

California Department of Insurance

Eight-Hour Mandatory Long-Term Care Course

Topics to be Included in the Course Outline

OVERVIEW

The following outline is a listing of the topics that must be addressed as part of all eight-hour long term care (LTC) insurance courses designed to meet the requirements of the Section 10234.93(a) (4) (A) (B), and (C) of the California Insurance Code (CIC) which reads in part, "...Licensees shall complete the initial training requirements of this Section prior to being authorized to solicit individual consumers for the sale of long-term care insurance..."

Additionally, licensees who sell life insurance products that contain riders for long-term care are subject to the training requirements.

EDUCATION OBJECTIVES

Each topic must be developed in its entirety and should explain (not merely recite) chaptered legislation and pertinent regulations. Each topic should *include an explanation* of why each topic is significant to the agent and client. The subjects do not need to be presented in this outline order. However, each topic must be cross referenced to the material submitted to the Commissioner before the material can be approved. In addition, the topics need to be developed in a clear and meaningful manner so that the student derives a clear understanding of the pertinent issues and implications. It is expected that any viable long-term care (LTC) course proposed should be eight hours in length so as to cover adequately all the required topics. A course on LTC product knowledge only does not qualify for LTC continuing education credit. **NOTE:** All statistical information (dollar amounts, charts and tables) and points of fact must be referenced to the original source data. In addition, these sources must be California specific where available.

Course providers are encouraged to use examples that illustrate points and concepts.

For contact courses, the topics need to be articulated in writing to the extent that the student can relate the words of the instructor to the course material in a meaningful way. For correspondence courses, each topic must be developed in full so that the reader can get an understanding of the material as if he or she was in a contact course.

Discussion of topics must be handled in a neutral manner. These courses may **NOT**:

- Use the opportunity to persuade;
- Indoctrinate or enlighten agents on a particular philosophy or a political or public policy position;
- Offer opinions about state or federal legislation or forecast the success or failure of legislation;
- Offer company specific sales presentations or similar information;
 - Absolutely no marketing information is allowed in long-term care courses;
- Use copyright material inserted or attached to the course material without proper references;
- Use attachments to the course material that contain the information noted in the above bulleted items; and,
- Substitute Insurance Code Sections for explanatory text.

California Department of Insurance

Eight-Hour Mandatory Long-Term Care Course

Topics to be Included in the Course Outline

Course providers are required to do the following:

- Provide a detailed understanding of all the topic areas;
- Show continuity of explanations in the course textbook, examples, references, and citations;
- Provide easy to read text. Rather than seemingly unrelated pieces of data, the text should have a narrative explanation of why or how parts fit together;
- State conclusions (i.e. why is this topic important and what does it mean for the policyholder);
- Substantiate information with material presented;
- Focus course material on needs of consumers and the problems and solutions associated with long-term care and long-term care insurance;
- Include California Department of Insurance (CDI)-required attachments; and,
- Include any additional attachments.

Contact Course (Interactive)

Credit Hours for Contact Courses: Our guideline for assigning credit hours to contact courses is based on a 50-minute hour of classroom instruction. No credit is given for breaks. The student can receive credit for only eight hours or 480 minutes of instruction per day. This equates to nine hours of classroom credit per day (partial hours are not given credit). The student is required to be attentive and participate. It is the instructor's discretion or judgment to determine if the student should receive credit based on his attention and participation. Additionally, the instructor may give credit if the student participates in at least 80 percent of class instruction. No credit is given for review. Credit is given for examinations only if it is mandatory to pass the examination to receive credit for the course.

Non-Contact Course (Non-Interactive)

Credit Hours for Non-Contact Courses: One credit hour is approved for 4,600 words. For the examination, 10 to 15 percent of the approved credit hour(s) is added to arrive at the total credit hours for the non-contact course. The examination must have a minimum of three questions for each credit hour approved. Partial credit hours will not be awarded and will be rounded down to the nearest whole credit hour.

Disclaimer –The California Department of Insurance is released of responsibility for approved course materials that may have a copyright infringement. In addition, no course approved for either prelicensing or continuing education hours or any designation resulting from completion of such courses should be construed to be endorsed by the Commissioner.

