

**Long-Term Care Experience Study
LTC-2009**

STATISTICAL PLAN

INTRODUCTION

This is a statistical plan for the Long-Term Care Experience (LTC-2009) Data Call for experience year 2008. This statistical plan contains the reporting requirements, due dates and related information needed to complete your company's reporting obligations under California Insurance Code Sections 10123.137 & 10508.6 (b).

The statistical plan contains nine sections. These sections are outlined below:

CONTENTS

A.	SCOPE OF THE STUDY.....	2.
B.	IMPORTANT NOTES TO REMEMBER.....	3.
C.	GENERAL RULES.....	4.
D.	PROPRIETARY POLICY.....	5.
E.	REPORTING DUE DATES.....	5.
F.	RETRIEVING THE LTC-2009 DATA WORKBOOK FROM THE INTERNET.....	5.
G.	METHOD OF REPORTING.....	6.
H.	CALIFORNIA DEPARTMENT OF INSURANCE CONTACT INFORMATION.....	7.
I.	CLASSES OF BUSINESS / POLICY FORMS.....	7.
J.	INSTRUCTIONS FOR COMPLETING THE LTC-2009 DATA WORKBOOK.....	8.
K.	EXPLANATIONS OF EACH LTC-2009 WORKSHEET.....	10.

Long-Term Care Experience Study LTC-2009

STATISTICAL PLAN

A. SCOPE OF THE STUDY

This study is applicable to **all insurers licensed, by the California Department of Insurance, to write business in Class 6, Disability Lines.** *Compliance is mandatory for ALL companies with policies in-force during the 2008 calendar year. With the exception of the rescissions worksheet, this data call pertains to California experience only.*

The State of California requires that every insurer, licensed to write Long-Term Care (class 6, Disability) business, **maintain and report** their data to the Insurance Commissioner following California Insurance Code Sections:

- CIC 10232.3(h)** Requires records of all policy or certificate Rescissions, both state and countrywide, except those voluntarily initiated by the insured.
*** New for 2009 *** - CIC 10232.3 (h) will require companies to provide the following information annually: *the reason for rescission, the length of time the policy or certificate was in force, and the age and gender of the insured person.*
- CIC 10234.86** Requires records of each agent's replacements and lapses as a percent of the agent's total annual sales, reporting annually the 10 percent of agents with the highest percentages of lapses and replacements and the number of lapsed and replacement policies as a percent of the insurer's total annual sales in the state, of the total number of policies in-force in the state, and as a total number of each policy form in the state as of the end of the prior calendar year reported by June 30.
- CIC 10234.95(i)** Annual reporting of the total number of applications, persons declining to provide information, those not meeting suitability standards and those who conform after a suitability letter.
- CIC 10235.9** Annual reporting by June 30 of the number of denied claims by each class of business, and number denied for failure to meet waiting period or pre-existing conditions.
-

B. IMPORTANT NOTES TO REMEMBER

There were significant changes made to prior LTC workbooks which remain cited below as “IMPORTANT NOTES TO REMEMBER”.

