increase
benefits in order to adjust for or mitigate against future inflation.”
- 43 Twenty-five companies could respond to these questions; the remaining companies were no longer offering coverage
in Massachusetts in 2008, with the exception of one company that provided insufficient information and its data was
not included in the summary statistic.
- 44 Twenty-five companies could respond to these questions; the remaining companies were no longer offering coverage
nationally in 2008, with the exception of one company that provided insufficient information and its data was not
included in the summary statistic.
- 45 Federally qualified long-term care standards are defined under section 7702B(b) of the Internal Revenue Code of
1986, as amended.
- 46 According to 211 CMR 6509(1)(e)3., “[t]here shall be on the face of the policy or certificate, or a sticker attached to
the first page of the policy or certificate, a notice that includes the following in substantially the same language and
format: **FEDERAL INCOME TAX EXEMPTIONS:** This policy (**IS**)(**IS NOT**) intended to be a federally-qualified
long-term care insurance contract under section 7702B(b) of the Internal Revenue Code of 1986, as amended.
- 47 Twenty-seven companies could respond to this question; the remaining companies either were no longer offering
coverage in Massachusetts in 2004 or they provided insufficient information and their data were not included in the
summary statistics.
- 48 Twenty-one companies could respond to this question; the remaining companies were no longer offering coverage in
Massachusetts in 2008.
- 49 According to 130 CMR 515.014(a), “[u]nder Division of Insurance regulations at 211 CMR 65.09(1)(e)(2), to qualify
for the MassHealth exemptions, an individual must be a covered person under an individual, group, or employment-
based group policy issued on or after March 15, 1999, that meets the individual policy minimum standards of 211
CMR 65.05 and all of the following requirements.
- (1) Scope of Benefits. The policy must cover nursing and custodial care in a nursing facility
licensed by the Department of Public Health.
 - (2) Daily Dollar Benefits. The policy must have available benefits of at least \$125 per coverage day in
a nursing facility, except where the actual expense incurred is less, regardless of whether accrued
benefits are measured in terms of days or dollar amount.
 - (3) Nursing Facility Coverage Days: Lifetime Benefit Period. The policy must have benefits available
sufficient to cover at least 730 days in a nursing facility.
 - (4) Elimination Period. No policy may have an elimination period (days on which services are
provided to an insured before the policy begins to pay benefits) longer than 365 days in a nursing
facility. The application of more than one elimination period is not allowed unless the insured has
received no benefits for a period of at least 180 consecutive days. In lieu of an elimination period,
the policy may have a deductible of no more than \$54,750.
- 50 According to 211 CMR 6509(1)(e)3., “[t]here shall be on the face of the policy or certificate, or a sticker attached to
the first page of the policy or certificate, a notice that includes the following in substantially the same language and
format: **STATE MASSHEALTH (MEDICAID) EXEMPTIONS:** This policy (**IS**)(**IS NOT**) intended to satisfy

Massachusetts' minimum long-term care insurance coverage requirements as of the policy's effective date for certain asset and liability exemptions under the Massachusetts MassHealth (Medicaid) Program. Please note that there may be other MassHealth (Medicaid) requirements to qualify for these exemptions.

51 According to 211 CMR 65.06(1)(a), "[a] carrier shall make available, at the time of application at least one policy that satisfies the requirements of 130 CMR 515.014.

52 Twenty-eight companies could respond to this question; the remaining companies either were no longer offering coverage in Massachusetts in 2004 or they provided insufficient information and their data were not included in the summary statistics.

53 Twenty-two companies could respond to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

54 The average 2001, 2004, and 2008 premiums may differ due to many factors including, but not limited to changes in: (1) benefits covered under plans, (2) levels of coverage chosen, (3) average age at which plans are purchased, and (4) economic inflation affecting the cost of long-term care services.

55 M.G.L. c. 176D, as well as 211 CMR 40.00 ("Marketing of Insured Health Plans") and 211 CMR 65.00 ("Long-Term Care Insurance").

56 Information is based on the earliest date that a carrier initially began marketing nationally or in Massachusetts.

57 Seven companies responded to this question; the remaining companies either were no longer offering coverage in 2004 or they provided insufficient information and their data were not included in the summary statistic.

