


**Insurance Department**106 East 6th Avenue ♦ Cheyenne, Wyoming 82002Ken Vines
Commissioner

MEMORANDUM 01-2009

TO: All Licensed Insurers and Insurance Producers in the Business of Selling Long-Term Care Insurance Products

FROM:  Ken Vines, Wyoming Insurance Commissioner

DATE: September 9, 2009

RE: Requirements for Offering Qualified Long-Term Care Insurance Partnership Policies in Wyoming

Background and Purpose. On June 29, 2009, the Centers for Medicare and Medicaid Services (CMS) approved a State Plan Amendment filed by the Wyoming Department of Health which allows the State of Wyoming to participate in the Long-Term Care Insurance Partnership Program (Partnership).

The Partnership is a public-private venture designed to encourage and reward Wyoming consumers who take an active role in planning ahead for future long-term care needs. The Partnership allows consumers to maintain some level of asset protection because for every dollar that a Partnership-qualified policy pays out in benefits, a dollar of personal assets can be protected when applying for long-term care coverage under Medicaid Equality Care.

The purpose of this Memorandum is to inform insurers and producers of the Partnership's basic requirements and to provide information which will assist in a successful implementation of the Partnership program in Wyoming. Specifically, this Memorandum will address:

- Partnership-qualified product requirements, including required inflation protection;
- Exchange of previously existing plans for those which will be Partnership-qualified;
- Filing and prior approval requirements for insurers intending to make these plans available;
- Notices and disclosures to be given to the consumer;
- Producer education and state-to-state reciprocity of training;
- Reciprocity of plans purchased in another state; and
- The role of Partnership-qualified plans in Medicaid eligibility in Wyoming.

Partnership-Qualified Products. In order for a long-term care insurance policy to be Partnership-qualified, the policy must meet three basic requirements. The policy must:

1. Have the same provision as set forth in the National Association of Insurance Commissioner's (NAIC) Long-Term Care Insurance Model Regulation (Model Regulation) and the NAIC Long-Term Care Insurance Model Act (Model Act) and be approved by the Wyoming Department of Insurance prior to use;
2. Be tax-qualified such that the Internal Revenue Service (IRS) does not tax the policy's benefits; and
3. Contain the following inflation protection provisions at the time it is sold:

Age	Level of Inflation Protection
Less than 61	Policy must have compound annual inflation protection at some level.
61-75	Some level of inflation protection must apply. No minimum level is established.
Over 75	Policy may provide inflation protection, but none is required.

Policy Exchanges for Partnership-Qualified. A person who currently owns a long-term care insurance policy that would otherwise meet the requirements of a Partnership-qualified policy is entitled to exchange his policy for a Partnership-qualified policy, as long as the existing policy was purchased on or after February 8, 2006.

Filings and Prior Approval. Before an insurer may offer or exchange a Partnership-qualified policy, the insurer must have the policy or rider filed and approved by the Department. All policy forms or riders filed for approval must be accompanied by an Issuer Certification Form. In the event that an insurer desires to use a previously-approved policy form as a Partnership-qualified policy, the insurer shall so notify the Department and such notice shall be accompanied by a completed Issuer Certification Form.

The template Issuer Certification Form can be found on the Department's website: <http://insurance.state.wy.us> under policy form filing checklists.

Notices and Disclosures. At the time the Partnership-qualified policy is offered or solicited, a Long-Term Care Insurance Partnership Program Notice must be given to the consumer. In addition, the Department, with the assistance of the Wyoming Department of Health, has developed a handout explaining the rules concerning Medicaid Equality Care eligibility, which must be given to the consumer at the time of solicitation. When a Partnership-qualified policy is issued or delivered, a Long-Term Care Insurance Partnership Disclosure Notice must once again be given to the purchaser.

The template disclosure notice that may be used by the insurer or producer can be found on the Departments website: <http://insurance.state.wy.us> under policy form filing checklists.

Producer Education and Reciprocity of Training. The Partnership requires the Wyoming Insurance Commissioner to provide assurance that any producer who sells, solicits or negotiates

a policy under the Partnership receives training and demonstrates an understanding of Partnership policies and their relationship to public and private coverage for long-term care.

Accordingly, an individual may not sell, solicit or negotiate long-term care insurance in Wyoming unless the individual is: 1) licensed as an insurance producer and authorized for accident and health or sickness and disability; 2) has completed a one-time training course by or before July 1, 2010; and 3) receives ongoing training of at least four (4) hours every 24 months after the initial training.

Insurers providing long-term care insurance shall obtain verification that the producer receives such training, maintain records subject to the State's record retention requirements and make that verification available to the Wyoming Insurance Commissioner upon request. The one-time training course shall be no less than eight (8) hours and the ongoing training shall be no less than four (4) hours.

Training shall cover the following topics: long-term care insurance, long-term care services, Qualified Partnerships, the relationship between Qualified Partnerships and other public and private coverage of long-term care, and Wyoming-specific Medicaid and long-term care information, including available long-term services and providers. The training shall not include training that is insurer or company product specific or that includes any sales or marketing information, materials or training, other than those required by state or federal law.

The satisfaction of these training requirements in any state shall be deemed to satisfy the training requirements in Wyoming. These training requirements may be approved as continuing education courses under Chapter 20 of the Wyoming Insurance Department Rules and Regulations. Note that credit will only be given for a course approved by the Department for continuing education.

Reciprocity of Plans. Wyoming Medicaid will recognize the Partnership-qualified status of plans purchased in other states. Thus, benefits paid under a Partnership-qualified policy purchased in another state will be recognized for purposes of determining eligibility and asset protection in Wyoming.

Medicaid Eligibility. Medicaid eligibility is a determination made by the Wyoming Department of Family Services in conjunction with the Wyoming Department of Health. For additional information regarding Medicaid eligibility, asset disregard in Wyoming and the benefits of qualified long-term policies, consumers may be directed to contact their local Department of Family Services offices.

Future Statutes and Regulations. The Department anticipates that additional requirements will be developed for insurers and producers who participate in the Partnership program. Future statutory and/or regulatory changes may establish additional requirements relating to insurer reporting, producer licensing and training, consumer notices, reciprocity, exchange and/or conversion of policies.

Any questions about the information in the Memorandum may be directed to the Wyoming Insurance Department, 106 East 6th Avenue, Cheyenne, Wyoming 82002 or by calling (307) 777-7401.