

America's Health Insurance Plans (AHIP)
Long-Term Care Partnership Training
July Newsletter

Hello Everyone,

During the last month, Arkansas, Florida, Pennsylvania, South Carolina, Tennessee, and Wisconsin have taken action on long-term care partnership training requirements, and in this month's newsletter we fill you in on the latest developments in those states.

And looking ahead, agents and carriers should be aware that during the next few months the deadline for completion of partnership training is coming up in several states. We provide a reminder of the dates.

We also offer an article addressing a question on the minds of many in the industry: What about people who already have long-term care insurance when a state establishes a partnership program? Can they participate in the partnership?

And as always, our charts provide information on the partnership training requirements of the states that have established them—an ever-growing number, as state after state takes steps to provide the advantages of partnerships to its citizens.

IMPORTANT NOTE: States are currently in the process of developing their long-term care partnership programs, and rules and regulations are in flux. The information in this newsletter reflects the latest reports from the states as of June 27, 2008, and is subject to change.

This newsletter is intended for educational purposes. Its contents are not a statement of policy on the part of AHIP or of its member companies. This newsletter is distributed with the understanding that AHIP is not engaged in rendering legal advice or other expert assistance. For specific information on a state partnership program, the offices of the program should be contacted.

Exchanging Non-Partnership Policies

The Deficit Reduction Act (DRA) of 2005, which created the regulatory framework for the current expansion of state long-term care partnership programs, does not allow for “grandfathering” of existing LTCI policies. That is, a state may not declare that LTCI policies already in force before its partnership program was established are automatically partnership-qualified (PQ), with no action by the insurer or the insured required. States may not deem pre-partnership policies grandfathered even if they otherwise meet the standards for PQ status and/or were issued during a certain timeframe.

This differs from the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which established federally tax-qualified (TQ) LTCI policies. Under HIPAA, policies issued before January 1, 1997, are grandfathered—that is, because they were already in force when the requirements for TQ status went into effect, they automatically receive TQ tax treatment whether they meet those requirements or not.

However, although a state may not deem an existing policy to be automatically partnership-qualified, an insured may exchange his or her policy for a PQ policy. And a state may allow an existing policy to be easily converted to PQ—the insurer can simply issue an endorsement or rider to the policy stating that it has PQ status (provided, of course, that the policy meets PQ requirements).

So far, Minnesota, Nebraska, North Dakota, Ohio, and South Dakota, in an effort to facilitate and encourage participation in their LTC partnership programs, have decided to allow the simpler approach of conversion by means of a rider. On the other hand, Florida requires that the existing policy be terminated and a new PQ policy issued, and other states may adopt this rule.¹

But even if a state requires the issuance of a new policy, the switch to partnership coverage can still be smooth and cost-free. State rules can be written such that an insurer does not have to treat an insured making such an exchange as a new applicant. Rather, the insurer can base the new premium on the insured’s original issue age and/or grant a premium credit that reflects his or her previous insured status. And if there is no increase in benefits (that is, if the existing policy already has the inflation protection and consumer protection features required to qualify as PQ), underwriting need not be required. In fact, a state may specify that insurers cannot require underwriting and/or a change in issue age when an insured switches to partnership coverage unless there is an increase in coverage.

Some states don’t just facilitate exchanges—they require insurers marketing PQ policies to offer individuals with existing LTCI coverage that became effective within a certain timeframe the opportunity to exchange this coverage for a PQ policy. In Florida, this applies to policies effective on or after March 1, 2003; in Missouri, the date is February 8, 2006; in Ohio, it is August 12, 2002; and in Pennsylvania, the rule applies to coverage issued between February 8,

¹ In two states, the rule depends on the date the existing policy was issued. In Colorado, if the existing policy was issued before January 1, 2008 (the partnership program implementation date), it can be converted by means of a rider, but if it was issued on or after that date, a new policy must be issued. In Oregon, if the existing policy was issued after February 8, 2006, but before January 1, 2008 (the partnership program implementation date), a rider can be used, but if it was issued on or before February 8, 2006, or on or after January 1, 2008, a new policy is required.

2006, and July 1, 2007. States requiring offers of exchange are generally specifying the format of the offer and the timeframe during which it must be made.

The state rules cited above are generally subject to exceptions and limitations. For instance, insureds currently eligible for benefits under their existing policy or in an elimination period for benefits may not be eligible for an exchange.

In closing, we would point out that this area of regulation is still in flux. Many states have not yet developed their rules on this matter, including some states that have established regulations for other aspects of LTC partnerships. However, we can say at this point that the states that have addressed this issue are generally taking steps to make it easy for consumers who already have long-term care insurance to switch to partnership coverage.

