What is Partnership?

- Authorized by federal legislation.
- Designed to provide asset protection to those owning long term care insurance and seeking to access Medicaid benefits.

What is Partnership?

- In partnership participating states, clients can qualify for Medicaid while retaining more assets than otherwise allowed under a state's Medicaid eligibility requirements.

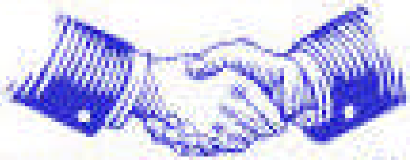
- Once a client owns a partnership eligible long term care policy, for every dollar received under this coverage, he/she receives a dollar of asset protection. This is called dollar-for-dollar asset protection.

<u>Example:</u>

With partnership eligible policies, clients can generally keep their hard earned money in the benefit eligible asset pool and still become Medicaid eligible

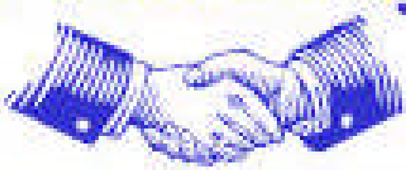
Without a partnership eligible policy, a state may require you to spend down your assets prior to becoming eligible for Medicaid assistance.

History and Evolution of Partnership



- **Partnership programs were first developed in the early 1990s**
  - The first four states in the program were CA, NY, IN & CT.
  - Programs implemented in the original four states varied in a number of areas including their approach to Medicaid asset protection.
  - In 1993, as part of the Omnibus Budget Reconciliation Act (OBRA), Federal law prohibited further expansion of long term care insurance partnerships to additional states.

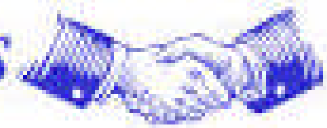
History and Evolution of Partnership



- **In February 2006 Congress passed the Deficit Reduction Act (DRA).**
  - Legislation contained a number of provisions affecting Medicaid.
  - An important provision eliminated prior restrictions on the expansion of partnership programs. Under new Federal legislation, any state can choose to implement a partnership program.

Benefits of Partnership

- **States and Consumers Benefit from Partnership Programs**
  - Asset protection offered through these programs provides a consumer incentive to purchase long term care insurance. These LTCi sales to state residents result in state Medicaid savings.
  - Consumers benefit from receiving quality care while allowing retirement assets to be used for what they were intended.

Reciprocity and Policy Exchanges 

- Reciprocity
  - Reciprocity refers to recognition of partnership policies originally issued under a state's program by another state. This allows for policy portability so the insured can receive Medicaid asset protection in a state other than where it was issued.
  - Agents must clearly explain to purchasers of partnership policies that they may not receive Medicaid asset protection if they move to and apply for Medicaid in a state that has not adopted reciprocity.
- Policy Exchanges
  - Clients with a non-partnership product and with the appropriate age required inflation protection, may be allowed to exchange his/her policy to a new Partnership plan.

Medicaid Basics

- Medicaid (called "Medi-Cal" in California and "MassHealth" in Massachusetts) is a joint Federal-state program that provides health insurance coverage to low-income children, seniors and people with disabilities.

- It also covers nursing home care home for those who qualify.

- Medicaid offers very little in the area of home health care except in New York state where home care is provided to all Medicaid recipients who need it.

- While Congress and Federal Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration) set the rules under which Medicaid operates, each state runs its own programs. As a result, rules may differ state-by-state even though the framework is the same throughout the country.

Legislation

- As with traditional LTC insurance, clients will receive LTC benefits if they meet provisions outlined in their policies.

- The Partnership component protects clients from completely "spending down" personal assets once their LTC insurance benefits are utilized (Medicaid coverage begins).

- Clients also receive dollar-for-dollar Medicaid asset protection.

Summary

Same product, with additional benefits:

- Provides additional asset protection
- No additional premium