1. **Applications Pending on the Applications Worksheet.**
 - a. **PLUS APPLICATIONS PENDING FROM 2007, WHICH BECAME A POLICY IN 2008:**
Allows companies to add back applications that were pending from the previous year and that became policies in-force in the current year.
 - b. **MINUS APPLICATIONS PENDING BY YEAR-END 2008 (still in the process of underwriting):**
Allows companies to subtract out applications pending by year-end.
2. **Policies that have switched from Non-Tax-Qualified (NTQ) to Tax-Qualified (TQ) on the Sales Worksheet.**
 - a. **MINUS EXISTING NTQ POLICIES THAT SWITCHED TO TQ POLICIES IN 2008:**
Allows companies to subtract from the Sales Worksheet, all NTQ policies that have been switched to TQ policies.
 - b. **PLUS TQ POLICIES THAT WERE PREVIOUSLY NTQ POLICIES IN 2008:**
Allows companies to add back (as a TQ policy) policies that were previously NTQ (subtracted from the previous field). *Please note that the total number of NTQ policies that were switched in the previous field should equal the total number of TQ policies in this field.*
3. **In-Force Explanations Worksheet** If January 1, 2008 In-Force amounts do not equal December 31, 2007 In-Force amounts, for each policy type listed below, **you must complete the In-Force Explanations Worksheet and provide a detailed explanation about the discrepancy.** Explain all discrepancies by tax-qualified and non-tax-qualified ***policy type*** (Nursing Facility and Residential Care (NFR), Home Care Only (HCO) and Comprehensive (COMP)).
4. **Definitions.** Definitions are provided throughout the Excel Workbook
 - a. **Claims Made:** Refer to page 12 of this statistical plan for more detail.
 - b. **Rescission:** The cancellation of a long-term-care policy by the insurer within two years of the effective date of the policy, if it is discovered that material facts were omitted at the time of application. Rescission by the insurer requires that all premiums paid to date be returned to the former insured. ***PLEASE NOTE: Page 11 of this statistical plan contains instructions on reporting individual rescission information required under CIC 10232.3(h).***
 - c. **Lapse:** Termination of a policy when a renewal premium is not paid.
 - d. **Replacements:** A replacement occurs when a policy is cancelled and a new policy is issued with the same or another company (i.e., replacement of a Nursing Facility and Residential Care policy with a Comprehensive policy). Pre-existing condition waiting periods satisfied on the first policy are credited to any waiting periods required on the second policy. See California Insurance Code Section 10235.16.

IMPORTANT NOTES TO REMEMBER (Continued) -

Definitions (Continued) –

- e. **Conversions:** Issuance of an *individual* policy containing identical or equivalent coverage to a previous *group* policy, regardless of your health or your age. The premium will be calculated on your age at the time the group certificate is issued.
- f. **Terminations:** Shall be for reasons other than those specifically reported. Definition to include:
 - a. Cancellation of a policy by the insured.
 - b. Death of the policyholder.
 - c. Benefit exhaustion.

C. GENERAL RULES

EXPERIENCE PERIOD:

Insurers shall report, annually, the calendar year experience ending December 31 of the year immediately preceding the reporting year. **With the exception of the rescissions worksheet, this data call pertains to California experience only.**

WHO MUST FILE:

All insurers licensed to write Long-Term Care coverage (licensed under Class 6, Disability Lines).

Insurers who file a consolidated annual statement, as a group of companies, **may not** submit consolidated experience. If a group has different companies writing Long-Term Care policies, a separate company acknowledgment and data must be submitted for each company.

RE-SUBMISSIONS:

Submissions that do not pass the Department's validating tests will be returned to the company for corrections. No more than **one (1)** re-submission is acceptable. The company will be allowed a **minimum of 10 working days** to resubmit its data to the Department.

VALIDATING PROCEDURE:

Companies should establish their own validating programs and procedures to detect errors in reporting. All data will be tested for accuracy and reasonability. Rejected data will be returned to the company for correction and resubmission.

D. PROPRIETARY POLICY

As a general rule, all data submitted to the California Department of Insurance (CDI) Statistical Analysis Division is deemed to be proprietary in nature and treated as confidential. Data will only be released in the aggregate so no individual company experience is revealed, unless;

- a. Mandated by California Insurance Code or California Code of Regulations.
- b. Requested by other CDI Units for internal use, but continue to maintain confidentiality.
- c. Ordered by the Insurance Commissioner or Legislative Insurance Committee in the public interest, and does not conflict with proprietary protection under current law.

E. REPORTING DUE DATES

Please take note of the following due dates for the LTC-2009 data filing:

- **LTC-2009 Acknowledgement Form:** **DUE May 29, 2009**

IMPORTANT Regardless of your reporting experience, the ACKNOWLEDGEMENT FORM (excel version) MUST BE ELECTRONICALLY SUBMITTED NO LATER THAN MAY 29, 2009 TO submissions@insurance.ca.gov. We will not accept scanned copies, photo copies or “pdf” documents in lieu of the original excel file format.

- **LTC-2009 Data Workbook:** **DUE JULY 03, 2009**

Your LTC-2009 Data Workbook must be received no later than July 03, 2009.

