

Long-Term Care ME and NC Partnership Qualified Full and Coverage Exchange Program



12/7/2011

PRODUCT

Some eligible policyholders who *originally* purchased one of the policies listed below in **Maine** or **North Carolina** will be mailed a [full exchange offer letter](#) alerting them their policy is not partnership qualified, but they are eligible to exchange for a new partnership qualified policy. Agents with impacted policyholders will receive a copy of the letter as well.

State	Products	Purchased Policy between...	Exchange Offer Letter Mailing Date
Maine	<ul style="list-style-type: none"> Long-Term Care Insurance (LTA/NHA) Long-Term Care I or II (LTC04i) Mutual Care® (LTC04i7) Mutual Care® Plus or United LTCi Solutions (LTC09) 	July 1, 2004 - July 1, 2010	December 19, 2011
North Carolina	<ul style="list-style-type: none"> Long-Term Care I or II (LTC04i) Mutual Care® (LTC04i7) Mutual Care® Plus or United LTCi Solutions (LTC09) 	Feb. 8, 2006 - Sept. 6, 2011	December 19, 2011

A long-term care policy is considered eligible for a full exchange or coverage increase when the current policy, issued after the State Plan Amendment effective date, does not meet national partnership qualified coverage levels. Additional coverage would need to be selected, such as inflation, obtain a new policy or exchange for a new plan or product in order to become partnership qualified.

Policyholders that qualify for a full exchange or coverage increase:

- Will need to complete a [cover sheet](#) and new application, change their benefits and go through additional underwriting on the increased coverage
- Will receive a new coverage effective date to the policy to make it partnership qualified
- Will see an increase in their current premium
- Will receive a new Schedule of Benefits page for their policy as well as Partnership Disclosure Notice, which provides information about their policy's Long-Term Care Partnership status

PARTNERSHIP QUALIFIED POLICIES

When your clients purchase an individual long-term care insurance policy that meets your state's partnership guidelines, they will be allowed to protect a portion of their assets they might otherwise have to "spend down" in order to meet Medicaid eligibility requirements. This allows your clients to protect one dollar of personal assets for each dollar their long-term care insurance policy pays in benefits. For example, if a client purchases a long-term care insurance policy that pays \$100,000 in benefits, and they utilize a \$100,000 benefit amount, they will be allowed to protect \$100,000 in personal assets.

Future policyholder mailings will be handled on a state-by-state basis. Look for subsequent communications as additional states are mailed.

If you have any questions regarding the full exchange or coverage increase program, be sure to check out the attached [Frequently Asked Questions](#) document.

Active Exchange Offer Letter

[DATE]

[FIRST NAME] [MI] [LAST NAME]

[ADDRESS LINE 1]

[CITY] [STATE] [ZIP CODE]

RE: Policy Number [00000-00000]

Effective Date/Policy Issue Date: [00/00/00]

“The Long-Term Care Partnership Exchange Notification Form”

Our company participates in [original execution state]’s long term care partnership program by offering long term care insurance policies that meet certain state and federal requirements. Under the partnership program, policies that meet these requirements may allow you to protect a portion of your assets from Medicaid’s “spend down” requirements if you should ever need to apply for Medicaid benefits to pay for long term care expenses in the future. Partnership program policies may allow you to keep a dollar of your own assets for every dollar of benefits paid by the policy for long term care services should you need to apply for Medicaid.

Although we sell long term care insurance policies that qualify as partnership program policies, **the policy you currently have with us does not qualify for the partnership program**. Therefore, we are notifying you that you may be able to exchange your current long-term care policy for a new policy that qualifies under the partnership program.

However, before you consider exchanging your current long-term care policy for a policy that qualifies under the partnership program, there are several things you should know:

1. You may be required to answer health questions that will determine whether we will issue you a new policy (medical underwriting).
2. Since your current policy may be out of date and, therefore, does not qualify as a partnership program policy, you may be required to update your plan by adding benefits. Carefully consider any change in benefits that may increase your costs.
3. The premium for the new policy may be higher than the premium you pay for your existing policy.
4. If you move, or have moved, to a state that does not maintain a partnership program or does not recognize your plan as a partnership plan, you would not receive the asset protection under the Medicaid laws of that state.
5. Since the partnership program is based on current state and federal laws, it is subject to change. If the laws are changed, the partnership program policies may not offer the same protections in the

future as they do now.

If your existing long term care policy has a [shared care benefit] and you accept the offer to exchange your current long term care policy for a new policy that qualifies under the partnership program, both you and your spouse may be required to update your plan(s) by adding benefits in order to become partnership qualified.

Also, please be advised that if your existing long-term care policy has a pending coverage change, accepting the offer to exchange your existing policy for a new partnership program policy may null or void the pending coverage change.