California Department of Insurance

Eight-Hour Mandatory Long-Term Care Course

Topics to be Included in the Course Outline

INTRODUCTION TO LONG-TERM CARE (THE LONG-TERM CARE CRISIS)

With the aid of technology and today's advanced healthcare systems, more people are living to age 80, 90 or beyond. This reflects the truth behind the marketing phrase "60 is the new 40". Now, with on-going scientific programs beginning to offer hope of truly understanding the genetics of aging, we may soon see additional increases in life expectancy. Longer life expectancy increases a person's need to plan for long-term care.

What is long-term care? Essentially, it is the inability to care for oneself due to a chronic (long-term) medical condition. Every day more than 5,000 people in this country turn 65. More than 2.5 million are 85 or older. And the likelihood of chronic illness increases with age. The chance of a person currently age 65 being confined to a nursing home at some time in the future is now one in three. According to the U.S. Census Bureau, the over-85 population is the fastest growing segment of the U.S. population, and one out of four people in that age group today lives in a nursing home. Approximately 75 percent of nursing home residents are women.

The programs that many believe cover chronic long-term care events are not necessarily designed to do so. Medicare and Medicare Supplements primarily pay for the costs associated with acute (as opposed to chronic) medical conditions. And, while Medi-Cal (Medicaid) does provide long-term care benefits for many senior citizens, they must first exhaust most of their income and assets to qualify. It is no secret that many seniors are paying a growing proportion of their income in out-of-pocket costs for health care and long-term care services at home due to limited or no insurance coverage. Every day people move into Medi-Cal/Medicaid facilities because they have run out of money from paying these out-of-pocket expenses for home health care or assisted living facility care.

The long-term care problem is made even more complex by the ever-rising cost of services. A study conducted by Genworth Financial and published in March 2013 noted that the semi-private nursing facility cost of long-term care in the U.S. is \$207 per day or \$75,555 per year and the median cost for "hands-off" homemaker services is \$18 per hour. Are Americans planning for the costs associated with long-term care? In 2010 Gerontologist Ken Dychtwald (www.agewave.com) conducted focus groups that discovered the following:

- *Uninsured medical expenses (including long-term care) are the top financial worry among men and women age 55 and older.*
- *People are over five times more worried about being a burden on their family than dying.*

California Department of Insurance

Eight-Hour Mandatory Long-Term Care Course

Topics to be Included in the Course Outline

- *Almost two-thirds of people will actually require some long-term care, such as home care, assisted living or nursing home care after they reach age 65, but only 35 percent of people believe they will need such care.*
- *People greatly underestimate the financial, social and lifestyle impact of caregiving responsibilities.*
- *When someone needs long-term care, a wide circle of primary caregivers, secondary caregivers, other family, friends and community members often provide the care and are impacted by the responsibilities.*

The answer is that consumers are concerned about long-term care issues and are looking for credible guidance from insurance agents, financial advisors and other sources.

Long-Term Care Insurance (LTCi) is a category of coverage designed to address these growing problems. Obviously, the ideal time to purchase long-term care insurance would be the day before you need it, but as we know, life doesn't work that way. A 2012 study by the Life Insurance Marketing Research Association (LIMRA) indicated that the number one reason people purchase long-term care insurance is for asset and income protection in retirement. Policyholders also obtain peace of mind, secure their independence and preserve their assets by having coverage.

The concepts of long-term care and long-term care insurance are presented in this outline in basic terms as we unfold a story that is important to consumers, insurance agents and financial advisors as well as employers. The reality is that long-term care has become one of the greatest health-care issues for older persons and their families and one of the most common catastrophic health-care expenses.

