



**PUBLIC PROTECTION CABINET**

**Department of Insurance  
Agent Licensing Division**

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**Steven L. Beshear**  
Governor

**Robert D. Vance**  
Secretary

**Sharon P. Clark**  
Commissioner

**DATE:** February 27, 2009

**TO:** All Licensed Insurers Writing Long-Term Care Insurance  
All Resident Insurance Producers Licensed to Sell, Solicit or Negotiate Long-Term Care Insurance  
All Continuing Education Providers holding classes relative Long-Term Care Insurance

**FROM:** Treva W. Donnell, Director   
Agent Licensing Division

**RE:** Producer Training – Policies Issued Under Qualified State Long-Term Care Insurance Partnership  
("Qualified Partnership")

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The Deficit Reduction Act (DRA) of 2005, Pub. L. 109-171 ("the DRA") allows for the expansion of Qualified Partnerships. The DRA, KRS 205.619, and KRS 304.14-640-644 require that any producer, who sells, solicits or negotiates "a policy under a Partnership receives training and demonstrates an understanding of Partnership policies and their relationship to public and private coverage to long-term care."

Accordingly, a producer with a line of authority of life or health currently authorized or who becomes authorized in the future to sell, solicit or negotiate policies issued under Kentucky's Long-Term Care Insurance Partnership Program shall complete a one time 8-hour initial training course prior to selling, soliciting or negotiating a long-term care partnership policy. Insurers offering long-term care partnership policies shall obtain verification that producers receive such training, maintain records subject to the state's record retention requirement, and make that verification available to the Insurance Commissioner upon request.

Further, each Insurer shall monitor and maintain proof that Producers receive ongoing training requirement of no less than 4-hours. The training shall cover the following topics: long-term care insurance, long-term care services, Qualified Partnerships, and the relationship between Qualified Partnerships and other public and private coverage of long-term care. Producers shall complete the ongoing training biennially according to their CE/Licensing Renewal Cycle.

**NOTE:** Continuing education credit will be awarded to resident licensees completing courses that have been filed and approved with this office. Further, Kentucky will reciprocate with other states where the licensee has satisfied these training requirements; therefore, training received in any state shall be deemed to satisfy the training requirements in Kentucky.

**KENTUCKY DEPARTMENT OF INSURANCE  
8-HOUR TRAINING OUTLINE FOR PRODUCERS  
LONG TERM CARE INSURANCE, INCLUDING PARTNERSHIP**

**I. Long term care generally**

- A. Define long term care and describe when is it needed and who needs it
- B. Services: skilled, personal, maintenance
- C. Providers: professionals through and including informal caregivers
- D. Changes and improvements in long term care services and providers

**II. Alternative funding sources for long term care services**

- A. Private
  - 1. Personal and family funds/assets
  - 2. Other types of insurance
  - 3. Other
  - 4. Pros and cons of this type of funding (limitations)
- B. Public
  - 1. Medicare
  - 2. Medicaid
  - 3. Other
  - 4. Pros and cons of this type of funding (limitations)

**III. Medicaid**

- A. Overview: eligibility, residency, income, assets, spend down, estate recovery
- B. Available long term care services and supports
- C. Costs of long term care services and supports
- D. Impact of partnership policies on Medicaid eligibility and estate recovery
- E. Disclosure: use of partnership policy does not guarantee eligibility for Medicaid or that the benefits packages under public and private long term care insurance will be identical

**IV. Long term care insurance product**

- A. Policy features/options/premiums and related factors impacting
- B. Federally tax qualified versus non-tax-qualified long term care policies: include tax consequences of this choice
- C. Effect of inflation and importance of inflation protection in a long term care policy

**V. The Long Term Care Insurance Partnership**

- A. Describe the program, the partners, and goals
- B. Four pilot partnership states – CA, CT, IN, NY
- C. Changes in federal law affecting availability of partnership programs
  - 1. Omnibus Budget Reconciliation Act 1993 – application of estate recovery for costs of medical assistance provided unless disregard for recovery had been approved as of May 14, 1993
  - 2. Deficit Reduction Act of 2005 – allowing protection of assets to extent of long term care qualified partnership policy benefits spent on long term care services – qualified partnership
- D. Policy features – partnership qualified
  - 1. Issued after state plan effective date
  - 2. Federally tax-qualified