- **LTC-2009 Affidavit Form:** **DUE JULY 03, 2009**

The affidavit form must be signed and notarized to confirm the validity of the data workbook. As an alternative to mailing or faxing the Affidavit Form, you may e-mail it (preferred method). Note that if you are scanning the original, an imprint seal may not appear on the scanned copy. We suggest that you take a lead pencil and lightly brush over the imprint seal on the original copy to allow the seal to appear on the scanned copy. If the notary’s seal is visible on the scanned copy (saved in the Adobe format), you may e-mail it to submissions@insurance.ca.gov as an attachment.

- **REQUESTS FOR EXTENSION** must be received: **by JUNE 16, 2009**

Requests for extensions in submitting the LTC-2009 data must be received no later than JUNE 16, 2009. All extension requests must be in writing via e-mail and must be sent to the attention of Shawn Dadah at dadahs@insurance.ca.gov.

F. RETRIEVING THE LTC-2009 DATA WORKBOOK FROM THE INTERNET

The Long-Term Care 2009 Data Workbook is available on the California Department of Insurance Public Website. To retrieve this file, simply follow these instructions:

- Go to the Department of Insurance web site: www.insurance.ca.gov.
- Click on the **INDUSTRY** link at the top portion of the webpage.
- Click on the **DATA & REPORTS** link, (located on the left-hand column of the page).
- Click on the **STATISTICAL PLANS** link and choose **REPORTING YEAR 2009 STATISTICAL PLANS**.
- A message will appear requesting the user name and password. Enter the following:
User Name: GOTNUMBERS09 (case sensitive)
Password: STAT2009 (case sensitive)
- Select **Long-Term Care Experience - LTC-2009 (Due June 29, 2009)**
- From the **LTC-2009** site, you can retrieve the:
 - **Circular LTC-2009.**
 - **Acknowledgment.**
This form must be returned to this Department by **May 29, 2009** regardless of your reporting experience.
 - **Statistical Plan.**
 - **Data Workbook.** Save this Excel form to "C" Drive or Diskette and complete using MS Excel*.
 - **Affidavit.**

* **IMPORTANT NOTE:** *The LTC-2009 Data Workbook cannot be completed via the CDI Internet.* Save the data workbook to diskette or hard drive and **complete the data workbook using Microsoft Excel** (Excel version 97 or higher). Also, when opening the data workbook, you may see different messages when using Internet Explorer and Netscape Navigator. See *Opening File Form Department Web Site* under Item J on page 8 below of this *Statistical Plan*.

G. METHOD OF REPORTING

The LTC-2009 Data Workbook is available on the Internet (see Section F for retrieval instructions).

The Acknowledgment Form and Data Workbook may be submitted two ways (CHOOSE ONLY ONE):

1. Via e-mail attachment (**preferred method**) to e-mail address: submissions@insurance.ca.gov
DO NOT SUBMIT YOUR ACKNOWLEDGEMENT FORM(S) OR DATA WORKBOOK(S) TO SHAWN DADAH UNLESS REQUESTED TO DO SO.

IMPORTANT NOTES:

Although the LTC-2009 Acknowledgement Form and Data Workbook can be retrieved and transmitted to this Department via the CDI Internet, it is advisable to save a copy of each to your local directory. There are macro buttons on both forms for saving and transmitting the data.

After saving the Acknowledgement Form and Data Workbook (if required) to your local directory, it is preferable that you submit the completed forms via e-mail using the links/buttons contained in each form, which will electronically transmit the filing to submissions@insurance.ca.gov.

METHOD OF REPORTING (Continued) –

2. Via mail on a CD-ROM. If the company is unable to e-mail the data workbook, as preferred in option 1, you may save the data on CD-ROM and mail it to the Statistical Analysis Division of the California Department of Insurance at the address provided below:

CALIFORNIA DEPARTMENT OF INSURANCE
Statistical Analysis Division
Attn: LTC-2009
300 South Spring St., S. Tower, 14th Floor
Los Angeles, CA 90013

Note: What about Hardcopies?

Hardcopies of the Excel Acknowledgement Form and Data Workbook are NOT required and are discouraged from being submitted. We collect, download and store all data electronically and do not store or retain hardcopies of these submissions to maintain an environmentally friendly paperless work environment. Do not submit these two forms in the Adobe format.

H. CALIFORNIA DEPARTMENT OF INSURANCE CONTACT INFORMATION

Should you have an extension request, and/or questions related to the statistical plan or the LTC Data Workbook, please address your inquiries to the contact person indicated below.