Note: The information in this article is derived from regulations, bulletins, etc. published by the states, and is subject to change. Agents and carriers should check with the states in which they do business for the complete rules applying to exchanges.

The News in the States

Here's where things stand in various states (as of June 27):

- **Alabama.** The legislature has enacted a bill establishing the state's partnership program (effective July 1), but it has not taken action on partnership training requirements. A regulation addressing this matter may be proposed toward the end of the summer.
- **Arizona** established its partnership training requirements at the end of May. All LTCI producers must complete eight hours of initial training based on the NAIC model by June 30, 2009, and four hours of follow-up training every two years beginning July 1, 2009.
- **Arkansas** also finalized its training requirements in late May. All LTCI agents must complete eight hours of initial training and four hours of follow-up training every 24 months. The content of the initial training is the NAIC model plus a state-issued supplement on the Arkansas partnership and Medicaid programs. Agents already selling LTCI as of July 1, 2008, have until July 1, 2009, to complete the initial training; other agents have until January 1, 2009. However, any agent must complete the initial training before he or she can sell, solicit, or negotiate a partnership policy. (In other words, agents may sell non-partnership LTCI policies without completing the training, until the deadline that applies to them; but effective immediately, agents may not sell partnership policies without the training. After the deadlines, agents will not be allowed to sell any type of LTCI policy without completing the training.)
- **Colorado.** All resident LTCI agents must complete a 16-hour course by January 1, 2009. Eight hours must be classroom training; the other eight hours can be classroom, self-study, or Internet-based. The state has issued an outline stipulating the content of the course. (It does not follow the NAIC model, although there is some overlap.) AHIP has submitted a 16-hour Colorado course to the state for approval, and we expect to be able to offer it soon. Agents from other states can get Colorado training certification if they are certified in their home state.
- **Florida.** The new rule reported in recent newsletters, requiring LTCI agents to complete two hours of Florida-specific training by October 1, 2008, was officially withdrawn by the state on June 5. The earlier rule is still in force—agents must complete eight hours of training based on the NAIC model before selling LTCI. The state is reviewing the two-hour requirement and is expected to issue a new statement on it soon.
- **Georgia** has finalized its training requirements. Agents must complete eight hours of initial training by October 1, 2008, and four hours of follow-up training every 24 months thereafter. The content of the initial training is the NAIC model plus state-specific information. The requirement applies only to agents selling partnership policies, not all LTCI agents.
- **Hawaii.** This spring the legislature passed a bill requiring all LTCI agents to complete eight hours of training based the NAIC model. But this requirement will not go into effect until the state's partnership program is established, and it is unclear when that might occur, since a partnership bill failed to pass in this legislative session. The bottom line for agents: There are no partnership training requirements in effect at this time, there will be no such requirements until the partnership is established, and when that occurs, agents will have one year from that date to complete the training.

- **Illinois.** Those doing business in Illinois are reminded that the state's LTCI training requirements change effective July 1, 2008. Formerly, all agents had to complete Illinois course 09400 (six hours) before selling LTCI policies. As of July 1, agents who have already completed course 09400 will be allowed to continue selling LTCI, but they must complete the initial LTC partnership training (course 25008) by July 1, 2009. Agents who have not completed course 09400 by July 1, 2008, will not be allowed to sell LTCI until they complete course 25008. To be approved by the state as 25008, a course must cover the NAIC content, but it does not necessarily have to be eight hours. AHIP's NAIC Model Course has been approved by Illinois as 25008, and it is available for those seeking to fulfill Illinois's requirements.
- **Iowa.** Originally in Iowa agents had to complete the eight-hour NAIC model as initial training and six hours of follow-up training every three years. But this changed this winter—under the new rules, training content is still based on the NAIC model, but agents have to complete only four hours of initial training and three additional hours every three years. AHIP offers Iowa agents its eight-hour NAIC Model Course, as we believe it best meets their needs. This course fulfills the state's requirement, and it gives Iowa resident agents the opportunity to earn additional CE and obtain LTC partnership certification in other states. (Iowa agents who take a four-hour Iowa course cannot become certified outside of Iowa without taking an eight-hour NAIC model course.)
- **Kansas.** The Department of Insurance has recommended that the state adopt the NAIC model for partnership training, but the number of hours of training that agents will be required to complete is under discussion. The passage of a bill was expected this spring, but the legislative session ended without action on it. However, Kansas has established a partnership program, and to comply with federal rules the state must issue partnership training requirements, so further action on this matter is expected.
- **Michigan.** It has been proposed that agents selling partnership policies (not all LTCI agents) be required to take eight hours of initial training (the NAIC model plus a Michigan Medicaid supplement) and four hours of follow-up training every 24 months. However, the finalization of this rule has been delayed. The federal Centers for Medicare and Medicaid Services (CMS) and the state are discussing issues involving Medicaid estate recovery, and this matter must be resolved before Michigan's partnership program can be approved and related training requirements issued. We will keep you informed of developments.
- **Minnesota** requires a state-specific course. It is eight hours and is based on the NAIC model, but Minnesota-specific content must be incorporated into the course (unlike in other states, where it can be added as a supplement). AHIP's Minnesota course has been approved and is available.
- **Missouri** is launching its LTC partnership program on August 1. (The state's partnership training requirements have been in place for several months—see the charts that follow.)
- **New Jersey** has established its training requirements. All LTCI agents must complete eight hours of initial training based on the NAIC model by July 1, 2009, and four hours of follow-up training every 24 months thereafter. AHIP's NAIC Model Course has just been approved by the state as fulfilling the initial training requirement.

