LTCi Fact Sheet

Mutual of Omaha

What You Need to Know About LTCi Partnership Programs

Partnership programs create awareness of the need for LTCi

The federal and state governments want Americans to plan for their LTC needs and assume more responsibility for the cost of their LTC services. Last year, President Bush signed the Deficit Reduction Act of 2005, which enables states to create LTCi partnership programs. These alliances between the states and private insurance companies encourage people who otherwise might rely on Medicaid for their LTC needs to purchase partnership-qualified LTCi policies. The goal is to help stabilize Medicaid by delaying people's use of the program. However, there's another benefit. The state awareness campaigns will give you an opportunity for increased LTCi sales!

Partnership-qualified policies must meet certain requirements

Insurance companies voluntarily agree to participate in a state's partnership program by offering LTCi policies that meet specific requirements:

- The policy must be tax-qualified
- The policy must offer inflation protection based on specific age brackets at the time of purchase

Age at time of purchase	Inflation protection requirement
Under age 61	Compound annual inflation protection
Age 61 to 76	Some level of inflation protection
Age 76 or older	Inflation protection may be offered, but is not required

- The policy must meet requirements of the 2000 NAIC Long-Term Care Model Act & Regulation

All LTCi policies underwritten by Mutual of Omaha Insurance Company and United of Omaha Life Insurance Company comply with the NAIC Model Regulation. In addition, all our LTCi policies either are tax-qualified with the appropriate inflation protection feature or they can be tailored accordingly.

All Mutual of Omaha policies qualify

With Mutual of Omaha, you don't have to worry about selling a special partnership policy. The LTCi policies you currently sell were designed to be partnership qualified. That means when a state adopts a partnership program, all Mutual of Omaha has to do is submit certification that our current policy forms meet the state's requirements and are intended to be marketed as partnership plans.

Consumers benefit through Medicaid asset protection

Consumers who purchase partnership-qualified policies are able to protect a portion of the assets they might otherwise have to "spend down" in order to qualify for Medicaid. Asset protection is provided on a dollar-for-dollar basis. For example, purchasing an LTCi policy that pays a maximum benefit of $100,000 allows the insured to protect $100,000 in personal assets above and beyond the assets he is allowed to keep under Medicaid eligibility requirements (around $2,000 for a single person).

Partnership-qualified policies delay the use of Medicaid

When an insured needs LTC services, he first uses the benefits under his partnership-qualified LTCi policy. If benefits are exhausted and the insured still requires LTC services, he then may be able to receive additional services through the state's Medicaid program, providing he meets eligibility requirements. When the insured applies for Medicaid, he will be able to protect one dollar in personal assets for each dollar in benefits paid by his partnership-qualified LTCi policy.

Partnership programs already are being adopted

So far, a handful of states have enacted new partnership legislation. These states include Idaho, Minnesota, Nebraska, Virginia and Florida. It's a slow process, and we anticipate it may take up to two years for all states to have partnership programs in place.

NOTE: California, Connecticut, Indiana and New York have had partnership programs in place since the 1980s. Because insurance companies are required to file a special partnership policy, Mutual of Omaha's LTCi policies do not qualify for partnership status in these states.

Mutual of Omaha is prepared to act quickly

Not only did we design Mutual Care® to meet anticipated partnership requirements, we've also been monitoring partnership activity for the past year. We established a special Partnership Task Force that meets weekly to discuss new developments, interpret state training requirements and plan how best to keep you informed. This will allow us to act quickly when your state adopts partnership legislation.

Policy exchanges may be allowed

It may be possible for LTCi policies sold before your state adopted a partnership program to be eligible for partnership benefits. In the event your state determines policy exchanges are allowed, Mutual of Omaha plans to certify these policies as partnership qualified, providing they meet the necessary requirements.

No special sales and marketing materials are required

As long as the policy you sell is tax-qualified and contains the correct inflation protection option, you don't need to do anything differently. When the policy is issued, the insured will receive an amendment to the policy indicating it's partnership-qualified. To help you explain LTCi partnerships to prospective clients, we're developing a new educational consumer brochure that can be used in conjunction with other point-of-sale materials, if you wish. We'll let you know when the new brochure is available.

Your state may require special training

Many states require agents to complete special training before being allowed to sell partnership-qualified LTCi policies. Mutual of Omaha is carefully monitoring these training requirements and will inform you about the training required in your state.

You'll find more information on Sales Professional Access

Sales Professional Access should be your first stop for the most current information about partnership programs. We'll keep the site updated in order to provide more details about state activity and we'll continually add new resources to help you become an LTCi partnership expert.