

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

DIVISION OF INSURANCE

1560 Broadway, Suite 850
Denver, Colorado 80202



Bulletin No. B-4.28

Notice Requirement Regarding Long-Term Care Partnership Status

I. Background and Purpose

The purpose of this bulletin is to provide guidance regarding the notice of Long-Term Care Partnership status.

Bulletins are the Division's interpretation of existing insurance law or general statements of Division policy. Bulletins themselves establish neither binding norms nor finally determine issues or rights.

II. Applicability and Scope

This bulletin is intended for all long-term care insurers issuing or renewing Long-Term Care Insurance Partnership Insurance policies.

III. Division Position

All long-term care insurers issuing long-term care partnership insurance policies shall provide a Notice Regarding Your Long-Term Care Partnership Status, to the insured at the issuance of a policy that is intended to be a Partnership Policy. Thus, in the case of a group insurance contract, such Notice must be provided to the insured under a certification upon the issuance of the certificate.

In determining whether to provide the Notice Regarding Long-Term Care Insurance Partnership Status with respect to a policy, the issuer of the policy may rely upon a statement by the policyholder, certificate holder or insured that the insured is a resident of Colorado.

IV. Additional Division Resources

. For More Information

Colorado Division of Insurance
Licensing Section
1560 Broadway, Suite 850
Denver, CO 80202
Tel. 303-894-7499
Internet: <http://www.dora.state.co.us/insurance>

V. History

- Issued December 21, 2007

IMPORTANT NOTICE REGARDING YOUR POLICY'S LONG-TERM CARE PARTNERSHIP STATUS

(Please keep this Notice with Your Policy or Certificate)

The Colorado Long-Term Care Partnership Program is a partnership between Colorado and private insurers of long-term care insurance policies. The Colorado Long-Term Care Partnership Program became effective on January 1, 2008 and is provided in accordance with the Deficit Reduction Act of 2005 (P.L. 109-171).

Notice of Partnership Policy Status. This Notice identifies the qualified long-term care insurance policy or certificate that you have purchased as qualifying under the Colorado Long-Term Care Partnership Program. This Notice explains the valuable Medicaid asset protection that you may receive from purchasing a Partnership Policy.

Medicaid Asset Protection and Estate Recovery Provided. Long-term care insurance is an important tool that helps individuals prepare for future long-term care needs. Partnership Policies provide an additional level of protection. In particular, such policies permit individuals to protect additional assets from spend-down requirements under the state's Medicaid program if assistance under this program is ever needed and you otherwise qualify for Medicaid.

Specifically, the asset eligibility and recovery provisions of the Medicaid program of Colorado are applied by disregarding an additional amount of assets which is equal to the amount of insurance benefits you have received from your Partnership Policy. For example, if you receive \$200,000 in insurance benefits from your Partnership Policy, you generally would be able to retain \$200,000 of assets above and beyond the amount of assets normally permitted for Medicaid eligibility. Likewise, Medicaid would disregard up to \$200,000 of the same assets in your estate at the time of your death which can then be passed on to your chosen beneficiaries.

Other Medicaid eligibility requirements regarding disability determination, assets and income must be met. Medicaid eligibility requirements may vary from one state to another and may change over time.

Additional Consumer Protections. In addition to providing Medicaid asset protection, your Partnership Policy has other important features. Under the rules governing The Colorado Long-Term Care Partnership Program, your Partnership Policy must be a qualified long-term care insurance contract under federal tax law, and as such the insurance benefits you receive from the policy generally will be subject to beneficial income tax treatment. (Please note that a policy can be a qualified long-term care insurance contract under federal tax law, with the same beneficial income tax treatment, even if it is not a Partnership Policy.) In order to qualify for the Partnership Program, Colorado requires a minimum purchase of inflation protection, which varies by age of purchase:

- a. Under the age of 61, an individual must have a minimum of 5% annual compounded interest or CPI computed annually.
- b. Between the ages of 61 to 75, individual must have one of the following: 3% compounded annually, 5% simple interest, CPI computed annually or 5% compounded 2X maximum (5% compounded until the daily benefit is doubled).
- c. Over age 75, inflation protection is optional.
- d. Effective January 1, 2010, additional inflation protection provisions may be offered, if approved by the Colorado Division of Insurance and the Department of Health Care Policy and Financing.

What Could Disqualify Your Policy as a Partnership Policy? If you make any changes to your policy or certificate, such changes could affect whether your policy or certificate continues to qualify as a Partnership Policy. Before you make any changes, you should consult with the issuer of your policy to determine the effect of a proposed change. In addition, if you move to a state that does not maintain a Partnership program or does not recognize your policy as a Partnership Policy, you would not receive Medicaid asset protection in that state. Also, changes in federal or state law could affect the Medicaid asset protection available with respect to your Partnership Policy.

Additional Information.

Should you have questions regarding the Colorado Long-Term Care Insurance Partnership Program policy you are considering purchasing or have purchased or questions about long-term care insurance in general, please contact the Colorado Division of Insurance at 303-894-7499 or 1-800-930-3745.

If you have general questions about Colorado's Long-Term Care Partnership Program and how it works with Colorado's Medicaid laws, please contact the Colorado Department of Health Care Policy and Financing which administers the Medicaid program at 303-866-3513 or 800-221-3943 or your local county department of health/social services.