



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 passed by the House)

Sponsor: Representative Barb Vander Veen

House Committee: Health Policy

Senate Committee: Health Policy

Date Completed: 12-6-06

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 (OFIS) and the Department of Human Services (DHS), 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.

("Long-term care partnership program" would mean a qualified state long-term care insurance partnership as defined in the Social Security Act. "Asset disregard" would mean, with regard to the State's medical assistance program, disregarding any assets or resources in an amount equal to the insurance benefit payments that were made to or on behalf of a beneficiary under a qualified long-term care insurance partnership policy. "Long-term care partnership program policy" would mean a qualified long-term care insurance policy that the OFIS Commissioner certified as meeting the requirements of the Social Security Act, the Federal Deficit Reduction Act of 2005, and any applicable Federal regulations or guidelines.)

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 (HHS) 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.

Upon diminishment of assets below the anticipated remaining benefits under a long-term care partnership program policy, certain assets of an individual, as provided above, could not be considered when determining any of the following:

- Medicaid eligibility.
- The amount of any Medicaid payment.
- Any subsequent recovery by the State of a payment for medical services or long-term care services.

The DCH would have to pursue reciprocal agreements with other states to extend the asset disregard to Michigan residents who purchased partnership policies in other states that were compliant with applicable provisions of the Federal Deficit Reduction Act, and any applicable Federal regulations and guidelines.

If the partnership program were discontinued, an individual who purchased a Michigan long-term care partnership program policy before the date the program was discontinued would be eligible to receive asset disregard if allowed as provided by the Federal Deficit Reduction Act.

The DCH would have to contract with the Michigan Medicare Assistance Program to provide counseling services under the Michigan long-term care partnership program.

In consultation with OFIS, the DCH would have to develop a notice to consumers detailing in plain language the pertinent provisions of qualified State long-term care insurance partnership policies as they related to Medicaid eligibility, and would have to determine the appropriate distribution of the notice. The notice would have to be available in a printable form on the OFIS website.

The DHS, the DCH, and OFIS would have to post, on their respective websites, information on how to gain access to the National Clearinghouse for Long-Term Care Information established under the Federal Deficit Reduction Act, when the Clearinghouse became available to consumers.

The bill would authorize the DCH to promulgate rules to implement the partnership program in accordance with applicable requirements of the Social Security Act and the Federal Deficit Reduction Act, and applicable Federal regulations and guidelines.

The bill would eliminate provisions related to a long-term care insurance partnership program (which was never implemented). The provisions do the following:

- Prescribe eligibility criteria.
- Require a determination of an applicant's eligibility for Medicaid.
- Prescribe the scope of coverage for a partnership policy.
- Require an application for any necessary waiver of Medicaid requirements by the Federal Health Care Financing Administration, and prohibit the partnership program from being implemented unless the waiver is obtained.

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.

Fiscal Analyst: Steve Angelotti

S0506\s6478sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.