3. Insured must be resident of state sponsoring partnership program when coverage is first effective
  4. Consumer protection provisions – from NAIC model long term care act and regulation
  5. Inflation protection – age specific at purchase
- E. Related procedures
1. Exchanges
  2. Coverage changes and possible effect on partnership qualified status of policy
  3. Reciprocity
  4. Uniformity
  5. State filing of partnership qualified policies
  6. Disclosure of partnership qualified nature of policy by insurer
  7. Reports by insurers required to be made to Health and Human Services Secretary
  8. Agent training requirements

## **VI. Consumer suitability standards and guidelines**

- A. Standards for marketing
1. Disclosures and outline of coverage
  2. Comparisons
  3. Unfair practices
  4. Excessive insurance
  5. Agent training and auditable procedures
  6. Written notice of state senior program: address and phone number
  7. Special requirements for marketing to associations
  8. Shoppers Guide requirement
- B. Suitability
1. Standards and training
  2. Factors
    - a. Ability to pay and other financial information
    - b. Goals or needs
    - c. Advantages and disadvantages
    - d. Values, benefits, costs of existing insurance compared to recommended or replacement insurance
  3. Personal Worksheet and Things You Should Know forms
  4. Suitability letter
5. Reporting to Superintendent: applicants, declinations, etc.

## **Appendix of Federal and State Laws and Regulations**

### **Federal, State laws and regulations, and the relationship of the long-term care insurance partnership program to other public and private long term care insurance coverage, including Medicaid.**

- **Social Security Act as amended by the Deficit Reduction Act of 2005**
  - 42 U.S.C. 1902(r) – disregard of long term care policy benefits paid for qualified long term care services for purposes of Medicaid eligibility
  - 42 U.S.C. 1917(b)(1)(C)(ii) – exemption of long term care benefits from estate recovery if state plan amendment provides for qualified state insurance partnership
  - 42 U.S.C. 1917(b)(1)(C)(iii) – qualified partnership defined
  - 42 U.S.C. 1396p – liens, adjustments and recoveries, and transfers of assets

- **Internal Revenue Code (26 U.S.C. 7702B) - definition of qualified long term care policy**
- **Kentucky Insurance Department Statutes and Regulations:**
  - KRS 304.14-642– Qualified long term care insurance private program to be established by Commissioner of Insurance and Medicaid program to be established by Commissioner of Medicaid.
  - KRS 304.14-600 – 304.14-625 – Long Term Care Insurance
  - KRS 304.14-640 – 304.14-644 – Long Term Care Partnership Program
    - 806 KAR 17:081 – Long Term Care Insurance
    - 806 KAR 17:083 – Kentucky Long Term Care Partnership Insurance Program
    - 806 KAR 9:220 – Continuing Education and Training
- **Kentucky Medicaid Laws and Regulations:**
  - KRS 194A.030(2) is a statute which tabs the Department for Medicaid Services (DMS) as the single state agency authorized to administer the Medicaid program in Kentucky.
  - 907 KAR 1:585 (Estate Recovery)
  - 907 KAR 1:645 (Resource Standards for Medicaid)
  - 907 KAR 1:650 (Trust and Transferred Resource Requirements for Medicaid)
  - 907 KAR 1:655 (Spousal Impoverishment and Nursing Facility Requirements for Medicaid)
  - Medicaid Plan amendment to permit establishment of Kentucky Long-Term Care Partnership Insurance Program
  - KRS 205.8453(1) which charges DMS with control recipient fraud and abuse
  - KRS 205.8455 which sanctions the Medicaid recipient utilization review committee and delineates the committee’s responsibilities as well as actions which can be taken against a recipient who commits fraud
  - KRS 205.8463 which outlines fraudulent acts (Medicaid recipient fraud) and penalties
  - KRS 205.8471 which authorizes KY to place a lien on the property of a recipient found to have defrauded the Medicaid program.

