

Virginia Joins National Long-Term Care Partnership Program, Effective 9/1/2007

What's New?

Virginia has implemented a Long-Term Care Partnership Program, and amended its Medicaid plan accordingly, effective September 1, 2007.

Effective September 1, 2007, you cannot sell any MetLife LTCI in VA until you complete the full 8 hours of training!

What is a Long-Term Care Insurance (LTCI) Partnership Program?

LTCI Partnership Programs allow an individual to purchase a State-approved Long-Term Care Insurance Policy with the intention that if he/she needs to apply for Medicaid in the future to pay for LTC services, then the individual will be able to protect all or a portion of the assets he/she would otherwise have to "spend down" to become Medicaid eligible.

What is the National Long-Term Care Partnership Program?

- On February 8, 2006, the Deficit Reduction Act (DRA) of 2005 was signed into law, allowing the expansion of Long-Term Care Insurance Partnership Programs in new states, thus creating the National Long-Term Care Partnership Program.
- Prior to the DRA, four states, California, Connecticut, Indiana and New York, had LTCI Partnership Policy Programs. The Partnership Programs in CA, CT, IN and NY are grandfathered "as is" under this new legislation.
- New states are able to implement LTCI Partnership Programs, under the guidelines of the DRA.
 - **Read about the DRA guidelines:**
 - Under the DRA, a policy must meet the following requirements to be considered eligible for asset protection under the National LTC Partnership Program:
 - Be a Tax-Qualified LTCI policy.
 - Meet certain consumer-protection provisions of the NAIC Model Act and Regulation for Long-Term Care Insurance.
 - Be issued after the state's Partnership effective date (the date the state amends its Medicaid plan).
 - Meet the specific state's requirements for Tax-Qualified LTC policies, however, the state cannot impose any requirements for National Partnership policies other than what it imposes on non-Partnership LTC insurance policies (with the exception of specific age-based Inflation Protection requirements).
 - Meet specific age-based Inflation Protection requirements (see Virginia specific requirements below).
- Once a state is approved and has announced an effective date of the new Partnership Program, insurers must receive approval from the state's Department of Insurance (DOI) of the policy forms they wish to sell as Partnership Policies in that state.
- While the DRA has established guidelines, there may be some minor variations between each state's Partnership Program. As each state adopts the Partnership Program, details of that state's program will become available. See below for specific details of the new LTC Partnership Program in Virginia.

What do I need to know about the new LTC Partnership Program in Virginia?

- Virginia has amended its Medicaid plan, effective September 1, 2007.
- MetLife is awaiting certification of the VIP2 Policy Series by the Virginia Department of Insurance (DOI) to sell the VIP2 Policy Series as Partnership Policies in Virginia, and anticipates the certification to be effective September 1, 2007.
- If an applicant purchases a MetLife VIP2 policy on or after 9/1/2007 that meets the following age-based inflation protection requirements, the policy will be considered eligible for asset protection under the National LTC Partnership Program:
 - Under age 61: Insured must purchase 5% Automatic Compound Inflation Protection
 - Age 61 – 75: Insured must purchase either 5% Automatic Compound Inflation Protection or 5% Automatic Simple Inflation Protection
 - Age 76 and older: Insured does not need to have any inflation protection.
- “Age” is the age of the applicant at policy effective date. The policy must meet, and maintain, the inflation requirements based on the insured’s age at policy effective date.
- **Any application signed prior to 9/1/07, regardless of policy effective date, will not be considered a Partnership Policy, per Virginia requirements.**
- If the insured purchases a policy that initially is considered a Virginia LTC Partnership Policy and then changes his/her inflation protection option so that it no longer meets the above requirements, the policy will no longer be considered a Virginia LTC Partnership Policy and will not be considered eligible for asset protection.
- If the insured chooses to purchase a policy that does not meet these age-based inflation protection requirements, it will not be considered a Partnership Policy, and will not be considered eligible for asset protection.

All MetLife LTCI VIP2 policies sold on or after 9/1/2007 in Virginia, which meet the above age-based inflation protection requirements, will be considered a Virginia LTC Partnership Policy.

What changes in materials should I look for?