- **Oklahoma** recently finalized its training requirements. The initial training is eight hours, with content based on the NAIC model. Agents already selling LTCI as of July 14, 2008, have until July 14, 2009, to complete the initial training; other agents must complete the initial training before they may sell LTCI. In addition, four hours of follow-up training will be required every 24 months.
- **Pennsylvania.** See below.
- **South Carolina.** A bill establishing partnership training requirements was enacted by the legislature and signed by the governor on June 4th. All LTCI agents must complete eight hours of initial training based on the NAIC model by July 1, 2009, and four hours of follow-up training every 24 months thereafter.
- **Tennessee** has just issued its training requirements. All LTCI agents must complete eight hours of initial training based on the NAIC model and four hours of follow-up training every 24 months thereafter. Agents already selling LTCI when the law was enacted in late May have until July 1, 2009, to complete the initial training; other agents must complete the training before selling LTCI.
- **Texas.** Training requirements have been finalized. Agents selling partnership policies (not all LTCI agents) must complete eight hours of initial training by January 1, 2009, and four hours of follow-up training every 24 months thereafter. The content of the initial training is the NAIC model plus supplements on Texas Medicaid eligibility and asset disregard under the Texas LTC partnership.
- **Wisconsin.** The final public hearing on Wisconsin's partnership program took place on June 16, and the final rules (including training requirements) will be issued at the end of June. All LTCI agents will have to complete eight hours of initial training by January 1, 2009. The content of the initial training is based on the NAIC model, but it must include two hours of Medicaid content specific to Wisconsin and developed and issued by the state. Agents who have already completed an eight-hour NAIC model course will be able to fulfill Wisconsin's requirements by taking only the two hours of state-specific content.

Pennsylvania

In late June Pennsylvania published a notice of a proposed regulation governing LTCI agent training and asked for comments from interested parties. If this regulation is enacted as expected, Pennsylvania will have two training requirements:

- **Agents wishing to sell LTC partnership policies** must take a one-hour course on the Pennsylvania Medicaid program based on state-issued content. This course must be completed before an agent can sell or solicit partnership policies. This rule is already in effect.
- **All LTCI agents** will have to complete eight hours of training based on the NAIC model. (These eight hours may include the one-hour state-specific course or be taken in addition to it.) As noted above, this rule has been proposed but is still in the approval process. If it is enacted, agents will be given time to fulfill the new requirement, but the details of this are still being worked out. In addition, all LTCI agents will have to complete

four hours of follow-up training within every 24-month licensing cycle after completion of the initial training.

Agents can satisfy the first requirement now by taking the one-hour Pennsylvania course on AHIP's website. When the second requirement becomes effective, we expect that our eight-hour NAIC Model Course will be approved as fulfilling it (although of course we cannot promise this). Those who wish to go ahead and take the eight-hour course now, even though this requirement is not yet finalized, may do so on our website. We will notify our readers when the eight-hour requirement goes into effect.

Upcoming Deadlines

A reminder to agents and carriers: Over the next few months, in several states the deadline for completion of initial partnership training is coming up.