**NOTE: *This outline is not all inclusive and is not intended nor shall it be construed as legal advice.***



**AGENT LICENSING DIVISION**  
**EDUCATION SECTION**  
 P.O. Box 517 - Frankfort, KY 40602-0517  
 1-800-595-6053 (502) 564-6004  
 http://doi.ppr.ky.gov/kentucky/

<b>Department Use Only</b>	
Date:	_____
Amount:	_____
Check #	_____
Posted by:	_____

**FILING FEE SUBMISSION FORM**

This form **must be completed** and sent with fees payable to the Kentucky State Treasurer, in order for courses and/or instructors to be eligible for review. A duplicate of this completed form **must** be attached to form CE/PL-100 with course material, or CE/PL-200 and mailed to Prometric, Attn: Kentucky CE, 1360 Energy Park Dr., St. Paul, MN 55108-5252.

DATE MATERIAL SUBMITTED TO PROMETRIC \_\_\_\_\_

PROVIDER NAME \_\_\_\_\_

KY PROVIDER # PR \_\_\_\_\_ PROMETRIC PROVIDER #S \_\_\_\_\_ PHONE # \_\_\_\_\_

CONTACT PERSON \_\_\_\_\_ E-MAIL \_\_\_\_\_

**FILING FEES ATTACHED TO REQUEST REVIEW OF THE FOLLOWING COURSES:**

INDICATE TITLE OF COURSE(S):	<b>COURSE TYPE:</b>
(1) _____	<input type="checkbox"/> CE <input type="checkbox"/> PL
(2) _____	<input type="checkbox"/> CE <input type="checkbox"/> PL
(3) _____	<input type="checkbox"/> CE <input type="checkbox"/> PL
(4) _____	<input type="checkbox"/> CE <input type="checkbox"/> PL
(5) _____	<input type="checkbox"/> CE <input type="checkbox"/> PL

CE=CONTINUING EDUCATION; PL=PRE-LICENSING (FEE REQUIRED FOR EACH COURSE TYPE)

**FILING FEES ATTACHED FOR REVIEW OF THE FOLLOWING INSTRUCTORS:**

INSTRUCTOR NAME	SS#	COURSE TYPE	INSTRUCTOR NAME	SS#	COURSE TYPE
1.		<input type="checkbox"/> CE <input type="checkbox"/> PL	5.		<input type="checkbox"/> CE <input type="checkbox"/> PL
2.		<input type="checkbox"/> CE <input type="checkbox"/> PL	6.		<input type="checkbox"/> CE <input type="checkbox"/> PL
3.		<input type="checkbox"/> CE <input type="checkbox"/> PL	7.		<input type="checkbox"/> CE <input type="checkbox"/> PL
4.		<input type="checkbox"/> CE <input type="checkbox"/> PL	8.		<input type="checkbox"/> CE <input type="checkbox"/> PL

<p><b>CONTINUING EDUCATION FILING FEES:</b></p> <p>Each new course - \$10.00                  Each new instructor - \$5.00</p>	<p><b>PRE-LICENSING FILING FEES</b></p> <p>Each new course - \$50.00                  Each new instructor - \$5.00</p>
<p><b>Fees must be made payable to the Kentucky State Treasurer, and sent to the Kentucky Department of Insurance, Agent Licensing Division, P.O. Box 517, Frankfort, KY 40601, with this form completed in full.</b></p>	
<p><b>CE/PL-100 with course material and/or CE/PL-200 with Instructor information must be mailed to Prometric, Attn: KY Submissions, 1360 Energy Park Dr., St. Paul, MN 55108, with a copy of this form showing fees are paid.</b></p>	
<p>You will receive an invoice from Prometric for qualifying courses in the amount of \$5.00 per credit hour awarded.  <b>Payments must be payable to: Kentucky State Treasurer Mail to: Kentucky Department of Insurance, Agent Licensing Division, PO Box 517, Frankfort, KY 40602. Copy of Prometric's invoice must be included to ensure proper credit.</b></p>	