1. Partnership language will now be included in the application packet to briefly explain what choices will make a policy eligible for asset protection through the Virginia Long-Term Care Partnership Program. Make sure you take the time to explain these inflation protection choices to your clients!
2. MetWINS will have language about the Virginia Long-Term Care Partnership Program and the age-based inflation protection requirements necessary to purchase a Partnership Policy. Look for this new information in an upcoming release of MetWINS.
3. Policies sold on or after the Virginia LTC Partnership Program effective date, 9/1/2007, will now include a notice referencing the Virginia LTC Partnership Program. See attachment to review the notice/endorsement included in the policy.
4. In the near future, there will be a new consumer brochure, which reviews general information about the National LTC Partnership Program, asset protection, and the age-based inflation protection requirements necessary to purchase a Partnership Policy.
5. As each state joins the National Long-Term Care Partnership Program, a “LTC Partnership State Variation Chart” will be available for your reference. Look for it in the future.

Are there specific Licensing/Certification Requirements to sell Partnership Policies in Virginia?

YES! As a licensed producer, if you choose to sell any Long-Term Care Insurance in Virginia, you must complete the following training requirements:

1. Complete 8 hours of training by September 1, 2007:
 - o **Option A)** If you have completed 6 hours of general LTC CEs between 2005 and Sept. 1, 2007 (such as hours used for your LTCP or CLTC designations), you can use them to help you meet the 8-hour requirement. You must submit proof of these CEs to MetLife Corporate Licensing. You must then complete a 2-hour training course specific to the Virginia Partnership Program, by September 1, 2007 (see link below).

OR

- o **Option B)** Complete an 8-hour training course, 2 hours of which must be specific to VA Partnership, by September 1, 2007 (see link below).
2. Complete any additional training requirements that are announced in subsequent years. Virginia currently states that producers will need to complete additional training every two years.
3. Submit proof of partnership certification/CEs to MetLife Corporate Licensing.

Get Certified Online:

MetLife has partnered with AHIP's (America's Health Insurance Plans) Center for Insurance Education and Professional Development to offer the required training in VA.

Producers will be able to take the course online, receive Partnership Certification and possibly CEs towards their license.

To complete the partnership certification through AHIP, click on the attached link www.ltcpartnershiponline.com/metlife or paste into your browser to access the online Partnership Certification Course.

Effective September 1, 2007, you cannot sell any MetLife LTCI in VA until you complete the full 8 hours of training!

How do I explain the Asset Protection provided under the Virginia LTC Partnership Program?

Medicaid Asset Protection provided under the Virginia LTC Partnership Program will be Dollar-for-Dollar.

A person in Virginia purchases a Virginia Partnership policy with a Total Lifetime Benefit (TLB) amount of \$200,000. The insured begins to receive LTC services and qualifies for benefits under the policy. Over time, the policy pays out \$200,000 in benefits for LTC services, depleting his/her TLB. When the insured applies for Medicaid coverage in Virginia to continue paying for the required LTC services, he/she is allowed to protect \$202,000* in countable assets from Medicaid spend-down (\$200,000 more than the typical \$2,000* limit). *Federal guidelines dictate that an individual must spend down countable assets to an amount ranging from \$1,000 - \$4,150 to qualify for Medicaid. The 2007 limit is \$2,000 for the Virginia Medicaid program.

The DRA includes provisions to enable reciprocity agreements between states that have adopted new LTC Partnership Programs, however at this time the issue of reciprocity has not been clearly defined. States are waiting for guidance from the Secretary of Health and Human Services (HHS) on this topic. Therefore, at this point, there is no reciprocity for Medicaid Asset Protection provided by a Long-Term Care Insurance policy under the National LTC Partnership Program. Once more information is available, the states will determine if they choose to develop reciprocity agreements with other states that have LTC Partnership Programs.

This means, if an insured purchases a Partnership Policy in Virginia and moves to another state, even if that other state has adopted a new LTC Partnership Program under the DRA, the insured's benefits will pay for QLTC services, however, should he/she need to apply for Medicaid in the new state, his/her assets are not protected by the Partnership Policy in the other state. He/she must move back to Virginia when applying for Medicaid in order to keep his/her asset protection.

What if I Have Questions?

For Additional Information please call:

The MetLife Long-Term Care Sales Desk at 888-776-3882 or your Regional Sales Vice President.