



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 6478 (Substitute H-1 as reported without amendment)

Sponsor: Representative Barb Vander Veen

House Committee: Health Policy

Senate Committee: Health Policy

## **CONTENT**

The bill would amend the Social Welfare Act to require the Department of Community Health (DCH), in conjunction with the Office of Financial and Insurance Services and the Department of Human Services, to establish a long-term care partnership program in Michigan; and specify that an individual who was a beneficiary of a Michigan long-term care partnership program policy would be eligible for Medicaid assistance using the asset disregard as provided in the bill.

The program would have to be established to provide for the financing of long-term care through a combination of private insurance and Medicaid. The bill specifies that it would be the intent of the program to do the following:

- Provide incentives for individuals to insure against the cost of providing for their long-term care needs.
- Provide a mechanism for individuals to qualify for coverage of the cost of their long-term care needs under Medicaid without first being required substantially to exhaust their resources.
- Alleviate the financial burden on the State's Medicaid program by encouraging the pursuit of private initiatives.

Within 180 days after the bill took effect, the DCH would have to apply to the U.S. Department of Health and Human Services for an amendment to the State's Medicaid State plan to establish that the assets an individual owned and could retain under Medicaid and still qualify for Medicaid benefits at the time he or she applied for benefits would be increased dollar-for-dollar for each dollar paid out under his or her long-term care insurance policy if he or she were a beneficiary of a qualified long-term care partnership program policy.

MCL 400.112b et al.

Legislative Analyst: Julie Cassidy

## **FISCAL IMPACT**

The State's Medicaid program spends well over \$2 billion per year on long-term care services, an amount that will grow quite rapidly in the next 20 years. As the bill indicates, it is intended to encourage individuals to purchase private long-term care insurance. This would be achieved by allowing individuals to exempt long-term care insurance costs from Medicaid asset tests. Any significant increase in long-term care insurance coverage would lead to a considerable yet presently indeterminate decrease in future Medicaid costs.

Date Completed: 12-7-06

Fiscal Analyst: Steve Angelotti