FOR PROVIDER USE:

ENCLOSED FIND CHECK # \_\_\_\_\_ (PAYABLE TO KENTUCKY STATE TREASURER)  
 IN THE AMOUNT OF \$ \_\_\_\_\_, ISSUE DATE \_\_\_\_\_ SIGNED BY \_\_\_\_\_

Kentucky Department of Insurance  
 Continuing Education/Pre-Licensing Program  
 Course Approval Application

- Continuing Education Course  
 Pre-Licensing Course

PLEASE PRINT OR TYPE. PHOTOCOPY AS NEEDED.

Provider Name	Provider Number												
Course Title (maximum 40 characters)	Course Number (Leave Blank)												
Course Type: <input type="checkbox"/> Self-Study <input type="checkbox"/> Classroom <input type="checkbox"/> Workshop/Seminar <input type="checkbox"/> Correspondence Towards Designation <input type="checkbox"/> Professional Association <input type="checkbox"/> Video/Audio <input type="checkbox"/> Teleconference <input type="checkbox"/> Computer Based Training (Classroom) <input type="checkbox"/> Computer Based Training (Correspondence)	For classroom only, how many contact hours will students be required to attend class to receive credit?  _____												
How will classroom attendance be verified? <i>(check all that apply)</i> <input type="checkbox"/> Periodic Roll Call or Attendee Audit <input type="checkbox"/> Sign-in/out Sheet and Door Monitor <input type="checkbox"/> Attendance Ticket and Door Monitor Other _____	Do you require an examination for credit? <input type="checkbox"/> Yes <input type="checkbox"/> No												
Provide a summary description of the content and scope of the course below <i>(minimum 50 words)</i> :  _____ _____ _____													
For classroom courses: Attach a comprehensive course outline or syllabus. Annotate the outline indicating for each section the number of minutes of instruction that will be offered. Attach a copy of the final examination and exam plan, if applicable. <b>Course Concentration Requested:</b> Please check all that apply. (Ethics courses must be filed as separate course for Ethics credit to be granted.) <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"><input type="checkbox"/> Life</td> <td style="width: 50%; border: none;"><input type="checkbox"/> General Insurance Principles</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Variable Life/Variable Annuity</td> <td style="border: none;"><input type="checkbox"/> Life Settlement</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Health</td> <td style="border: none;"><input type="checkbox"/> <b>Ethics (Must be filed as separate course)</b></td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Property</td> <td></td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Casualty</td> <td></td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Personal Lines</td> <td></td> </tr> </table>		<input type="checkbox"/> Life	<input type="checkbox"/> General Insurance Principles	<input type="checkbox"/> Variable Life/Variable Annuity	<input type="checkbox"/> Life Settlement	<input type="checkbox"/> Health	<input type="checkbox"/> <b>Ethics (Must be filed as separate course)</b>	<input type="checkbox"/> Property		<input type="checkbox"/> Casualty		<input type="checkbox"/> Personal Lines	
<input type="checkbox"/> Life	<input type="checkbox"/> General Insurance Principles												
<input type="checkbox"/> Variable Life/Variable Annuity	<input type="checkbox"/> Life Settlement												
<input type="checkbox"/> Health	<input type="checkbox"/> <b>Ethics (Must be filed as separate course)</b>												
<input type="checkbox"/> Property													
<input type="checkbox"/> Casualty													
<input type="checkbox"/> Personal Lines													
Has this course been previously approved by Prometric in another state? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, provide Prometric-issued course number.												
I certify that the information on this form and all other supporting documentation accurately represents the course of instruction that will be offered. I agree to conduct this course in accordance with all applicable policies and program requirements established by the Kentucky Department of Insurance.													
_____ Print/Type Name of Provider Representative	_____ Signature												
_____ Date													

