South Dakota's

Long-Term Care Partnership Program

Administered by the Department of Social Services and the Division of Insurance.

Education Campaign Information

Message from Governor
Introduction
Background Information
Fact Sheet
News Releases
Education Sessions
Contact Information
Additional Resources

Prepared by the South Dakota Department of Social Services.

MESSAGE FROM GOVERNOR ROUNDS

We all know that long-term care is an important issue, even though we may not want to talk about it. In reality, many of us will need some form of long-term care. While the need for long-term care is a normal part of aging, the majority of us do not plan adequately for this need or the costs.

People have greater independence, peace of mind, and control over their care choices when they take the time to learn and think about long-term care well before they may need it. Not only is long-term care about finances, it is about family relationships, housing, and meeting your health and personal needs. Many elderly individuals believe their long-term costs will be covered by Medicare, but Medicare does not cover most long-term care.

To help individuals properly plan for their future, South Dakota is pleased to offer the Long-Term Care Partnership Program. By working together, this public-private partnership will offer individuals quality, affordable long-term care insurance and a way to receive needed care without depleting all their assets.

To learn more about the Long-Term Care Partnership Program in South Dakota, please check out the information available in this handbook.

Thinking about care choices before you need them gives you more options and more time to choose what is right for you and your family. I encourage you to take an active part in learning as much as you can about the Long-Term Care Partnership Program and decide if it is right for you.

Sincerely,

M Michael Rounds

INTRODUCTION

Most people do not like to think about the fact that they may one day need nursing home, assisted living or other long-term care services. Most people are also surprised at the costs of long-term care and do not think of having to use their entire life savings to pay for those needs and services.

The reality is, that about two-thirds of all Americans will likely need some type of supportive services after age 65. Approximately 40 percent of those 65 and older will eventually need long-term care in a nursing home or assisted living facility for a stay of over two years. Many elderly individuals believe their long-term costs will be covered by Medicare, the truth is that **Medicare does not cover most long-term care**.

This public-private partnership creates an innovative program offering individuals quality, affordable long-term care insurance and a way to receive needed care without depleting all their assets.

The information included in this booklet provides you and your family with important facts and benefits about the program and what you can do now to start planning ahead for your future long-term care needs. Thinking about care choices before you need them, gives you more options and more time to choose what is right for you and your family.

Benefits of the Partnership Program include:

- Partnership policies are tax qualified plans under federal law and provide inflation protection benefits for purchasers.
- Provides an alternative to spending down or transferring assets by forming a partnership between Medicaid and private long-term care insurers.
- Once private insurance benefits are used, special Medicaid eligibility rules are applied if additional coverage is necessary.

BACKGROUND INFORMATION

In the late 1980s the Robert Wood Johnson Foundation supported the development of a new long-term care insurance model, with a goal of encouraging more people to purchase long-term care coverage. The program, called the Partnership for Long-Term Care, brought states and private insurers together to create a new insurance product aimed at moderate-income individuals or those who would be most at risk for future reliance on Medicaid to cover their long-term care needs.

The Partnership program is designed to attract consumers who might not otherwise purchase long-term care insurance. States offer the guarantee that if benefits under a Partnership policy do not sufficiently cover the cost of care, the consumer may qualify for Medicaid under special eligibility rules while retaining a pre-specified amount of assets (income and eligibility rules still apply). Consumers are then protected from having to deplete all their assets in order to qualify for Medicaid.

In the early 1990s, four states implemented Partnership programs: California, Connecticut, Indiana and New York. However, Congress, citing concerns about the appropriateness of using Medicaid funds for this purpose, enacted restrictions on further development of the Partnership in the Omnibus Budget Reconciliation Act (OBRA) of 1993. The four states with existing Partnership programs were allowed to continue, but the OBRA provisions ended the replication in any other state.

As of 2005, more than 172,000 consumers in the four demonstration states had active Partnership policies, according to the Government Accountability Office. Since the program is fairly young and policies are generally purchased well before they are used, relatively few of the policyholders have actually needed long-term care coverage. However, of those that have accessed their benefits, the Government Accountability Office reports that, "More policyholders have died while receiving long-term care insurance (899 policyholders) than having used up all their long-term care insurance benefits (251 policyholders), which could suggest that the Partnership for Long-Term Care program may be succeeding in eliminating some participants need to access Medicaid."

DEFICIT REDUCTION ACT OF 2005

The Deficit Reduction Act of 2005 (DRA) included a number of reforms related to long-term care services. Of interest to many states is the lifting of the moratorium on Partnership programs. Under the DRA all states can implement Long-Term Care Partnership programs through an approved State Plan Amendment, if specific requirements are met. The DRA requires programs to include certain consumer protections, most notably provisions of the National Association of Insurance Commissioners Model Long-Term Care regulations. The DRA also requires polices to include inflation protection when purchased by a person under age 76.

