Issuers Bulletin 2012

CALIFORNIA PARTNERSHIP FOR
LONG-TERM CARE

Issue No. 19 November 2011

ALERT: The minimum daily Nursing Facility care benefit for the year 2012 is $180 with a $126 (70%) Residential Care and Assisted Living benefit.

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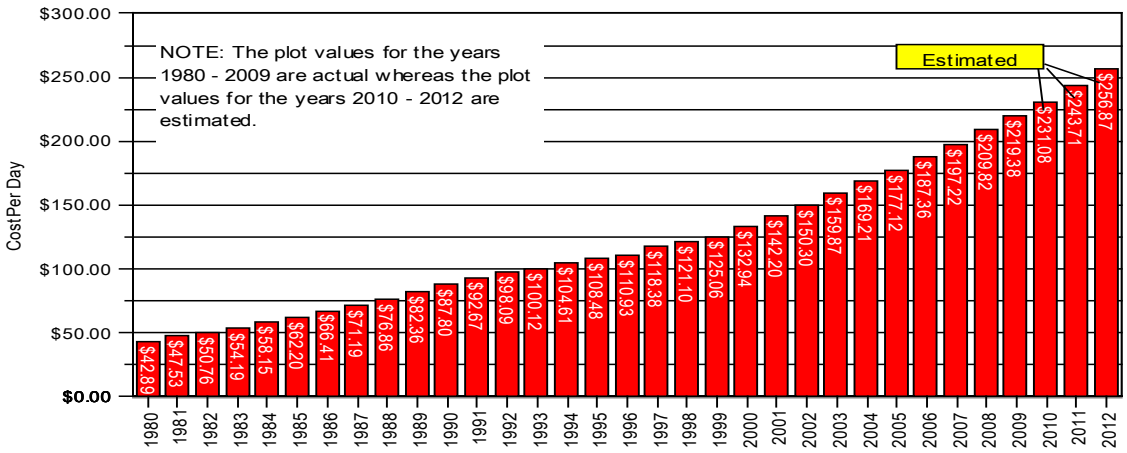
Statewide Yearly Average Daily Private Pay Rate[1] For Nursing Facility Care In California 1980 - 2012



Source: California Office of Statewide Health Planning and Development
LTC Annual Financial Data Profile

Average Annual Percent Increase in Nursing Facility Private Pay Rate Since 1980

Time Period	Years Spanned	Average Annual Increase
1980 - 1989	10	7.5%
1990 - 1999	10	4.3%
1980 - 1999	20	5.8%
1980 - 2012	33	5.8%
2007 - 2012	Most Recent 5 Years	5.4%
1993 - 2012	Most Recent 20 Years	4.9%

1 The Average Daily Private Pay Rate (ADPPR) for nursing facility care is the actual statewide average private pay rate for the year shown in the graph. The rates are extracted from the Office of Statewide Health Planning and Development's, LTC Annual Financial Data Profile report. The rates for the years 2010-2012 are estimated as specified in California Code of Regulations, Title 22, Section 58002.

NOTE: Partnership approved policies and certificates issued in 2012 must include a daily benefit (per diem) for nursing facility care of no less than $180.

Coverage Limits for Partnership Policies Issued for Calendar Year 2012

	Nursing Home Care Benefit Payments* (Daily Benefit Amount)	Residential Care Benefit Payments* (Daily Benefit Amount)	Home and Community Based Care Benefit Payments* (Monthly Benefit Amount)	Lifetime Maximum Benefit Payments
Minimum Coverage Limits**	$180	$126	$2,700	$65,700
		Allowable Range	Allowable Range	Allowable Range
Optional Coverage Amounts	$190	$133 - $190	$2,850 - $5,700	$69,350 - Lifetime
	$200	$140 - $200	$3,000 - $6,000	$73,000 - Lifetime
	$210	$147 - 210	$3,150 - $6,300	$76,650 - Lifetime
	$220	$154 - 220	$3,300 - $6,600	$80,300 - Lifetime
	$230	$161 - 230	$3,450 - $6,900	$83,950 - Lifetime
	$240	$168 - 240	$3,600 - $7,200	$87,600 - Lifetime
	Maximum Varies By Insurer	Up to 100% of Daily Benefit Amount	Up to 100% of Daily Benefit Amount	No Maximum

* Title 22, California Code of Regulations Section 58059(c) and 58059(i)(2)

**A minimum coverage policy is a policy with a lifetime maximum benefit set in dollars and equivalent in dollars to 365 times 70% of the Average Daily Private Pay Rate for Nursing Facilities. Title 22, California Code of Regulations, Section 58059(c).