Shawn Dadah
LTC-2009 Team Leader
CALIFORNIA DEPARTMENT OF INSURANCE
Tel: (213) 346-6317
Fax: (213) 897-6571
Correspondence E-mail: dadahs@insurance.ca.gov
Data Submission E-mail: submissions@insurance.ca.gov

I. CLASSES OF BUSINESS / POLICY FORMS

Please remember to carefully review each element in this section. If you have any questions, please contact the appropriate Department of Insurance contact person listed above.

1. **Class of Business:** For the purposes of this study, there will be two *classes of business* reported:
 - a. Tax-Qualified.
 - b. Non-Tax-Qualified.
2. **Policy Form:** For the purposes of this study, there will be three *types of policy* forms reported:
 - a. Nursing Facility and Residential Care Only (NFR).
 - b. Home Care Only (HCO).
 - c. Comprehensive Policy Forms (COMP.).

CLASSES OF BUSINESS / POLICY FORMS (Continued) –

3. **Lapses:** Lapses shall be divided between:
 - a. First year lapses (those in the experience year that have not paid a second year premium).
 - b. All other lapses.
4. **Terminations:** Shall be for reasons other than those specifically reported. Definition to include:
(1) cancellation of a policy by the insured, (2) death of the policyholder or (3) benefit exhaustion.

J. INSTRUCTIONS FOR COMPLETING THE LTC-2009 DATA WORKBOOK

The data entered into this workbook is recognized as your company's long-term care experience for the *calendar year 2008*.

Within the data workbook, you will find tabs for each "worksheet". After downloading the data workbook to your local drive (or diskette), you can bring the data entry into each respective worksheet. Move from worksheet to worksheet by clicking the worksheet "tabs" at the bottom of your screen.

After you have completed your entries, SAVE the file and E-MAIL the completed data workbook by "clicking" on the e-mail icon located at the bottom of the CONTACT worksheet.

SYSTEMS REQUIREMENTS

- **Microsoft Excel 97 or higher** – The data workbook will only run on Microsoft Excel 97 or higher. If you are experiencing difficulty in opening the data workbook, please contact Shawn Dadah at 213-346-6317.
- **Internet Explorer Version 5 or Netscape Navigator**

OPENING FILE FROM DEPARTMENT WEBSITE

Upon entering the Long-Term Care web page (see Section F for accessing this page), click on the data workbook box to bring up the Excel workbook file, and proceed to **Save** it to a **diskette** or your **local directory**. You may see different messages appear when using Internet Explorer or Netscape Navigator to access the LTC-2009 Data Workbook. Be sure to save your Data Workbook file as "**2009LTCDATA.xls**".

Upon opening or retrieving the Data Workbook (**2009LTCDATA.xls**) you have just saved using Microsoft Excel a dialog box will appear on the screen asking if you wish to **enable macros**. **Select Enable Macros**.

ENTER DATA

The Excel workbook will have a number of worksheets, one for each form. The macro will automatically bring you to the Contact Information Form. If not, simply click on the worksheet entitled, "CONTACT". **IMPORTANT: Be sure that your company's Contact Information is filled out completely.**

Begin entering the appropriate data, as requested by each worksheet, **according to your company's 2008 calendar year experience**. To move from worksheet to worksheet, click the worksheet tabs at the bottom

of your screen.

VALIDATE and confirm your entries.

SAVE

Save the entire workbook to diskette or your local directory. If unable to submit data to this Department via the desired e-mail method, you may save data onto 3.5" Diskette and remit the completed diskette to the address provided in Section H, Method of Reporting.

PRINT

Print each worksheet. You may print each worksheet one at a time or from the last worksheet, *Agent (4) Worksheet*, you may print the entire workbook.