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

TABLE OF CONTENTS

- I. Long-Term Care (LTC)**
 - A. Introduction
 - B. Risk Factors Associated with Long-Term Care
 - C. Long-Term Care Services and Facilities that Provide Care
 - D. Locating Information on Long-Term Care Services and Facilities that Provide Long-Term Care

- II. Potential Resources for Paying for Long-Term Care Expenses**
 - A. Financing/Paying for Long-Term Care
 - B. How Medicare Interrelates with Paying for Long-Term Care Expenses

- III. Federal Legislation and Long-Term Care**
 - A. Health Insurance Portability and Accountability Act (HIPAA) Definitions that Apply to Long-Term Care Expenses and Insurance
 - B. Tax Qualified Long-Term Care Insurance
 - C. Tax Treatment of Pre-1997 Long-Term Care Insurance Policies
 - D. Long-Term Care Insurance Premium Deductibility
 - E. Pension Protection Act of 2006
 - F. New Trends: Long-Term Care Insurance, Life Insurance, Annuities and Benefit Riders

- IV. Long-Term Care Insurance (LTCi)**
 - A. Types of Products
 - B. Group Coverage
 - C. Common Policy Benefits

- V. California Statutory Policy Provisions, Requirements and Terminology**
 - A. Company Responsibilities and Prohibitions
 - B. Agent Responsibilities and Prohibitions
 - C. Statutory Rate Stabilization Requirements

- VI. Administration and Enforcement**
 - A. Authority to Bring Actions and Assess Penalties
 - B. Violations and Penalties
 - C. Notice and Hearing

- VII. Advertising Guidelines and Marketing Practices**
 - A. Advertisements Guidelines
 - B. Marketing Practices

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

VIII. California Partnership for Long-Term Care

- A. Introduction to the Partnership

IX. Attachments

- A. Medi-Cal Requirements – Attachment I
- B. Tax Treatment of Long-Term Care Insurance & Expenses – Attachment II
- C. Applicable Laws & Penalties – Attachment III

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

I. Long-Term Care (LTC)

- A. Introduction (*See Introduction to Long-Term Care within Overview*)
 - 1. What is long-term care?
 - 2. Why is long-term care important?
 - 3. Why is long-term care a problem?

- B. Risk Factors Associated with Long-Term Care
 - 1. Gender
 - 2. Age
 - 3. Marital/domestic partner status
 - 4. Availability of family caregivers
 - 5. Medical history
 - 6. Financial factors

- C. Long-Term Care Services and Facilities that Provide Care
 - 1. Long-term care services
 - a. home care and community-based services
 - i. home health care
 - ii. adult day care
 - iii. personal care
 - iv. homemaker services
 - v. hospice services
 - vi. respite care
 - b. public programs
 - i. multipurpose senior service program (MSSP)
 - ii. in-home supportive services (IHSS)
 - iii. program of all-inclusive care for the elderly (PACE)
 - 2. Facilities that provide care
 - a. formal care
 - i. nursing homes
 - ii. residential care facilities for the elderly (RCFE)
 - iii. continuing care retirement communities (CCRC)
 - iv. adult day care setting
 - b. alternative living settings/arrangements
 - i. retirement home living arrangement
 - ii. life care communities
 - iii. fraternal, religious and union sponsored living arrangements
 - iv. family care

- D. Locating Information on Services and Facilities that Provide Long-Term Care
 - 1. Where to obtain information on long-term care services and facilities
 - 2. How services are provided and funded

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

II. Potential Resources for Paying for Long-Term Care Expenses

- A. Financing/Paying for Long-Term Care
 - 1. Funding mechanisms for long-term care
 - a. personal savings
 - b. home equity
 - i. residential reverse mortgages insured by HUD
 - c. life settlements
 - i. viatical settlements
 - 2. Insurance products that contain long-term care benefit options
 - a. stand-alone long-term care insurance products
 - b. policies and annuities with long-term care benefits
 - c. accelerated death benefits, riders and annuities
 - d. other catastrophic benefits
 - 3. Medi-Cal (*See Attachment I – Medi-Cal Requirements*)
 - a. Medi-Cal eligibility
 - i. income and asset limits
 - ii. hardship exception
 - iii. look-back periods
 - iv. agents should be aware that the purchase of a long-term care policy will not necessarily ensure that someone will avoid Medi-Cal when they need long term care
- B. How Medicare Interrelates with Paying for Long-Term Care Expenses
 - 1. Medicare
 - 2. Medicare supplements
 - a. traditional Medicare supplements (A-K)
 - b. Medicare advantage

III. Federal Legislation and Long-Term Care (*See Attachment II – Tax Treatment of Long-Term Care Insurance and Expenses*)