58 Eight companies responded to this question; the remaining companies were no longer offering coverage in 2008.

59 Twenty-six companies responded to this question; the remaining companies either were no longer offering coverage in 2004 or they provided insufficient information and their data were not included in the summary statistic.

60 Twenty-one companies responded to this question; the remaining companies were no longer offering coverage in 2008.

61 Twenty companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

62 Twenty-one companies responded to this question; the remaining companies were no longer offering coverage nationally in 2008.

63 Eight companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

64 Ten companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

65 Six companies responded to this question; the remaining companies did not sell any group plans in 2001, 2004, and 2008.

66 Six companies responded to this question; the remaining companies did not sell any group plans in 2001, 2004, and 2008.

67 Six companies responded to this question; the remaining companies did not sell any group plans in 2001, 2004, and 2008.

68 Six companies responded to this question; the remaining companies did not sell any group plans in 2001, 2004, and 2008.

69 Six companies responded to this question; the remaining companies did not sell any group plans in 2008.

70 Twenty-two companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

71 One carrier writing individual coverage indicated that the initial commission is 0% due to all policies being sold through direct sales that are made by salaried staff who do not receive a commission.

72 One carrier writing group coverage indicated that the initial commission is 0% due to all policies being sold through an association with no commissions.

73 According to 211 CMR 65.09(4)(b), carriers are required to disclose their suitability standards to eligible applicants if they collect income and asset information and notify the individual that he or she is suitable for coverage.

74 Twenty-one companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

75 Ten companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

76 Twenty companies responded to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.

77 A total of 15 companies submit a copy of the completed application when delivering the policy to the insured.

- 78 A total of 17 companies present the policy/certificate of coverage, along with all associated riders following the processing of the coverage, after approval by the company.
- 79 Nine companies writing group plans responded to these questions, the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 80 Twenty-one companies writing individual plans responded to these questions, the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 81 One carrier writing individual coverage indicated that the upgraded plan written through the same company would be rated according to the attained age with a discount, or a blend of the original issue age and the attained age.
- 82 Two carriers writing group coverage indicated that the upgraded plan written through the same company would be rated according to the attained age with a discount, or a blend of the original issue age and the attained age.
- 83 One company writing individual coverage indicated that a policy replacing an LTCI policy issued by a different LTCI carrier would be rated based on the individual's age when buying the original policy, provided that the original company transfers the person's dedicated LTCI reserves.
- 84 Three carriers writing group coverage indicated that a policy replacing an LTCI policy issued by a different LTCI carrier would be rated based on the individual's age when buying the original policy. In addition, two carriers writing group coverage indicated that a policy replacing an LTCI policy issued by a different LTCI carrier would be rated at the age when the insured's purchased the original policy if the previous company transferred reserves.
- 85 Nine companies writing group plans could respond to these questions, the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 86 Twenty-one companies writing individual plans could respond to these questions, the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 87 The statistics only reflect the number of insureds who, at the end of a four-year period, no longer hold the original policy issued in the initial year. Statistics may include those insureds who switched to another policy during the four-year period.
- 88 Twenty-two companies could respond to this question; the remaining companies were no longer offering coverage in Massachusetts in 2008.
- 89 All but sixteen of the forty-two companies could respond to this question; the remaining companies were no longer offering coverage nationally in 2005. Lapse rates reported may be higher for group policies in relation to individual policies because employers may switch carriers or employees may leave employers without buying conversion coverage.
- 90 Statistics are based on the average yearly mortality rate during the first two years of coverage for persons purchasing LTCI in 2005.
- 91 Thirty-eight companies could respond to this question; the remaining companies were no longer offering coverage in Massachusetts in 2005, with the exception of two companies that provided insufficient information and their data were not included in the summary statistic.
- 92 Thirty-eight companies could respond to this question; the remaining companies were no longer offering coverage nationally in 2005, with the exception of two companies that provided insufficient information and their data were not included in the summary statistic.
- 93 Fifteen companies could respond to this question for 2004, 2006, and 2008. The remaining companies were no longer offering coverage in Massachusetts, with the exception of four companies that provided insufficient information and their data were not included in the summary statistics.
- 94 Five companies could respond to this question for 2004, 2006, and 2008; the remaining companies were no longer offering coverage in Massachusetts, with the exception of three companies that provided insufficient information and their data were not included in the summary statistics.