K. EXPLANATIONS OF EACH LTC-2009 WORKSHEET

- Company Info Worksheet: This sheet will contain your company name and contact information. This will include company's NAIC number and mailing address, as well as detailed contact information such as e-mail address and fax number. This year's form requests some additional information. Please also provide your company's *Customer Service Number*.
- Forms Worksheet: This sheet puts specific policy form numbers in the format used for statistical reporting, as cited in the definitions.
- Applications Worksheet: Section 10234.95(i) requires reporting of the total number of applications received from California residents, the number who declined to provide information on the personal worksheet, the number of applicants who did not meet suitability standards and the number who chose to conform after receiving a suitability letter. This should give the number of new individual sales when combined with the number of applications denied for underwriting reasons.
- Sales Worksheet Section 10234.86 requires lapses and replacement policies reported as a percentage of sales in the state. This worksheet calculates total sales and total replacement sales, the latter required by Section 10234.86(d).
- Rescission Worksheet Section 10232.3(h) requires reporting the number of INVOLUNTARY Rescissions for all policies and certificates both state and countrywide.

K. EXPLANATIONS OF EACH LTC-2009 WORKSHEET

**** NEW FOR 2009 ****

Rescissions Explanation Worksheet

Per CIC 10232.3 (h), this worksheet collects the following information: the reason for rescission, the length of time the policy or certificate was in force, and the age and gender of the insured person. **This information is collected for each California and Nationwide rescission reported by your company in the *Rescission Worksheet*.**

Policy/Certificate Number - Provide the policy number or individual certificate number of the rescinded policy.

Policy Type - From the drop-down menu (provided in worksheet), choose the policy type of the rescinded policy. These policy types are as follows:
TQ-NFR: Tax Qualified Nursing or Residential Care Facility
TQ-HCO: Tax Qualified Home Care Only
TQ-COMP: Tax Qualified Comprehensive Policy
NTQ-NFR: Non-Tax Qualified Nursing or Residential Care Facility
NTQ-HCO: Non-Tax Qualified Home Care Only
NTQ-COMP: Non-Tax Qualified Comprehensive Policy

Policyholder or Certificateholder's Age At Time of Rescission - Provide the policy holder or certificate holder's **age at time of rescission**. Enter age in YEARS.

Gender - Provide gender of policyholder/certificate holder.

Policy Duration - Policy Duration is the length of time (**in months**) the policy/individual certificate was in force. For the purpose of this data call, **it is the time from policy/certificate inception until the date of rescission. Please report the policy duration in total months.** (For example: a policy in-force for 1 year would be reported as 12 months)

Reason for Rescission - From the menu provided, choose the category that describes the reason for the rescission of this policy or individual certificate. If the reason is not provided in the drop down menu, please select OTHER and enter the details in the EXPLANATION Column.

Explanation - Provide a detailed description and the reason for your company's decision to rescind the policy or individual certificate.

K. EXPLANATIONS OF EACH LTC-2009 WORKSHEET (Continued) -

Lapse Worksheet Section 10234.86 (c) requires reporting of lapsed policies each as a percent of total annual sales in the state, percent of total number of in-force policies in the state and as a total number of each policy form in the state.

Claims Denied Worksheet Section 10235.9 requires reporting of denied claims by each class of business, number Denied for failure to meet waiting period, and denied due to pre-existing condition.

What follows are the definitions of terms and instructions for each of the tables in the Claims Denied Worksheet:

NUMBER OF CLAIMS MADE:

The purpose of this table is to collect the total number of claims made during calendar year 2008. Report the total number of claims made by tax-qualified and non-tax qualified policy type (Nursing Facility and Residential Care, Home Care Only and Comprehensive).

LTC Claims Made Definition: For the purposes of this data call only, a claim made is to be reported in the worksheet when it satisfies both of the following conditions:

- b. It is an initial request for payment that has been given to the insurer, that under the terms of a policy, a loss may be covered AND;
- c. Your company has opened a file (claim file) to begin the process of determining whether or not the benefit triggers of the policy have been met by the insured.

Additional Information

For the purposes of this data call, claims made totals are to be counted on a “**per claimant**” basis. In a LTC case, policyholders generally will submit an initial request for payment, which will trigger both the threshold requirements and meet the elimination period. After that, the specific request for payment would be subject to normal review procedures. If a policyholder is in benefit status for years under this initial trigger, submitting monthly payment requests, some of which are paid and some not depending on circumstances, these would still be considered, in this formulation, all one claim. The number and disposition of subsequent specific payment requests under this same threshold are not considered new or separate claims. Continuing re-testing of eligibility would not.

