



BOB RILEY  
GOVERNOR

STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 MONROE STREET, SUITE 1700  
POST OFFICE BOX 303351  
MONTGOMERY, ALABAMA 36130-3351  
TELEPHONE: (334) 269-3550  
FACSIMILE: (334) 241-4192  
INTERNET: www.aldoi.gov

JIM L. RIDLING  
COMMISSIONER  
ASSISTANT COMMISSIONER  
REN WHEELER  
DEPUTY COMMISSIONER  
D. DAVID PARSONS  
CHIEF EXAMINER  
RICHARD L. FORD  
STATE FIRE MARSHAL  
EDWARD S. PAULK  
GENERAL COUNSEL  
REYN NORMAN  
RECEIVER  
DENISE B. AZAR  
LICENSING MANAGER  
JIMMY W. GUNN

**BULLETIN**

TO: All Licensed Insurers Writing Long-Term Care Insurance  
All Resident Insurance Producers Authorized to Sell, Solicit or  
Negotiate Long-Term Care Insurance  
All Approved Continuing Education Providers  
State LTC Partnership Program

FROM: Jim L. Ridling, Insurance Commissioner 

DATE: December 1, 2008

RE: Announcement of Qualified State Long-Term Care Insurance Partnership  
("Qualified Partnership") and Interim Rules

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On November 17, 2008, the State of Alabama Medicaid Director submitted a request to the Centers for Medicare and Medicaid Services ("CMS") for approval of a qualified state long-term care insurance partnership (the "Qualified Partnership"). The effective date of the Qualified Partnership is proposed to be March 1, 2009.

Qualified Partnerships provide valuable protections to purchasers of long-term care insurance policies covered by the Qualified Partnership (a "Partnership Policy"). Specifically, the asset eligibility and recovery provisions of the State's Medicaid program are applied by disregarding assets equal to the insurance benefits received from Partnership Policies, thus permitting individuals to protect assets from spend-down requirements if Medicaid assistance is ever needed. The State's proposed Qualified Partnership is being adopted in accordance with the Deficit Reduction Act of 2005 (P.L. 109-171) (the "DRA").

Pending the issuance of implementing rules under this Qualified Partnership, the following interim rules shall apply:

- A. *Exchanges for Partnership Policies.* Under the DRA, a long-term care insurance policy must, among other requirements, be issued after the effective date of the Qualified Partnership in order to be treated as a Partnership Policy. For purposes of applying the

rules pertaining to Partnership Policies, an issuer may promise to its policyholders that it will exchange a policy issued prior to such date for a policy that satisfies the requirements applicable to Partnership Policies. Future implementing guidelines will treat the policy received in the exchange as a Partnership Policy if the procedures described in such guidelines are met.

- B. *Producer training.* The DRA requires that the State Medicaid agency must provide information and technical assistance to the State Insurance Department on the insurance department's role of assuring that any individual who sells a Partnership Policy receives training and demonstrates evidence of an understanding of such policies and how they relate to other public and private coverage of long-term care. Future implementing guidelines will provide that an individual authorized as an insurance producer for accident and health or sickness who is newly licensed on or after March 1, 2009, may not sell, solicit or negotiate long-term care insurance unless the individual is authorized as an insurance producer for accident and health or sickness and has completed a one-time eight (8) hour training course. Those individuals who are currently licensed will have until December 31, 2009, to obtain the one time eight (8) hour training course in which to satisfy these requirements. Thus, prior to such time, an insurance producer for accident and health or sickness selling long-term care insurance including Partnership Policies will not be considered to have satisfied these requirements until the training is accomplished.