

**STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

**Bulletin 2016-01-INS**

**In the matter of**

Long-Term Care Partnership Program  
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**Issued and entered  
This 7<sup>th</sup> day of January 2016  
By Patrick M. McPharlin  
Director**

I. Establishment of the Michigan Long-Term Care Partnership Program

The federal Deficit Reduction Act of 2005 (“DRA”) established the Long-Term Care Partnership Program (“Partnership Program”). Public Act 198 of 2015 implements the Partnership Program in Michigan, effective February 22, 2016. Under the Partnership Program, a qualifying long-term care insurance policy (“Partnership Policy”) may protect the policyholder’s or certificate holder’s assets through a feature known as “asset disregard” under Michigan’s Medicaid program. This feature permits individuals to protect assets from Medicaid’s “spend-down” requirements for the purpose of determining Medicaid eligibility and during the asset recovery process as authorized by Section 6021 of the Deficit Reduction Act of 2005 (the “DRA”).

II. Requirements for Certification of Partnership Policies

Partnership Policies are subject to approval by the Department of Insurance and Financial Services (“DIFS”). The Director of DIFS (“Director”) must certify that policies comply with the DRA.

To be certified as a Partnership Policy, the policy must:

- (1) Contain the consumer protection provisions as required by 42 USC § 1396p(b)(1)(C)(iii)(III) and 42 USC §1396p(b)(5)(A).
- (2) Be a tax-qualified contract under the requirements of 26 USC § 7702B(b).
- (3) Provide various types and levels of inflation protection based on the consumer’s age as required by 42 USC §1396p(b)(1)(C)(iii)(IV).

In reviewing requests for approval of a long-term care individual or group insurance policy as a Partnership Policy, DIFS will rely on a certification of compliance with the requirements of the DRA signed by a representative of the Issuer. This Long-Term Care Partnership Policy Certification Form can be found on DIFS’ website.

Issuers that want to have existing, approved policies or certificate forms certified as Partnership Policies must file an Issuer Certification Form that clearly identifies the previously filed policies with the pertinent SERFF tracking number(s) and accurately certifies compliance with the requirements of the DRA. After receipt of an Issuer Certification Form and a determination that a policy meets all applicable consumer protection requirements, DIFS will issue new approval dispositions for Partnership Policies through SERFF.

### III. Notice to Consumers

Issuers of Partnership Policies must provide a Notice to Consumers (“Notice”) detailing in plain language the pertinent provisions of qualified long-term care insurance Partnership Policies as they relate to Medicaid eligibility, requirements for partnership coverage and types of changes that could disqualify long-term care insurance as Partnership coverage. DIFS has developed the required Notice. This Notice shall be filed with DIFS along with the applicable SERFF filing for new and existing forms; or issuers may develop their own Notice and submit for approval with the filing.

### IV. Producer Training for Sale of Policies Qualifying for the Michigan Long-Term Care Partnership Program

The DRA requires the Director to provide assurance that any producer who sells, solicits or negotiates a policy under the Michigan Long-Term Care Partnership Program receives appropriate training and demonstrates an understanding of Partnership Policies and their relationship to public and private coverage for long-term care. An insurer that delivers or issues for delivery long-term care insurance in Michigan shall obtain verification, and make the verification available to the Director upon request, that an insurance producer has received the training before permitting the insurance producer to sell, solicit or negotiate the insurer’s long-term care insurance products, as required by Section 1204f of the Michigan Insurance Code of 1956, as amended, MCL 500.1204f.

Section 1204f, as amended, requires a producer selling, soliciting, or negotiating long-term care insurance to complete a one-time training course no later than February 22, 2017. In addition to the other requirements of Section 1204f, as amended, the one-time training course and ongoing training courses must include topics related to the relationship between qualified Partnership Policies and other public and private coverage of long-term care services, including Medicaid. Producers who have satisfied these requirements in another state will be considered to have satisfied the requirements in Michigan.

Any questions regarding this Bulletin should be directed to:

Department of Insurance and Financial Services  
Office of Rates and Forms  
530 West Allegan Street 7<sup>th</sup> Floor  
Lansing, Michigan 48933  
Toll Free: (877) 999-6442

Any questions regarding Medicaid should be directed to:

Michigan Department of Health and Human Services  
(855) 275-6424

  
Patrick M. McPharlin  
Director