



**Testimony of AARP on
S.B. 973— AAC the Determination of Undue Hardship for Purposes of Medicaid Eligibility
February 24, 2011**

AARP is a nonprofit, non-partisan organization with nearly 600,000 Connecticut members. AARP helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. On behalf of Connecticut members and adults 50+, we are pleased to offer the following written comments on S.B. 973.

S.B. 973 attempts to codify an undue hardship exception for people who might be denied needed Medicaid long-term care coverage because of transfer asset rules implemented under the federal Deficit Reduction Act of 2005. Since new rules took effect, AARP has been concerned that honest people would be hurt by punitive steps that hit the wrong target in trying to prevent asset transfer abuses. Specifically, asset transfer rules can operate to deny Americans Medicaid coverage for nursing home care if they have helped a family member with expenses or assisted their church or other charities within the last five years, even if they had no intention of doing this to qualify for Medicaid.

For example, if an individual helped out a grandchild with college tuition or gave a charitable gift to a local church or non-profit long before an unexpected health care crisis consumed their resources and required nursing home care, they could be denied Medicaid long-term care coverage. To mitigate the potential hardship to Medicaid beneficiaries, DRA 2005 mandated that every state must have an undue hardship exception. The initial DSS proposal for an undue hardship was narrow and did not comply with the spirit and intent of the Deficit Reduction Act requirement.

Our understanding is that key stakeholders from the legal and aging community have negotiated appropriate language creating an undue hardship exception. It is also our understanding that Connecticut Legal Services is requesting changes to S.B. 973 intended to further protect Connecticut residents, who inadvertently made a gift or transfer, but now unexpectedly need long-term care supports. AARP supports the process of further clarifying and strengthening the undue hardship provision with amendments suggested by Legal Services and consumer advocates. Ultimately, transfer asset rules should not limit innocent individuals from accessing long-term care supports simply because they tried to do the right thing in giving to a family member or charity before an unexpected health care crisis.