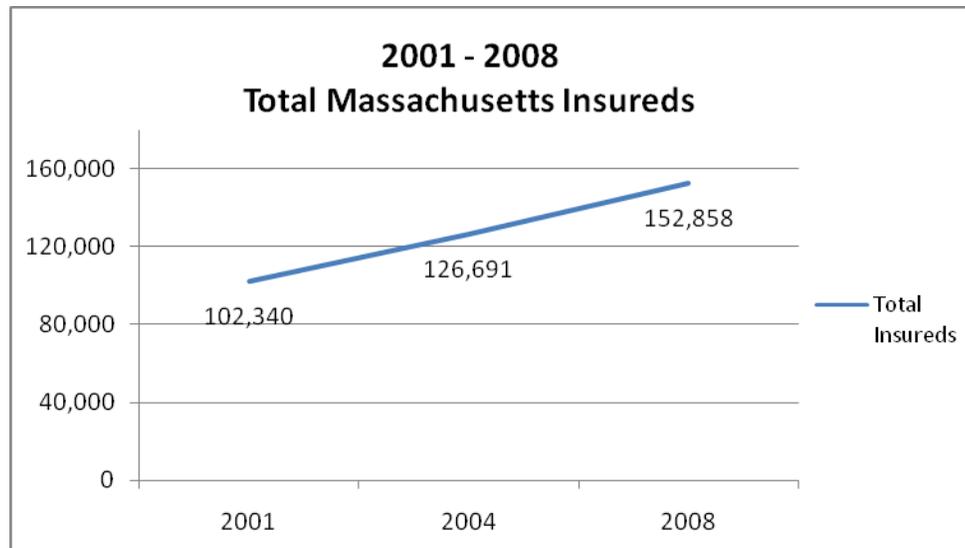


## I. EXECUTIVE SUMMARY

A. The number of Massachusetts residents with long-term care insurance (“LTCI”) coverage increased by 26,167 from 126,691 in 2004 to 152,858 in 2008.



### Individually Written Plans

- The number buying coverage on an individual basis increased by 18,439 or 23.3% from 79,205 in 2004 to 97,644 in 2008.
- The average age of an individual policyholder rose from 61.9 in 2004 to 65.3 in 2008. The average annual premium paid rose from \$2,287.33 in 2004 to \$2,695.84 in 2008.
- For policies bought in 2008, almost 92% included inflation protection and almost 83% satisfied MassHealth (Medicaid) benefit standards; average daily nursing home benefit was \$182.73.
- Policy lapses in the first 3 years increased - while 91.5% of those buying in 2002 held the policy for at least three years, only 85.2% of those buying in 2005 held the plan for at least three years.

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

- The number buying coverage from employer groups or through group associations increased by 7,728 or 16.3% from 47,486 in 2004 to 55,214 in 2008.
- The average age of a group certificateholder rose from 47.7 in 2004 to 50.4 in 2008. The average annual premium paid rose from \$485.59 in 2004 to \$513.22 in 2008.
- For coverage bought in 2008, almost 42% included inflation protection and almost 32% satisfied MassHealth benefit standards; average daily nursing home benefit was \$121.46.
- Policy lapses in the first 3 years increased - while 82.4% of those buying in 2002 held the policy for at least three years, only 62.9% of those buying in 2005 held the plan for at least three years.

## B. Summary of Massachusetts Covered Lives

<b>Number of Insureds</b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	64,519	79,205	97,644
<i>Group Market</i>	<u>37,821</u>	<u>47,486</u>	<u>55,214</u>
<i>Total</i>	102,340	126,691	152,858
<b>Average Premium for Plans Sold in Particular Year <sup>1</sup></b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	\$2,087.08	\$2,287.33	\$2,695.84
<i>Group Market</i>	\$554.50	\$485.59	\$513.22
<b>Average Age of Massachusetts Insureds</b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	63.3	61.9	65.3
<i>Group Market</i>	49.8	47.7	50.4
<b>Average Nursing Home Benefit Purchased in Particular Year</b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	\$152.62	\$180.01	\$182.73
<i>Group Market</i>	\$102.94	\$110.77	\$121.46
<b>Average Home Health Benefit Purchased in Particular Year</b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	\$108.36	\$168.19	\$177.51
<i>Group Market</i>	\$69.52	\$76.50	\$93.19
<b>Percent Purchasing Inflation Benefit in Massachusetts</b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	78.6%	80.6%	91.9%
<i>Group Market</i>	60.5%	36.8%	41.9%
<b>Percent Purchasing Plans Intended to Qualify for Certain Mass Health Exemptions</b>	<b><u>2001</u></b>	<b><u>2004</u></b>	<b><u>2008</u></b>
<i>Individual Market</i>	79.7%	73.2%	82.9%
<i>Group Market</i>	28.2%	31.5%	31.9%

### 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 2004 and 2008 respectively. Coverage may have lapsed because an insured switched to a new plan, died, or dropped coverage.

In the individual market, **8.5%** of the plans purchased in **2002** had lapsed by **2004**.  
In the individual market, **14.8%** of the plans purchased in **2005** had lapsed by **2008**.

In the group market, **17.6%** of the plans purchased in **2002** had lapsed by **2004**.  
In the group market, **37.1%** of the plans purchased in **2005** had lapsed by **2008**.