Source: Robert Wood Johnson Foundation, May 2007, Long-Term Care Partnership Expansion Information

FACT SHEET

- The Long-Term Care Partnership Program, administered by the Department of Social Services and Division of Insurance, provides an alternative to spending down or transferring assets by forming a partnership between Medicaid and private long-term care insurers.
- This public-private partnership creates an innovative program offering individuals quality, affordable long-term care insurance and a way to receive needed care without depleting all their assets.
- Only Partnership policies provide Medicaid asset protection.
- Once private insurance benefits are used, special Medicaid eligibility rules are applied if additional coverage is necessary.
- Partnership policies will be tax qualified plans under federal law and provide inflation protection benefits for purchasers.
- Partnership policies provide annual inflation protection for individuals less than 61 years of age as of the date of purchase. This is one of the distinguishing features of a Partnership policy and also the inflation protection is a valuable benefit regardless of whether the policy is a Partnership policy.
- Partnership policies provide some level of inflation protection that may not be less than 3 percent per year or a rate equal to the Consumer Price Index for individuals at least 61 years of age, but less than 76 years of age.
- Some Partnership policies cover home and community-based services. Individuals should consider looking into a policy that pays for these types of services.
- A Partnership policy is ideal for someone who will not be able to afford the high cost of long-term care, but who can afford the reasonable cost of long-term care insurance. The younger individuals are when purchasing a Partnership policy, the less expensive it is. Costs will vary and each company sets its own rates. A local insurance agent can provide specific information related to rates and premiums.
- Individuals who have accumulated resources by saving or investing, may be the best candidate for a Partnership policy.
- Before purchasing a Partnership policy, you may want to consult with a trusted advisor or long-term care insurance agent so you are able to pick a long-term care product that is right for you. If you want to buy a Partnership policy, please contact your local agent or an insurance company that is approved to sell Partnership policies. Some employers may also offer long-term care insurance policies. The State of South Dakota does not sell Partnership policies, they administer and monitor the Long-Term Care Partnership Program.
- Partnership policies are available from the participating insurance companies who are authorized by the South Dakota Division of Insurance to market and sell these policies.
- Agents who wish to sell Partnership policies must complete 8 hours of training initially and then 4 more hours every other year thereafter.

South Dakota's
Long-Term Care
Partnership Program
Administered by the Department of Social Services and the Division of Insurance.

NEWS RELEASE

FOR IMMEDIATE RELEASE: Wednesday, July 25, 2007
CONTACT: Emily Currey at 605-773-3165

State Receives Approval to Implement the Long-Term Care Partnership Program

PIERRE, S.D. – The State of South Dakota is pleased to announce that the Centers for Medicare and Medicaid Services (CMS) has approved South Dakota's Long-Term Care Partnership State Plan Amendment, with an effective date of July 1, 2007, allowing the state to pursue public-private partnerships for long-term care insurance options available to consumers.

"This announcement from the federal government allows the State of South Dakota to implement the Long-Term Care Partnership Program," stated Gov. Mike Rounds. "By working together, this public-private partnership will offer individuals quality, affordable long-term care insurance and a way to receive needed care without depleting all their assets."

The Long-Term Care Partnership Program, administered by the Department of Social Services and the Division of Insurance, provides an alternative to spending down or transferring assets by forming a partnership between Medicaid and private long-term care insurers. Partnership policies will be tax qualified plans under federal law and provide inflation protection benefits for purchasers. Once private insurance benefits are used, special Medicaid eligibility rules are applied if additional coverage is necessary.

South Dakota is also one of ten states, selected through a competitive process, to receive a technical assistance grant of $50,000 to put towards the efforts of this program. Funding has been provided by the Center for Health Care Strategies, Inc. (www.chcs.org) and the Robert Wood Johnson Foundation (www.rwjf.org).

"This is an exciting opportunity for South Dakotans," concluded Gov. Rounds. "Thinking about care choices before you need them, as well as how to finance your long-term care, gives you more options and more time to choose what is right for you and your family."

For more information on what the state is doing to implement the Long-Term Care Partnership Program, please contact Emily Currey at 605-773-3165 or Emily.Currey@state.sd.us.

-30-

NEWS RELEASE

FOR IMMEDIATE RELEASE: Thursday, August 30, 2007
CONTACT: Emily Currey at 605-773-3165

State Kicks Off Long-Term Care Partnership Program Education Efforts

PIERRE, S.D. – Most people do not like to think about the fact that they may one day need nursing home, assisted living or other long-term care services. Most people are also surprised at the costs of long-term care and do not think of having to use their entire life savings to pay for those needs and services. The reality is that about two-thirds of all Americans will likely need some type of supportive services after age 65.

Some common questions people ask are: Doesn't the government pay for people to take care of me at home or in the nursing home? Isn't that what health insurance or disability insurance is for? How can I plan ahead to take care of my own long-term care needs? Now you can get answers to these questions and others through education sessions offered by the State of South Dakota on the recently implemented Long-Term Care Partnership Program.

The Long-Term Care Partnership Program is a public-private partnership offering individuals quality, affordable long-term care insurance. Once private insurance benefits are used, special Medicaid eligibility rules are applied if additional coverage is necessary.