- A. Health Insurance Portability and Accountability Act (HIPAA) Definitions that Apply to Long-Term Care Expenses and Insurance
 - 1. Qualified long-term care services/chronically ill individual
 - 2. Licensed health care practitioner
 - 3. 90-day certification for activities of daily living
 - 4. Substantial assistance
 - a. severe cognitive impairment and substantial supervision
- B. Tax Qualified Long-Term Care Insurance
 - 1. Benefits
 - 2. Required consumer protection
 - 3. IRS reporting mechanism

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

- C. Tax Treatment of Pre-1997 Long-Term Care Insurance Policies
 - 1. Definition of “material change”
- D. Long-Term Care Insurance Premium Deductibility
 - 1. Health savings accounts (medical IRA account)
 - 2. Individual deductibility
 - 3. Deductibility for the self-employed
 - 4. Deductibility in closely-held C-corporation
- E. Pension Protection Act of 2006
- F. New Trends: Long-Term Care Insurance, Life Insurance, Annuities and Benefit Riders

IV. Long-Term Care Insurance (LTCi)

- A. Types of Products
 - 1. Stand-alone long-term care products
 - 2. Products with long-term care riders
 - a. life insurance
 - b. annuity
 - c. disability insurance
 - d. critical illness insurance
 - e. accelerated death benefit
 - f. other products as they become available in the marketplace
 - 3. Hybrid long-term care policies
 - a. life/long-term care
 - b. annuity/long-term care
 - c. other hybrid products as they become available in the marketplace
- B. Group Coverage (Section 10231.6 of the CIC)
 - 1. Employer sponsored plan
 - a. true group
 - b. multi-life individual
 - 2. Trade/association/discretionary sponsored plan
 - a. true group
 - b. multi-life individual
 - 3. Group policies issued outside California (Section 10232 of the CIC)
- C. Common Policy Benefits
 - 1. Coverage for care in a nursing facility (Section 10232.95 of the CIC)
 - 2. Coverage for care in a residential care facility for the elderly (RCFE) (Section 10232.92(a) of the CIC)
 - a. minimum benefit – 70 percent of institutional confinement benefit (Section 10232.92(b) of the CIC)

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

- b. all long-term care expenses incurred by insured must be covered up to (but not to exceed) daily maximum (Section 10232.92(c) of the CIC)
- 3. Coverage for home and community care (Sections 10232.9(a) through (c) of the CIC)
 - a. services provided
 - i. home health care
 - ii. adult day care
 - iii. personal care
 - iv. homemaker services
 - v. hospice services
 - vi. respite care
 - b. minimum benefits (Section 10232.9(d) of the CIC)
- 4. Benefit eligibility triggers and definitions
 - a. tax qualified (Sections 10232.8(b) and (f) of the CIC)
 - i. impairment in two out of six activities of daily living (ADLs) which include eating, bathing, continence, dressing, toileting and transferring
 - ii. impairment of cognitive ability
 - iii. assessment and plan of care
 - (A) definition of a licensed health care practitioner (LHP) (Section 10232.8(c) of the CIC)
 - (1) independent of the insurer
 - b. non-tax qualified (Sections 10232.8(a) and (g) of the CIC)
 - i. impairment in two out of seven activities of daily living (ADLs) which include eating, bathing, dressing, ambulating, transferring, toileting and continence
 - ii. impairment of cognitive ability
 - iii. other criteria at commissioner's discretion
 - c. flexible benefit mandated
 - i. policy lifetime maximum must be stated in single dollar amount (Section 10232.93 of the CIC)
 - d. prohibited practices
 - i. "usual and customary" standard (Section 10233.2(d) of the CIC)
 - ii. medical necessity (Section 10232.9(c)(7) of the CIC)
 - iii. prior hospital/institutional stay requirement (Section 10232.5 of the CIC)
 - e. Insurers may verify necessity with any source of independent judgment (Section 10233 of the CIC)
- 5. Contractual methods of payment
 - a. reimbursement
 - b. indemnity
 - i. cash