Return this original completed form with course outline and timeframe, and/or course materials to:  
 Prometric, 1260 Energy Lane, St. Paul, MN 55108

Send a copy of this form (no course attachments) with course filing fees (\$10.00 per course) and form KYF-01 to:  
 Kentucky Department of Insurance, P. O. Box 517, Frankfort, KY 40602-0517

Kentucky Department of Insurance  
 Continuing Education/Pre-Licensing Program  
 Instructor Approval Application

**Continuing Education Instructor**

**Pre-Licensing Instructor**

**PROVIDER INFORMATION**

Provider Name	Provider Number	
I certify that the information on this form is true and correct to the best of my knowledge. It accurately represents at least the minimum qualifications required to be met by the individual named on this form as an instructor. Further, the individual named as an instructor has been approved by this Provider.		
Print/Type Name of Provider Representative	Signature	Date
Title		

**INSTRUCTOR INFORMATION**

Instructor Last Name	First Name	Middle Name	Instructor Number (Leave Blank)
Have you been known by any other names? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, list names:		Social Security Number	
Home Street Address			
City	State	Zip Code	
Business Phone ( ) ext.			
List professional designations, insurance license (type, date, state):			
I have specialized experience in the following subject matter:			
Subject Matter	Years Experience	Designated Degree	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
I certify that the information on this form is true and correct to the best of my knowledge and the information accurately represents my qualifications to teach insurance courses. I understand the information on this form is subject to verification through the audit process. I agree to abide by all Kentucky statutes, regulations, and program requirements regarding insurance and insurance continuing education and pre-licensing education.			
Print/Type Name of Instructor	Signature	Date	

**PLEASE PRINT OR TYPE. PHOTOCOPY AS NEEDED.**

Return this original completed form with any attachments to:  
 Prometric, 1260 Energy Lane, St. Paul, MN 55108

Send a copy of this form (no attachments) with instructor filing fees (\$5.00 pre-licensing, \$5.00 continuing education) and form KYF-01 to: Kentucky Department of Insurance, P. O. Box 517, Frankfort, KY 40602-0517

# **KENTUCKY'S BASIC LONG TERM CARE ELIGIBILITY CRITERIA RELATING TO:**

## **Resources Resource Assessment Look Back Period Estate Recovery Long Term Care Partnership Insurance**

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**DISCLAIMER:** The purpose of this document is to provide a general overview of eligibility for Medicaid Long Term Care (LTC) in Kentucky. It is intended to serve as a prerequisite to training required for insurance producers who sell, solicit or negotiate LTC Partnership insurance policies as part of the LTC Partnership in Kentucky.

The document is not to be used to determine eligibility for Medicaid LTC services. Determining eligibility for Medicaid is the responsibility of the Kentucky Department of Community Based Services (DCBS), Division of Family Support. **All Medicaid eligibility determinations shall be made only by local DCBS offices. Producers should refer consumers to their local DCBS office for assistance with Medicaid eligibility determinations.**

The information in this document relates primarily to the rules to qualify for Medicaid LTC and the interface with the LTC Partnership program. This document includes Medicaid eligibility rules and dollar limits that are correct at the time of the example. These rules and the dollar amounts change periodically.

**Revised 2/27/09**

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# **RESOURCES**

## **OVERVIEW OF RESOURCES**

Resources are generally defined as those assets an individual or couple own and/or can convert to cash. Resources may be available money, real property, personal property or other assets and may have a lien or loan attached. They may include homestead, and the cash surrender value of life insurance policies the individual has at the time of application for Medicaid. Savings, checking, stock accounts, retirement accounts, and vehicles are also examples of resources that are reviewed. Some resources may be countable and some may be excluded depending on the ownership or usage. Those issues are clarified during the application process. Although a resource may not be considered as available to the individual at application or may meet one of the exclusion criteria, it may still be subject to the Estate Recovery efforts.

## **RESOURCE LIMITS**

An institutionalized individual's current resource limit is \$2,000.

The community spouse's allowable resources are established at the resource assessment.

