**Section 2012.145 Long-Term Care Insurance Partnership Program**

a) In accordance with section 6021 of the Deficit Reduction Act of 2005 (42 USC 1305) and the Illinois Long-Term Care Partnership Program Act [215 ILCS 132], in addition to the applicable provisions of this Part, the provisions of this Section shall apply to any qualified State long-term care insurance partnership policy.

b) The policy provides the following inflation protections:

1) If the policy is sold to an individual who has not attained age 61 as of the date of purchase, the policy shall provide compound annual inflation protection at a rate of at least 3%, or at a rate based on the changes in the Consumer Price Index for All Urban Consumers: U.S. city average as determined by the Bureau of Labor Statistics of the U.S. Department of Labor.

2) If the policy is sold to an individual who has attained age 61 but has not attained age 76 as of the date of purchase, the policy shall provide inflation protection expressed in simple or compound interest annually at a rate of at least 3% or at a rate based on the changes in the Consumer Price Index for All Urban Consumers: U.S. city average as determined by the Bureau of Labor Statistics of the U.S. Department of Labor.

3) If the policy is sold to an individual who has attained age 76 as of the date of purchase, the policy may, but is not required to, provide some level of inflation protection.

c) Offers of Exchange

1) An insurer shall offer, on a onetime basis, in writing, to all existing policyholders that were issued a long-term care policy on or after May 5, 2008, the date of the last long-term care (LTC) regulation revision, the option to exchange their existing LTC coverage for coverage that is intended to qualify under Illinois' Long-Term Care Partnership Program (LTCPP). The insurer shall provide written notification of this onetime offer within 12 months from the date on which the company begins to offer partnership coverage in this State. The offer shall be made on a nondiscriminatory basis without regard to the age or health status of the insured and shall remain open for a minimum of 90 days from the date of mailing by the insurer.

2) The mandatory offer of an exchange shall only apply to products issued by the insurer that are comparable to the type of policy form, such as group policies and individual policies, and on the policy series that the company has certified as partnership qualified. This exchange may be subject to underwriting.

3) Premiums may be adjusted based on the results of the underwriting process or the exchange may be denied by the insurer.

4) A policy received in an exchange after the effective date of Illinois' LTCPP is treated as newly issued and is eligible for qualified policy status. For purposes of applying the Medicaid rules relating to qualified LTC partnership policies, the addition of a rider, endorsement or change in schedule page for a policy may be treated as giving rise to an exchange. The effective date of the LTC partnership policy shall be the date the policy was exchanged.

d) Filing Requirements for Long-Term Care Insurance Partnership Policies

1) A partnership policy shall not be issued or issued for delivery in this State unless filed with and approved by the Director in accordance with the procedures set forth in Section 143 of the Code. Any policy submitted for approval as a partnership policy shall be accompanied by a properly executed Partnership Certification Form (Exhibit M).

2) Insurers requesting to make use of a previously approved policy form as a qualified State LTC partnership policy shall submit to the Director a Partnership Certification Form signed by an officer of the company. The Partnership Certification Form shall be accompanied by a copy of the policy or certificate form listed, the approval date, and a bookmark for each of the requirements listed in sections II and III of the form. A Partnership Certification Form shall be required for each policy form submitted for partnership qualification.

e) Partnership Disclosure Notice

A partnership policy issued or issued for delivery in this State shall include a Partnership Disclosure Notice (Exhibit L) explaining the benefits associated with a partnership policy and indicating that, at the time issued, the policy is a qualified State LTC insurance partnership policy. The Partnership Disclosure Notice shall also include a statement indicating that, by purchasing this partnership policy, the insured does not automatically qualify for Medicaid.

f) Producer Training Requirements

The training requirements for a producer to sell, solicit or negotiate LTC insurance, which includes the LTCPP, are listed in Section 2012.121. The training requirements must be met before any producer attempts to sell, solicit or negotiate an LTC partnership policy.

(Source: Added at 38 Ill. Reg. 2186, effective January 2, 2014)