Target Population Age & Income Thresholds

The Target Population for the California Partnership for Long-Term Care:

The Partnership seeks to increase long-term care insurance coverage among modest and middle income Californians between the ages of 55 and 74. This group is made up of pre-retirees and early retirees and their spouses. The total number of Californians in this age group are shown below in column 1.

"At Risk" Population: The "At Risk" population is comprised of the middle income Californians within the Target Population—individuals with annual incomes more than the poorest 25% of their age group but less than the richest 25% of their age group and marital status. The population numbers reflected in columns 2 and 4 ensure that the selection includes only individuals whose income, is at a minimum, capable of supporting the average annual premium for a one year policy such that the average annual premium does not constitute more than 7% of the individual's income. Individuals in the "At Risk" population (columns 2 and 4) are the number of individuals at risk of impoverishing themselves and spending down to Medi-Cal eligibility levels should they incur long-term care expenses and not have private insurance. The "asset protection" feature of Partnership policies is particularly valuable to individuals in the "At Risk" population.

Target Population		"At Risk" Population			
	1	2	3	4	5
Age Group	Total California Population (regardless of income bracket) in the age group	Number of Married Persons	Incomes between the 25th & 75th Percentile for Married Persons	Number of Single Persons	Incomes between the 25th & 75th Percentile for Single Persons
55 - 59 (Pre-Retirees)	2,083,847	525,778	$28,700-$98,200	243,282	$28,700-$76,100
60 - 64 (Pre-Retirees	1,940,342	370,906	$34,600-$83,400	164,394	$34,600-$87,000
65 - 74 (Recent Retirees)	2,391,942	203,461	$47,000-$75,300	85,181	$47,000-$67,000
Total At Risk ===>		1,100,145		492,857	

* Numbers extracted from the State of California, Department of Finance, Current Population Survey Report, March 2011 Data.

Medi-Cal Resource Limits for Calendar Year 2012

The California Department of Health Services' Medi-Cal Eligibility Branch has issued the year 2012 community spouse resource allowance (CSRA) and the minimum monthly maintenance needs allowance (MMMNA).

The year 2012 **CSRA is $113,640** and the 2012 **MMMNA is $2,841** in monthly income.

The resource limits and income provisions work in the following way for a married couple when one spouse is in a nursing home and the other spouse is still at home:

The spouse at home may keep up to $113,640 in resources (property and other assets) while the institutionalized spouse may keep an additional $2,000 in addition to any other exempt assets.

The spouse at home may keep all of the income received in his or her name, regardless of the amount. If the amount is below $2,841 per month, the institutionalized spouse may allocate income to bring the at-home spouse's income up to the $2,841 per month. The spouse in the nursing home is permitted to keep $35.00 in monthly income for personal needs.

The resource limits and income provisions work in the following way for single individuals:

Single individuals are permitted to retain $2,000 in addition to any other exempt assets.

Medi-Cal Share of Cost

If you are on Medi-Cal, you must use your monthly income from Social Security, a pension, etc. to pay for your health and long-term care expenses. Your income will probably not be enough to pay the entire bill, so Medi-Cal will pay the rest of your nursing home bill or any other medical expenses you may have.

You will be allowed to keep a certain amount of your income each month. In 2012, the following is the minimum monthly maintenance needs level:

If you are living in the community an individual may keep $600, a married couple $934; or

If you are in a nursing home, you may keep $35 in monthly income for personal needs; if you are a spouse at home, the at home spouse may keep all of the income received in his/her name, regardless of the amount. If the amount is below $2,841 per month, the institutionalized spouse may allocate income to bring the at home spouse's income up to the $2,841 per month.

In determining your share of cost (SOC), Medi-Cal will calculate your total income. This figure is your net income. Then the monthly maintenance need amount is subtracted from your net income. The remaining amount is your monthly share of cost, the amount you would have to spend on medical or long-term care before Medi-Cal begins payment.

For more detailed information on how the Medi-Cal SOC is calculated, contact your local Department of Health and Human Services.

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