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

- ii. per diem
- 6. Definitions of providers (licensed or not) (Sections 10232.9 and 10232.92 of the CIC)
- 7. Inflation protection
 - a. requirement for offer (Section 10237.1 of the CIC)
 - b. other methods of providing inflation protection
 - i. compound inflation
 - ii. simple inflation
 - iii. consumer price index (CPI)
 - iv. periodic increases
 - v. defined number of years
 - vi. defined age
- 8. Waiver of premium, elimination/waiting period
- 9. Benefit period
- 10. Restoration of benefits
- 11. Home modification and other ancillary benefits (Section 10233.2(f) of the CIC)
- 12. Survivor benefits
- 13. Return of premium
- 14. Nonforfeiture (Section 10235.30 of the CIC)

V. California Statutory Policy Provisions, Requirements and Terminology

- A. Company Responsibilities and Prohibitions
 - 1. Application and underwriting
 - a. applications must ask “yes” or “no” health questions (Section 10232.3(a) of the CIC)
 - b. warning on application that misstatements may result in rescission (Sections 10232.3(b) of the CIC)
 - c. insurer must have, use and apply suitability standards (Section 10234.95(f) and (h) of the CIC)
 - d. company must resolve all underwriting issues submitted on application – no post claim underwriting (Section 10232.3(d) of the CIC)
 - e. every application shall include a checklist (Section 10232.3(c) of the CIC)
 - i. important notice regarding policies available
 - ii. outline of coverage (OOC) (Section 10233.5 of the CIC)
 - iii. health insurance counseling and advocacy program (HICAP) notice (Section 10234.93(a)(8) of the CIC)
 - iv. long-term care insurance shoppers guide (Taking Care of Tomorrow – provided by insurer) (Section 10234.93(a)(9) of the CIC)
 - v. long-term care insurance personal worksheet (Section 10234.95(c)(4), (d) and (e) of the CIC)

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

- vi. notice to applicant regarding replacement of accident and sickness for long-term care insurance (Sections 10235.16 and 10235.18 of the CIC)
 - f. definition of preexisting condition (Section 10232.4(a) of the CIC)
 - g. no new preexisting conditions on replacement policies (Section 10235.18(a)(1) of the CIC)
 - h. contestability period is two years (Section 10232.3(f) of the CIC)
 - i. completed application must be delivered with policy (Section 10232.3(g) of the CIC)
 - j. protection against unintentional lapse (Section 10235.40 of the CIC)
 - i. applicant may designate another to receive notice of lapse – the insurer must receive either:
 - (A) information on designee, or
 - (B) verbatim waiver signed and dated
 - ii. insurer must offer right to change designee no less often than once every two years
 - iii. insurer must mail notice 30 days before termination
 - iv. policy and certificate must include five-month reinstatement
 - k. inflation protection
 - i. requirement for illustration (Section 10237.6 of the CIC)
 - ii. requirement for waiver (Section 10237.5 of the CIC)
2. Reporting requirements
- a. insurers must file rescission annually (Section 10232.3(h) of the CIC)
 - b. insurers must report the number of replacement sales and lapses (Section 10234.86 of the CIC)
 - c. insurers must annually report the number of applicants who refused to complete the personal worksheet and the number that did not meet the suitability requirements (Section 10234.95(i) of the CIC)
 - d. insurers must file personal worksheet upon each rate increase (Section 10234.95(c)(4) of the CIC)
 - e. insurers must file commission structure for replacement coverage (Section 10234.97(c) of the CIC)
 - f. insurers must semiannually file all agents authorized to sell long-term care insurance (Section 10234.93(a)(3) of the CIC)
 - g. insurers must file initial premium rates (Section 10236.11 of the CIC)
 - h. insurers must file all rate increase requests for approval (Section 10236.13 of the CIC)
3. Required policy definitions
- a. Medicare (Section 10235.2(a) of the CIC)
 - b. skilled nursing care (Section 10235.2(b) of the CIC)
 - c. intermediate care (Section 10235.2(b) of the CIC)
 - d. home care (Sections 10232.9(b)(1 through 6) of the CIC)
 - e. residential care facility for the elderly (RCFE) (Section 10232.92 of the CIC)

