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Partnership Program Notice

Important Consumer Information Regarding the Michigan Long-Term Care Insurance Partnership Program

Some long-term care insurance policies and certificates (hereinafter referred to as "insurance policies") sold in Michigan may qualify for the Michigan Long-Term Care Insurance Partnership Program ("Partnership Program"). The Partnership Program is a partnership between state government and private insurance companies to assist individuals in planning their long-term care needs. Insurance companies must follow state and federal guidelines, and agents must be licensed and trained to sell partnership policies. Insurance companies voluntarily agree to participate in the Partnership Program. Long-term care insurance that qualifies for the Partnership Program may protect the policyholder's or certificate holder's assets through a feature known as "Asset Disregard" under Michigan's Medicaid program.

Asset Disregard means that an amount of the policyholder's or certificate holder's assets, equal to the amount of long-term care benefits received under a qualified Partnership Program insurance policy, will be disregarded for the purpose of determining the insured's eligibility for Medicaid. This generally allows a person to keep assets equal to the insurance benefits paid on your behalf under a qualified Partnership Program insurance policy. All other Medicaid eligibility criteria will apply and special rules may apply to persons whose home equity exceeds a certain dollar limit. Therefore, you should consider if Asset Disregard is important to you, and whether a Partnership Program insurance policy meets your needs. The purchase of a Partnership Program insurance policy does not automatically qualify you for Medicaid.

A qualified Partnership Program insurance policy must, at a minimum:

- Be issued to an individual after December 31, 2007;
- Cover an individual who was a resident of Michigan when coverage first becomes effective under the insurance policy;
- Be tax-qualified under Section 7702(B)(b) of the Internal Revenue Code of 1986;
- Meet prescribed consumer protection standards, and
- Provide the following inflation protections:
 - For ages 60 and younger - provide compound annual inflation protection,
 - For ages 61 through 75 - provide some level of inflation protection,
 - For ages 76 and older - inflation protection may be offered but is not required.

If you apply for and are approved for long-term care insurance coverage, the insurance company will provide you with written documentation as to whether your insurance policy qualifies for the Partnership Program.

Certain types of changes to the insurance policy may disqualify you as eligible for the Partnership Program. If you purchase Partnership Program coverage and later decided to make any changes, you should first consult with your insurance company to determine the effect of a proposed change. For example, if you choose to lower your inflation protection or drop it altogether, the insurance policy will no longer be a Partnership Program insurance policy. Moving to a state without a Partnership Program or one that has not agreed to accept long-term care insurance issued in a different state (reciprocity) as being eligible as Partnership Program coverage is another way that your Partnership Program insurance policy loses its Partnership eligibility. State and/or federal laws can change which could also affect your Partnership Program status.

The information contained in this disclosure is based on current Michigan and federal laws, which may be subject to change. Any change in law could reduce or eliminate the beneficial treatment of your insurance policy under Michigan's Medicaid program.

If you have questions regarding long-term care insurance, please contact your insurance company or your agent. If you have questions regarding current laws governing Medicaid eligibility, please contact the Michigan Department of Health and Human Services.

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