If you would like more information about this offer to exchange your existing long term care insurance policy for a policy that qualifies under your state's partnership program, please contact your agent.

If, after you learn more about the partnership program and any additional costs or benefit updates that may be required, and you decide to accept the offer to exchange your existing policy for a new partnership program policy, we may ask you to complete certain requirements before determining whether we can issue you a policy, such as completing an application and providing medical records.

Once you know all the additional costs, if any, and we have determined that you qualify for any additional benefits that may be required, in order to effect the completion of the exchange of your old long term care policy for a new, partnership policy, we may send you a new policy or new certificate that will amend your existing policy so that it qualifies under the state's long term care partnership program.

If you have questions about [original execution state]'s long term care partnership program, you may contact your agent.

Sincerely,

[Administrator]

«grp_program»

cc: [«Agent_FName» «Agent_MName» «Agent_LName»
«Agency»
«Agent_Addr1»
«Agent_Addr2»
«Agent_City» «Agent_State» «Agent_Zip»]

Appendix C: NP Exchange App Cover Sheet

[Carrier Name/Logo]

National Partnership Exchange Application

Applicant Name: _____

Policy number to be exchanged: _____

- Full Exchange
- Coverage Change Exchange

If future effective coverage exists, check one:

- Re-enter future effective coverage if exchange application is approved
- Void/Null future effective coverage if exchange application is approved

If covered spouse exists, enter spouse name and policy no.

Covered Spouse Name: _____

Covered Spouse [Policy/Certificate] #: _____



Full Exchange/Coverage Exchange Frequently Asked Questions

Q: What's the difference between a full exchange and a coverage exchange?

A: With a full exchange the insured gets a new policy whereas a coverage exchange the insured keeps their existing policy.

Q: Which policies will be excluded from exchanges?

A: Policies will be excluded from the exchange process in the following situations:

- In a non-forfeiture benefit
- Is considered paid-up (including Single Premium policies)
- Over the age of 79
- Are in Waiver of Premium status
- Is lapsed or terminated
- Is outside eligible dates

Q: How will my client's new premium be calculated?

A: Premiums will be a blended premium calculated using their previous coverage and their new exchange coverage premium. The system will carry forward discounts and risk factors (ex. spousal discount, health rating factor, etc.) from the old policy to the new policy. Discounts/factors on the old policy that are not available on the new plan will not be carried over. Any discounts/factors that were not available on the old policy but are available on the new plan will be manually applied.

Q: Can I run a quote on the software to determine the blended premium amount?

A: No. If a quote is needed, please contact Customer Service at (877) 894-2478. They will run the blended premium calculation for you.

Q: Can my clients utilize the no cash with application option when applying for a partnership qualified policy?

A: Yes. All exchanges will be no cash with application.

Q: Will additional underwriting or a new application be required to receive the partnership benefits?

A: Yes. You will need to complete a new application as well as the "National Partnership Exchange Cover Letter." There will be full underwriting on the increased coverage. **PLEASE NOTE:** While the new application is being underwritten, your clients will need to continue to pay premiums on their existing policy.

Q: If my client was on claim is he/she eligible for an exchange?

A: Yes. Any claims paid on the original policy will be subtracted from the lifetime benefit of the new full exchange policy.

Q: Can a policyholder choose not to apply for partnership benefits through?

A: Yes. Applying for a full exchange or coverage exchange is optional.

Q: Will all partnership qualified states be included in the policyholder exchange notification?

A: No. We will only contact policyholders that purchased their policy in states that require exchanges.

Q: My client received an exchange letter, but doesn't currently live in a state that has been identified as a full exchange or coverage exchange state. Why?

A: Exchanges are being offered to policyholders based on the state in which they purchased the policy. Therefore, if your client received a letter and his/her current state has not been identified as a full exchange or coverage exchange state, check to see if the policyholder's original state of residence has been.



**Full Exchange/Coverage Exchange
Frequently Asked Questions
Cont'd**

Q: My client bought their policy in a state that is eligible for a full exchange or coverage exchange, but now lives in a state without partnership. Will they still be eligible for partnership benefits?

A: No. If your client has moved to a state without partnership, they will receive a letter advising them that their current state does not offer partnership benefits. As the agent, you will receive a copy of this letter as well.

Q: Does the full exchange or coverage exchange change the effective date of my client's policy?

A: Yes. The effective date will begin at the end of the old policies paid through date.

Q: How will my compensation be affected?

A: The commissionable year will continue between the original coverage and the exchange coverage. The increased portion of the premium will be calculated at the first-year commission rate.

Q: How long do my clients have to take advantage of this full exchange or coverage exchange?

A: In Maine 60 days and North Carolina 90 days from the date offer letters were mailed.