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

4. Consumer protection
 - a. shortened benefit period (Section 10235.30 of the CIC)
 - b. distinguish between groups and individual disclosure in certificates
 - c. 30-day free look (Section 10232.7 of the CIC)
 - d. right to reduce coverage and lower premiums (Section 10235.50 of the CIC)
 - e. right to increase coverage (Section 10235.51 of the CIC)
 - i. insurer may require insured to undergo new underwriting (Section 10235.51(c) of the CIC)
5. Policy replacement
 - a. premium credits for replacement policies (Section 10234.87 of the CIC)
 - i. five percent of prior annual premium (not to exceed 50 percent)
 - b. replacement policy conversions (Section 10236.5 of the CIC)
 - c. exchange from group non-tax qualified to tax qualified (Section 10232.2(d) of the CIC)
6. Long-term care personal worksheet with company-specific premium increase information (Section 10234.95(c)(4) of the CIC)
 - a. in California
 - b. filed in any other state
7. Option to increase coverage
 - a. insurer must offer inflation protection (Section 10237.1 of the CIC)
 - i. five percent compounded annually unless applicant signs rejection (Section 10237.5(a) of the CIC)
 - (A) rejection statement must be verbatim (Section 10237.5(b) of the CIC)
 - b. mandated offer goes to group policyholder (Section 10237.1(d) of the CIC)
 - c. life insurance with accelerated benefits are exempt (Section 10237.3 of the CIC)
 - d. no limits on inflation protection
 - i. regardless of age, claim status, claim history or policy term (Section 10237.4(a) of the CIC)
 - ii. no reduction of inflation benefit increases due to payment of claims (net of claims issues) (Section 10237.4(c) of the CIC)
 - e. insurer must offer level premiums if offering automatic increases (Section 10237.4(b) of the CIC)
 - f. outline of coverage must include:
 - i. 20-year graph contrasting inflation protection with no inflation protection (Section 10237.6(a)(1) of the CIC)
 - ii. expected premium increases to pay for inflation protection (Section 10237.6(a)(2) of the CIC)

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

- iii. illustration must be reasonable (Section 10237.6(b) of the CIC)
 - g. other optional forms of inflation protection
 - i. automatic, simple and compound (USC)
 - ii. consumer price index (CPI)
 - iii. future purchase option (FPO)
 - 8. Requirement to make specimen policy available on website and by request (Section 10237.93(a)(10) of the CIC)
 - 9. Insurer must retain records for each agent for replacement sales and lapses (Section 10234.86(a) of the CIC)
 - 10. Insurer must retain auditable procedures for compliance (Section 10234.93(a)(7) of the CIC)
 - 11. Additional insurer obligations (Section 10232.65 of the CIC)
 - 12. California Life and Health Insurance Guarantee Association (CLHIGA) (Sections 1067.02(a)(1) and 1067.02(b)(1) of the CIC)
- B. Agent Responsibilities and Prohibitions**
- 1. Duty of honesty, good faith, fair dealing (Section 10234.8 of the CIC)
 - 2. Long-term care training (Section 10234.93 of the CIC)
 - a. licensees must meet eight-hour mandatory long-term care training requirement (Section 10234.93(a)(A)(B) of the CIC)
 - b. non-resident agents must meet eight-hour mandatory long-term care training requirement (Section 10234.93(a)(C) of the CIC)
 - 3. Suitability (Section 10234.95 of the CIC)
 - a. agents must use company suitability standards
 - i. ability to pay
 - ii. applicant's goals or needs
 - iii. value, benefits and costs of the applicant's existing insurance
 - b. personal worksheet
 - i. consumer may decline to provide information (Section 10234.95(h) of the CIC)
 - 4. Replacement
 - a. replacement coverage (Section 10234.97 of the CIC)
 - i. definition
 - ii. basis on improvement of insured's position
 - iii. applicability
 - iv. restriction on replacement sales commission
 - b. replacement of existing insurance notice (Section 10235.16 of the CIC)
 - 5. Consumer protection
 - a. insurers/agents must provide "Taking Care of Tomorrow" to applicant – which can be accessed on the Department of Aging's website at www.aging.ca.gov (Section 10234.93(a)(9) of the CIC)

