

What's Happening with Mandated LTCI Producer Training?

Most producers who sell long-term care insurance have heard about the new mandated producer training requirements. Some, like Minnesota and Florida producers, are very familiar as they have faced tight deadlines around the New Year.

A handful of states have had mandated training for producers who sell long-term care insurance for several years, but having it required in all states is a first. There are critics who say that sales will suffer because the occasional producer won't want to invest the time to satisfy the training requirement.

To help answer that criticism, this article will explain what is going on and how the mandated training interfaces with the new Long-Term Care Partnership activity that we are seeing around the nation.

First, you need to understand that the mandated producer training is addressing two concerns:

- 1) The National Association of Insurance Commissioners (NAIC) passed mandated producer training requirements for producers who sell long-term care insurance in December, 2006. The requirement is spelled out under Section 9 of NAIC Model 640, The Long-Term Care Insurance Model Act. It calls for "no less than 8 hours" for initial training and "no less than 4 hours" for ongoing training every 24 months. The training must cover but is not limited to the following topics:
 - (a) State and federal regulations and requirements and the relationship between qualified state long-term care insurance Partnership programs and other public and private coverage of long-term care services, including Medicaid;
 - (b) Available long-term services and providers;
 - (c) Changes or improvements in long-term care services or providers;
 - (d) Alternatives to the purchase of private long-term care insurance;
 - (e) The effect of inflation on benefits and the importance of inflation protection; and
 - (f) Consumer suitability standards and guidelines.
- 2) The same NAIC regulation cites the guidance from the Centers for Medicare and Medicaid that "the State insurance department must provide assurance to the State Medicaid agency that anyone who sells a policy under the Partnership receives training and demonstrates an understanding of Partnership policies and their relationship to public and private coverage of long-term care."

So here's what happened. The NAIC had been working on mandated LTCI producer training requirements for several years and managed to pass them just as the Partnership started to roll out around the country. That has caused confusion as it's easy to think these two initiatives are one and the same, and that's simply not true. Notice there is no hourly training requirement attached to Partnership training – it just says the producer must “demonstrate an understanding, etc.” To us, as a training provider, that means “take a test” as that is the only way I know to have someone demonstrate an understanding of a topic.

To further explain, you also need to understand that just because the NAIC adopts a requirement, it doesn't mean that it happens immediately because each state has to adopt and implement it. For some states, that means a legislative change. Others can just adopt it if the insurance department decides it is appropriate for that state.

Here's what is happening in January 2008. Some states like Florida, Idaho, Kansas, Minnesota, Nebraska, North Dakota, Ohio, Oregon, South Dakota and Virginia have made it easy by implementing a Partnership simultaneously with mandated LTCI producer training so courses in those states include the state-specific Partnership information. Colorado, Georgia, Nevada, Missouri and Pennsylvania have an approved Partnership but are still making Partnership decisions, and of those, Colorado and Pennsylvania are the only states that have published a producer training deadline.

Other states like Illinois, Iowa, Maine, Maryland, Montana, Rhode Island and Wisconsin have adopted the NAIC LTCI producer training requirement with a corresponding deadline but have not implemented a Partnership as of yet. That means producers must take the training but won't know how their state has decided to administer a Long-Term Care Partnership. What does that mean?

The Deficit Reduction Act of 2005 (passed 2/8/06) is the legislation that enabled the national expansion of the LTC Partnership. It has some loose requirements spelled out as to benefit requirements, with inflation coverage being the most notable, but to this point, no two states have adopted the Partnership exactly the same. States vary on Partnership decisions such as:

- inflation requirements
- exchange rules for pre-Partnership policies
- whether or not asset protection is allowed to build after one accesses Medicaid before Policy benefits are exhausted
- reciprocity of the asset protection feature with other states
- reciprocity of producer training with other states – some states like Nebraska, South Dakota and Minnesota require an understanding of the state's Medicaid program for long-term care. Virginia requires non-resident agents to

take a two-hour Virginia Partnership course while the remaining six hours can be satisfied in the home state.

- whether the training is required to count as continuing education credits as is the case in Virginia , Iowa and Arizona (in the other states, we offer CE as an option, so producers only pay for it if they need the credits)
- whether the training must be completed by all LTCI producers or just for those who sell Partnership, as is the case with Virginia, North Dakota and Pennsylvania
- whether or not any part of the training must be completed in a classroom setting - right now Colorado is the only state with that requirement.

Then there's Florida that has decided the asset protection only applies to Partnership policyholders who apply for Medicaid nursing home benefits. There's Minnesota that still requires assets to be spent down if one applies for Medicaid before Partnership benefits are exhausted. *I think I've made the point that a producer will need to see the state-specific Partnership information to operate effectively in his or her state.*

Producers with Multi-State Licenses

As producers take the training in states that have not implemented a Partnership, we collect their email addresses and automatically email them when their state has made its Partnership decisions. They will then go back into the course and study their state's Partnership information and take a short test just on that part in order to print out their Partnership certification for that state. The same process applies for those states that require non-resident producers to demonstrate an understanding of their Medicaid LTC benefit, with the exception of Minnesota. Minnesota had such specific requirements that we are taking the high road and saying that producers take the entire Minnesota course to be on the safe side since the course had to be customized to fit Minnesota requirements. **Since we don't charge for additional states, the only cost is the producer's time to meet multi-state requirements.**

Finally, producers in states that haven't adopted mandated training are able to provide us with their email address and we will contact them when their state adopts a training requirement. (We will also follow up with producers who take our course for the initial "at least 8 hours" requirement so they will know when their ongoing training requirement must be met; i.e. the "at least four hours every 24 months".)

Back to the Critics

Back to the critics that I referenced at the beginning of this article. I believe strongly that if we do the job we need to do on consumer education – and the Partnership provides the perfect catalyst for this – consumers will ask their financial planner, P&C agent, life insurance agent, investment analyst, etc. about long-term care insurance

and they will simply be too embarrassed not to get the appropriate training in order to sell it.

To reiterate, the Partnership opportunity for consumer education and producer training probably won't come along again in our lifetime. States like South Dakota are doing a tour of “town hall” meetings to educate consumers around the Partnership introduction. You can see a schedule at <http://lhcpartnership.sd.gov/educationsessions.aspx>. Others like Oregon are publishing consumer education articles like “New Insurance Policies Protect Assets for Medicaid” at www.salem-news.com/printview.php?id=6878.

Let's make the most of these efforts! We all need to do our fair share to provide consumer education in our communities, and please – *don't treat the producer training as just a requirement*. Take it seriously – the main goal of the training should be to provide your clients with better service and to increase your overall LTCI sales. In summary, this training requirement is designed to make you the BEST and most prepared LTCI professional in your community with the most current and cutting-edge information, so if you care about being the best you can be, then embrace this requirement with enthusiasm!!

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