Starting in September, the State of South Dakota will visit over 40 different communities to educate and inform citizens about long-term care, the costs related to it, what Medicare and Medicaid will cover and how the Long-Term Care Partnership Program can help. The education sessions are free and open to the public.

NOTE: Please see a listing of the education sessions for the month of September on page 7 of this press kit.

If you are unable to attend an education session, free educational conference calls are also available by calling Heather at 605-336-1745.

The State of South Dakota has also launched a new website with specific information about the South Dakota Long-Term Care Partnership Program: www.ltcpartnership.sd.gov. This site provides citizens with the most up-to-date information available on the Partnership Program in South Dakota. It also contains the history of the Partnership Program, a message from Governor Rounds, frequently asked questions, planning for long-term care, the costs of long-term care, how to purchase a Partnership policy and much more.

For more information on the South Dakota Long-Term Care Partnership Program, please visit the official website at www.ltcpartnership.sd.gov or contact Emily Currey at 605-773-3165 or Emily.Currey@state.sd.us.

-30-

South Dakota's
Long-Term Care
Partnership Program
Administered by the Department of Social Services and the Division of Insurance.

EDUCATION SESSIONS

Here is your chance to receive unbiased information on the South Dakota Long-Term Care Partnership Program and even have a chance to speak with an expert in the long-term care industry.

Starting in September, the State of South Dakota will visit over 40 different communities to educate and inform citizens about long-term care, the costs related to it, what Medicare and Medicaid will cover and how the Long-Term Care Partnership Program can help. The education sessions are free and open to the public; below are the times, dates and locations for the month of September. Each session is scheduled for one hour and all times below are Standard Central Time.

HARRISBURG: Sunday, September 16, 2007
Location: Shalom Lutheran Church, Social Hall, 1000 Maple Street
Time: Session will be held at noon.

SIOUX FALLS: Monday, September 17, 2007
Location: YWCA, downtown location, 300 W. 11th Street
Time: Sessions will be held at 9 a.m., noon and 6 p.m.

MADISON: Tuesday, September 18, 2007
Location: Madison Community Hospital, 917 N. Washington
Time: Sessions will be held at 9 a.m., noon and 5:30 p.m.

BROOKINGS: Wednesday, September 19, 2007
Location: Brookings Public Library, 515 3rd Street
Time: Sessions will be held at 9 a.m., noon and 5:30 p.m.

WATERTOWN: Thursday, September 20, 2007
Location: Watertown Public Library, 160 6th Street NE
Time: Sessions will be held at 9 a.m., noon and 5:30 p.m.

MILBANK: Friday, September 21, 2007
Location: Milbank Area Chamber of Commerce, Community Room, 1001 E. 4th Ave.
Time: Sessions will be held at 9 a.m., noon and 5:30 p.m.

NOTE: To find out the other communities the State of South Dakota will be visiting to educate and inform citizens on the Partnership Program, please visit: **www.ltcpartnership.sd.gov**.

South Dakota's
Long-Term Care
Partnership Program
Administered by the Department of Social Services and the Division of Insurance.

CONTACT INFORMATION AND OTHER RESOURCES

To find out the most recent information about the Long-Term Care Partnership Program in South Dakota, please refer to the official website at: **www.ltcpartnership.sd.gov**. If you would like further information, please feel free to contact the below offices.

Department of Social Services
Phone: 1-800-597-1603
Email: DSSInfo@state.sd.us
Web: www.dss.sd.gov

Division of Insurance
Phone: 605-773-3563
Email: insurance@state.sd.us
Web: www.state.sd.us/drr2/reg/insurance/longtermpartnership.html

The following resources include information related to long-term care and long-term care insurance:

- **AARP**
  www.aarp.org
- **American Association of Homes and Services for the Aging (AAHSA)**
  www.aahsa.org
- **American Health Care Association (AHCA)**
  www.ahca.org
- **America's Health Insurance Plans (AHIP)**
  www.ahip.org
- **Centers for Medicare and Medicaid Services**
  www.cms.hhs.gov
- **Family Caregiving 101**
  www.familycaregiving101.org
- **Federal Clearinghouse for Long-Term Care Information**
  www.longtermcare.gov
- **Federal Long-Term Care Insurance Program**
  www.ltcfeds.com/index.html
- **Long-Term Care Partnership Program: State Information**
  www.dehpg.net/LTCPartnership/map.aspx
- **National Association of Insurance Commissioners (NAIC)**
  www.naic.org
- **National Care Planning Council**
  www.longtermcarelink.net
- **National Council on Aging (NCOA)**
  www.ncoa.org
- **Senior Health Information and Insurance Education (SHIINE)**
  www.shiine.net
- **South Dakota's Own Your Future Long-Term Care Awareness Campaign**
  www.OwnYourFuture.sd.gov

South Dakota's
Long-Term Care
Partnership Program
Administered by the Department of Social Services and the Division of Insurance.