

58051 Targeting Requirements

(a)

Issuers may issue or deliver Partnership individual Policies or Certificates to California residents only.

(b)

Issuers are responsible for taking appropriate measures to assure that a substantial number and proportion of their total sales of Partnership Policies or Certificates each year are to individuals within the target population. The target population for the purchase of a Partnership Policy or Certificate or replacement of current long-term care coverage with a Partnership Policy or Certificate is California residents between the ages of 55 and 74 years old with assets greater than 365 times eighty percent (80%) of the Average Daily Private Pay Rate for Nursing Facilities and with annual incomes less than the seventy-fifth (75) percentile for their age cohort, provided that the annual premium for the Partnership Policy or Certificate does not exceed seven percent (7%) of the prospective purchaser's annual income. The California Partnership for Long-Term Care shall annually distribute to participating Issuers the annual incomes equivalent to the seventy-fifth (75) percentile in the target populations based on data from the U.S. Department of Commerce, Bureau of the Census Current Population Survey. Individuals with ages outside the target population, and/or with assets lower or incomes higher than the target population, are eligible to

purchase Partnership Policies or Certificates.

(c)

Each prospective Issuer, prior to approval by the Department of Health Services, shall submit a detailed marketing plan describing the Issuer's strategy for marketing a substantial number and proportion of their total sales of Partnership Policies and Certificates to the target population. The Issuer's marketing plan will cover the following issues: (1) identify the primary and secondary markets and how marketing efforts directed to these markets will result in sales to individuals in the target population; (2) describe the distribution and sale system to be used, the marketing methods to be used, and how these are appropriate to reach the target population; (3) detail the resources and materials to be used and how these will result in sales to the target population; and (4) describe the methods to be used to monitor success in marketing a substantial portion of their Partnership Policies and Certificates to the target population.

(1)

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(2)

describe the distribution and sale system to be used, the marketing methods to be used, and how these are appropriate to reach the target population;

(3)

detail the resources and materials to be used and how these will result in sales to the target population; and

(4)

describe the methods to be used to monitor success in marketing a substantial portion of their Partnership Policies and Certificates to the target population.

(d)

Each Issuer will annually, by July 1, submit to the Department of Health Services an assessment of the number and proportion of sales made during the prior year to the target population and an updated market plan for the next year.

(e)

Participating Issuers will cooperate in evaluation studies to measure the success of efforts to reach the target population by mailing surveys prepared by The California Partnership for Long-Term Care to a representative sample of their California policy or certificate holders who purchase non-Partnership policies or certificates. Participating insurers shall also submit individual level data on their sales of non-Partnership policies for the prior year to the Department by March 31.

(f)

Each prospective Issuer shall each year contribute to a fund to be used for common educational and marketing expenses for reaching the target population in an amount to be negotiated by the California Partnership for Long-Term Care and the participating Issuers. The amount of each participating Issuer's required annual contribution will in no case be lower than \$10,000 or the equivalent of \$10,000 in "in-kind" services.

(g)

Issuers shall make reasonable efforts to determine the appropriateness of a recommended purchase or replacement in accordance with the criteria for the target population and Insurance Code Sections 10234.95, 10235.16, and 10235.17.

(h)

Participating Issuers who replace existing policies and certificates with Partnership Policies or Certificates, or who replace Partnership Policies or Certificates, shall

forward to the Department of Health Services one copy of the "Notice To Applicants Regarding Replacements of Accident and Sickness or Long-Term Care Insurance" required under the Insurance Code Section 10235.16(b) and (d). The fact that a Partnership Policy or Certificate provides a Medi-Cal Property Exemption shall not in itself, without otherwise determining the appropriateness of the replacement of current long-term care coverage, be deemed as a transaction that materially improves the individual's position within the meaning of Insurance Code Section 10235.16(d).

(i)

Agents shall make reasonable efforts to avoid selling Partnership Policies or Certificates to Medi-Cal beneficiaries unless: (1) a third party pays the premium; and (2) both the prospective Policy or Certificate holder and the third party sign a statement acknowledging that the applicant is a Medi-Cal beneficiary but wants private coverage for which the third party will pay the premium. The statement must be submitted with the application and shall be retained in the Issuer's files.

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(2)

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(j)

Issuers shall not issue or deliver a Partnership Long-Term Care Insurance Policy or Certificate with knowledge that the individual is entitled to benefits under another long-term care insurance policy or certificate, unless: (1) the existing policy is in

force under a non-forfeiture benefit provision; or (2) the existing policy or certificate is being replaced by issuance or delivery of the new Partnership Policy or Certificate.

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