- **Georgia**—October 1, 2008
- **Illinois**—July 1, 2008 (for agents not already trained in LTCl—see above for details)
- **Maine**—July 1, 2008 (for agents already selling LTCl as of September 20, 2007; other agents had to complete training before selling LTCl)
- **Maryland**—September 10, 2008 (for agents already selling LTCl as of September 10, 2007; other agents had to complete training before selling LTCl)
- **Montana**—July 1, 2008
- **Nebraska**—August 1, 2008
- **North Dakota**—July 1, 2008
- **Ohio**—September 1, 2008
- **Rhode Island**—July 3, 2008 (for agents already selling LTCl as of July 3, 2007; other agents had to complete training before selling LTCl)
- **South Dakota**—July 1, 2008

Note: *In addition, some states require agents to complete the initial training before selling LTCl, or before selling partnership policies. In other states, the training deadline has already passed. Check the chart below for full information on state deadlines.*

Do you need to complete training in long-term care partnerships for a state?

State	Who must complete LTC partnership training?
Arizona	All LTCI producers
Arkansas	All LTCI producers
Colorado	All LTCI producers
Florida	All LTCI producers
Georgia	Only producers of partnership products*
Idaho	All LTCI producers
Illinois	All LTCI producers
Iowa	All LTCI producers
Maine	All LTCI producers
Maryland	All LTCI producers
Michigan	Only producers of partnership products*
Minnesota	All LTCI producers
Missouri	Only producers of partnership products*
Montana	All LTCI producers
Nebraska	All LTCI producers
New Jersey	All LTCI producers
North Dakota	Only producers of partnership products*
Ohio	All LTCI producers
Oklahoma	All LTCI producers
Oregon	All LTCI producers
Pennsylvania	Pennsylvania-specific one-hour course: Only producers of partnership products* Proposed eight-hour course: All LTCI producers
Rhode Island	All LTCI producers
South Carolina	All LTCI producers

South Dakota	All LTCL producers
Tennessee	All LTCL producers
Texas	Only producers of partnership products*
Virginia	Only producers of partnership products*
Wisconsin	All LTCL producers

*** Important note:** Some insurance carriers are requiring that ALL their LTCL producers complete the LTC partnership training, even if this is not a state requirement.

State not listed? The state has not yet established LTC partnership training requirements.

Information based on state documents and reports from state personnel, current as of June 27, 2008.

When do you have to complete the initial LTC partnership training?

State	Deadline for completion of initial LTC partnership training (Note that states will also be requiring follow-up training.)
Arizona	By June 30, 2009
Arkansas	Agents already selling LTCL as of July 1, 2008: By July 1, 2009 Other agents: By January 1, 2009 Agents may sell nonpartnership LTCL without completing the initial training, until the deadline that applies to them. But effective immediately, they may not sell partnership LTCL without completing the training.
Colorado	By January 1, 2009
Florida	Before soliciting or selling LTCL
Georgia	By October 1, 2008
Idaho	Before soliciting or selling LTCL
Illinois	Agents who have taken Illinois Course 09400 as of July 1, 2008: By July 1, 2009 Other agents: Before soliciting or selling LTCL
Iowa	By January 1, 2009
Maine	Agents already selling LTCL as of September 20, 2007: By July 1, 2008 Other agents: Before soliciting or selling LTCL

Maryland	Agents already selling LTCI as of September 10, 2007: By September 10, 2008 Other agents: Before soliciting or selling LTCI
Michigan	Before soliciting or selling partnership policies
Minnesota	Before soliciting or selling LTCI
Missouri	Before soliciting or selling partnership policies
Montana	By July 1, 2008
Nebraska	By August 1, 2008
New Jersey	By July 1, 2009
North Dakota	By July 1, 2008
Ohio	By September 1, 2008
Oklahoma	Agents already selling LTCI as of July 14, 2008: By July 14, 2009 Other agents: Before soliciting or selling LTCI
Oregon	Before soliciting or selling LTCI
Pennsylvania	A Pennsylvania-specific one-hour course must be completed before soliciting or selling partnership policies. An eight-hour training requirement has been proposed; if this is enacted, agents will be given time to fulfill it, but a deadline has not yet been set.
Rhode Island	Agents already selling LTCI as of July 3, 2007: By July 3, 2008 Other agents: Before soliciting or selling LTCI
South Carolina	By July 1, 2009
South Dakota	By July 1, 2008
Tennessee	Agents already selling LTCI as of May 2008: By July 1, 2009 Other agents: Before soliciting of selling LTCI
Texas	By January 1, 2009
Virginia	Before soliciting or selling partnership policies
Wisconsin	By January 1, 2009

State not listed? *The state has not yet established LTC partnership training requirements.*

Information based on state documents and reports from state personnel, current as of June 27, 2008.

What course do you need to take to meet the initial LTC partnership training requirements?

- Some states require only AHIP’s standard eight-hour NAIC Model Course.
- Some states require the NAIC Model Course plus a supplement with information specific to that state.
- A few states require a different, state-specific course.