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

- b. California Department of Insurance's (CDI) toll free consumer services 1-800-927-HELP
- c. agents required to provide local HICAP program name, location and telephone number and statewide HICAP telephone number 1-800-434-0222 (Section 10234.93(a)(8) of the CIC)
- d. HICAP notice on outline of coverage (Section 10232.3(c)(3) of the CIC)
- e. rights to reduce, add or purchase new coverage (Sections 10235.50-10235.52 of the CIC)
- f. right to choose a paid up benefit (contingent benefit upon lapse) following a rate increase (Sections 10235.35 and 10236.13(e)(3) of the CIC)
- g. right to request and receive sample policy (Section 10234.93(a)(10) of the CIC)
- h. right to appeal contract language (Section 10235.94 of the CIC)
- 6. Replacement of long-term care insurance unnecessarily (Section 10234.85 of the CIC)
- 7. Agent retention of records for five years (Section 10508.5 of the CIC)
- 8. Long-term care rate & history guide – www.insurance.ca.gov (Section 10234.6 of the CIC)

C. Statutory Rate Stabilization Requirements

- 1. Importance of rate stability in long-term care insurance
- 2. Company responsibilities
 - a. submission of new business premiums (Section 10236.11 of the CIC)
 - b. rate revisions filed on or after January 1, 2010 (Section 10236.1 of the CIC)
 - c. rate increase subject to CDI approval (Sections 10236.13 through 10236.15 of the CIC)
 - d. explain what rates are stabilized
 - e. contingent non-forfeiture

VI. Administration and Enforcement

- A. Authority to Bring Actions and Assess Penalties (Section 10234.2 of the CIC)
 - 1. authorizes private right of action
 - 2. authorizes actions by district attorneys, attorney general and city attorneys
 - 3. orders reasonable attorney fees and costs to prevailing party
- B. Violations and Penalties (*See Attachment III*)
- C. Notice and Hearing (Section 10234.5 of the CIC)

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

VII. Advertising Guidelines and Marketing Practices

- A. Advertising Guidelines
 - 1. Advertisements must be filed (Section 10234.9 of the CIC)
 - a. provide copy of advertisement to the commissioner 30 days before dissemination
 - i. advertisement must comply with all laws in California
 - ii. insurer will retain advertisement for at least three years (Section 10508 of the CIC)
 - b. advertisement designed to produce leads must contain specific language
 - i. “an insurance agent will contact you” if that is the case
 - c. information generated by a cold lead device must be immediately disclosed to the consumer
 - 2. Identify the rules regarding Internet advertisements (Section 1726 of the CIC)
- B. Marketing Practices (Section 10234.93 of the CIC)
 - 1. Insurer responsibilities
 - a. establish marketing procedures for agents
 - b. submit to the commissioner a list of long-term care insurance agents, updated every six months
 - c. provide continuing education training
 - d. notice on page one of the policy: “this policy may not cover all costs associated with long-term care incurred by the buying during the period of coverage”
 - e. written notice identifying local HICAP
 - f. establish auditable procedures
 - 2. Agent responsibilities
 - a. fair and accurate comparisons
 - b. no excessive insurance
 - c. determine applicant’s existing coverage
 - d. provide California Department of Aging shoppers guide prior to application

VIII. California Partnership for Long-Term Care

- A. Introduction to the Partnership (www.dhcs.ca.gov/services/ltc/pages/cpltc.aspx)
 - 1. Partnership product allows dollar-for-dollar offset of benefit with Medi-Cal spend-down recovery
 - 2. ~~Partnership product is only appropriate for a narrow segment of individuals who fit a certain income and asset profile~~
 - 23. Special Partnership certification is required in order to sell Partnership product

California Department of Insurance
Eight-Hour Mandatory Long-Term Care Course
Topics to be Included in the Course Outline

IX. Attachments

- A. Medi-Cal Requirements – Attachment I
- B. Tax Treatment of Long-Term Care Insurance & Expenses – Attachment II
 - 1. Provide sample of 1099 LTC form and instructions
 - 2. Provide copy of tax form 8853
- C. Applicable Laws & Penalties – Attachment III