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www.naic.org

DATE: April 6, 2006
TO: Long Term Care Working Group
FROM: Sandy Praeger
Chair, Long Term Care (B) Working Group
RE: Long Term Care Partnership

As you know, the Deficit Reduction Act of 2005 (P.L. 109-171) expanded the long term care (LTC) Partnership program to any state that desires to implement it. NAIC staff has heard from a number of states seeking information and guidance on a number of issues relating to setting up a Partnership program. There are many issues that will have to be sorted out relating to the details of the program and the legislation provides for federal regulations to be promulgated, in consultation with the NAIC and other named interested parties.

There is at least one issue, however, that requires a more immediate resolution: What does "exchange" mean as it is used in Sec. 6021(a) (1)(A) of the legislation? The legislation mentions exchanging an existing policy for a Partnership policy. Does this mean that there has to be a whole new policy issued, or is a policy rider sufficient to effectuate an exchange and create a Partnership policy under the legislation?

The Department of Health and Human Services (HHS) is trying to sort out internal jurisdictional issues regarding the Partnership program and anticipates reaching some resolution in the next three weeks or so. Once this happens, I suggest that the Long Term Care Working Group send a letter. The letter could outline the issues and suggest the best way to resolve them.

Regarding the question about the meaning of exchange, please send Jennifer Cook an email at jcook@naic.org detailing how you think an "exchange" of a regular policy for a Partnership policy should be clarified. Also, if there are any other issues that should be included in this letter asking for a more immediate resolution, please include those in the email to Jennifer as well.

The plan is to have a conference call to discuss a draft letter prior to the Summer National Meeting. Issues will continue to arise as you move forward with implementing the LTC Partnership program in your states. Please keep Jennifer apprised of these issues so that she can provide assistance to the extent answers may be readily available. To the extent they are not, Jennifer will compile a list to share with HHS as they look to promulgate regulations. Jennifer is in the process of putting together an FAQ document that can be updated as you make her aware of your questions and concerns.