If, for example, a policyholder that recovered was no longer impaired in 2 Activities of Daily Living (ADL), but later experienced a relapse and again requested benefits, that policyholder would have to re-establish the triggers again. Thus it would be considered a new claim. A policyholder who was re-examined and still met triggers would not.

NUMBER OF CLAIMS NOT PAID:

The purpose of this table is to collect the total number of claims not paid due to:

- 1) Waiting/Elimination Period Not Met and;
- 2) Pre-Existing Condition Exclusion

For calendar year 2008, report the total number of claims not paid by tax-qualified and non-tax qualified policy type (Nursing Facility and Residential Care, Home Care Only and Comprehensive).

IMPORTANT NOTE: *Claims not paid due to waiting/elimination period not met and claims not paid due to pre-existing condition exclusion MUST NOT BE INCLUDED in the Total Number of Claims Denied Table.*

K. EXPLANATIONS OF EACH LTC-2009 WORKSHEET (Continued) -

Claims Denied Worksheet
(continued)

TOTAL NUMBER OF CLAIMS DENIED:

The purpose of this table is to collect the total number of claims denied. For calendar year 2008, report the total number of claims denied by tax-qualified and non-tax qualified policy type (Nursing Facility and Residential Care, Home Care Only and Comprehensive).

Claims Denied Explanation
Worksheet

The purpose of this worksheet is to provide a detailed break-down of the total number of claims denied reported in the "Claim Denied" worksheet. For each of the categories of denial provided in the tables below, enter the number of claims denied in that category. The sum of all categories must equal the Total Number of Claims Denied reported in the Claims Denied Worksheet.

What follows are the definitions of terms and instructions for each of the tables in the Claims Denied Worksheet:

NUMBER OF CLAIMS DENIED: BENEFIT ELIGIBILITY REQUIREMENT NOT MET:

The purpose of this table is to collect the total number of claims that have been denied where the benefit eligibility requirement has not been met.

NUMBER OF CLAIMS DENIED: UNQUALIFIED FACILITY OR VENDOR:

The purpose of this table is to collect the total number of claims that have been denied because the provider or facility was not qualified under the terms of the policy.

NUMBER OF CLAIMS DENIED: SERVICES NOT COVERED:

The purpose of this table is to collect the total number of claims that have been denied because the services provided were not qualified under the terms of the policy.

NUMBER OF CLAIMS DENIED: OTHER REASONS:

The purpose of this table is to collect the total number of claims that have been denied due to other reasons. If the claims denied could not be categorized into the tables provided in the worksheet, please enter these claims into the "Other Reasons" table. The Department of Insurance may request for an explanation of these denied claims.

K. EXPLANATIONS OF EACH LTC-2009 WORKSHEET (Continued) -

In-Force Worksheet Since some of the factors to be reported must be related to policies in-force, this worksheet allows that computation.

In-Force Explanations Worksheet If January 1, 2008 In-Force amounts, for each policy type, do not equal December 31, 2006 In-Force amounts, the **In-Force Explanations Worksheet must be completed to provide a full explanation of all differences.** Each difference, must be explained separately by tax-qualified and non-tax-qualified *policy type* (Nursing Facility and Residential Care, Home Care Only and Comprehensive).

California Report This sheet will calculate automatically the specific required reports on lapses, replacements and Rescissions in California based on data input to the earlier worksheets.

Agent Report Section 10234.86 requires reporting of specific agents with respect to rates of **lapses and replacements.** The four Agent Reports outlines the specific information to be reported on agent performance on these factors. **Direct writers who do not have specific individuals contact applicants need not complete this section but must certify to this fact.**

Agent (1), Agent (2), Agent (3) and Agent (4) Worksheets:

Please note that there are four different Agents worksheets. These worksheets are as follows:

- Agent (1): Report 10% of the agents with the highest **number of lapses.**
- Agent (2): Report 10% of the agents with the highest **number of replacements.**
- Agent (3): Report 10% of the agents with the highest **percentage (%) of lapses.**
- Agent (4): Report 10% of the agents with the highest **percentage (%) of replacements.**

IMPORTANT: Note that the agents reported may not necessarily be the same for each worksheet. The **ADD 10 MORE ROWS** button will allow you to add 10 more rows of data as needed.