For long-term care partnership training, please visit our website:
www.LTCTPartnershipsOnline.com.
 We also offer classroom training.

Resident and nonresident requirements: Unless otherwise noted, a state’s requirements are the same for resident and nonresident agents.

State	What do you have to take to meet the state’s initial LTC partnership training requirement?
Arizona	NAIC Model Course (8 hours)
Arkansas	NAIC Model Course (8 hours) and state supplement
Colorado	CO resident agents: Colorado-specific course (16 hours) Nonresident agents: If a nonresident agent meets the training requirements for his or her home state, he or she is deemed to fulfill the CO requirements.
Florida	NAIC Model Course (8 hours)
Georgia	NAIC Model Course (8 hours) and state supplements
Idaho	NAIC Model Course (8 hours)
Illinois	NAIC model content <i>Illinois requires a course approved under the number 25008. Course content must be based on the NAIC model, but a set number of hours is not required. AHIP’s NAIC Model Course (8 hours) is approved.</i>
Iowa	NAIC model content (4 hours) <i>AHIP offers its 8-hour NAIC Model Course to Iowa agents so that they can earn additional CE and obtain certification in other states.</i>
Maine	NAIC Model Course (8 hours)
Maryland	NAIC Model Course (8 hours)
Michigan	<i>Proposed but not final:</i> NAIC Model Course (8 hours) and state supplements
Minnesota	MN resident agents: <i>MA Eligibility and the LTC Partnership Program</i> (Minnesota-

	specific course, 8 hours) Nonresident agents: NAIC Model Course (8 hours) plus state supplements.
Missouri	NAIC Model Course (8 hours) and state supplements
Montana	NAIC Model Course (8 hours)
Nebraska	NAIC Model Course (8 hours) and state supplements
New Jersey	NAIC Model Course (8 hours)
North Dakota	NAIC Model Course (8 hours)
Ohio	NAIC Model Course (8 hours) and state supplements
Oklahoma	NAIC Model Course (8 hours)
Oregon	NAIC Model Course (8 hours)
Pennsylvania	<i>Required now: Pennsylvania Medicaid Long-Term Care Services (1-hour course)</i> <i>Proposed but not final: NAIC Model Course (8 hours) in addition to or including the 1-hour course.</i>
Rhode Island	NAIC Model Course (8 hours)
South Carolina	NAIC Model Course (8 hours)
South Dakota	NAIC Model Course (8 hours) and state supplements
Tennessee	NAIC Model Course (8 hours)
Texas	NAIC Model Course (8 hours) and state supplements
Virginia	NAIC Model Course (8 hours) and state supplements <u>OR</u> Some agents may be able to fulfill the LTC partnership training requirement by taking a 2-hour course and state supplements.
Wisconsin	NAIC Model Course (8 hours) and Wisconsin Medicaid Course (2 hours) <u>OR</u> An 8-hour Wisconsin-specific course (including 2 hours of Wisconsin Medicaid content)

State not listed? *The state has not yet established LTC partnership training requirements.*

Information based on state documents and reports from state personnel, current as of June 27, 2008.

What ongoing training will you need to complete?

In most states agents must complete follow-up training within 24 months after the date they complete the initial training. In a few states, as indicated below, they must complete follow-up training within a certain amount of time after a set date, or within a CE or licensing period.

State	Hours	Timeframe for completing the ongoing training
Arizona	4	Every two years beginning July 1, 2009
Arkansas	4	Every 24 months
Colorado	5	Every 24 months
Florida	4	Every 24 months
Georgia	4	Every 24 months
Idaho	4	Every 24 months
Illinois	4	Every 24 months
Iowa	3	Every CE term (three years)
Maine	4	Every 24 months
Maryland	4	Every 24 months
Michigan	4	Every 24 months
Minnesota	4	Every 24 months
Missouri	4	Every 24 months
Montana	4	Every 24 months beginning July 1, 2008
Nebraska	4	Every 24 months
New Jersey	4	Every 24 months
North Dakota	4	Every 24 months
Ohio	4	Every 24 months
Oklahoma	4	Every 24-month licensing renewal period
Oregon	4	Every 24 months
Pennsylvania	4	Every 24-month licensing cycle
Rhode Island	4	Every 24 months

South Carolina	4	Every 24 months
South Dakota	4	Every 24 months beginning July 1, 2009
Tennessee	4	Every 24 months
Texas	4	Every 24 months
Virginia	4	Every 24 months
Wisconsin	4	Every 24 months

State not listed? *The state has not yet established LTC partnership training requirements.*

Information based on state documents and reports from state personnel, current as of June 27, 2008.