

Testimony in Opposition of SB No. 107

Committee on Human Services

AN ACT CONCERNING THE TREATMENT OF CASH VALUE OF LIFE INSURANCE POLICIES WHEN EVALUATING MEDICAID ELIGIBILITY

Good afternoon distinguished chairs of the Human Services Committee: Senator Marilyn Moore and Representative Catherine Abercrombie and Ranking Members Senator Joe Markley and Representative Terrie Wood. I want to thank you for the opportunity to testify today in **opposition** of SB 107, An Act Concerning the Treatment of Cash Value of Life Insurance Policies when evaluating Medicaid Eligibility.

My name is Terrance Gilbert, CEO of Medicaid Recovery Investigations (MRI). I have also been in the Life Insurance business since 1968, 48 years.

I am here today to voice concerns about the intent of this bill. In 1993 Congress enacted the OMNIBUS ACT, SEC. 13612. Medicaid Recoveries which is a Mandate To Seek Recoveries. Connecticut has a Five Year look Back policy on assets. How will the State determine if the policies in question have been transferred within the look back period? With a deficit of some 20 million dollars, my main concern is "Why does the state of Ct want to take money away from a system which already has financial troubles." What is the benefit to the State and most importantly the TAXPAYERS that support Medicaid. By considering some policies worthy for it's cash value and others as exempt. I believe this will create a dual eligibility which is unfair to the Medicaid recipient. The bill also refers to "Institutionalized individual" but makes no mention of Community and Home Based Programs.

Currently under the Basic Eligibility for the Elderly, Blind and Disabled:

Life Insurance

The cash surrender value of life insurance is excluded if the face value of all such policies is less than \$1500.00. If the face value exceeds the \$1500.00 limit, the cash surrender value of the policy is counted toward the asset limit. Term insurance is not counted.

If some people are allowed to keep their policies based on a cash value, the beneficiaries of those life policies will benefit by the face amount and not the taxpayer who supports Medicaid.

The actual application to apply for eligibly will have to be changed to reflect the changes by this bill.

Since there is NO synergism or bridge used by the State of Connecticut to the insurance industry to identify ALL policies in force on a Medicaid recipient, it is not clear how this bill could be enforced. How will this bill apply to the CT "Fraud Statute"? How does this effect" CT Probate Law" under Fed. 1917(b) (42 U.S.C. 1396p(b) SEC 4a and Non TEFRA Liens?

Other considerations must be given to those policies that have been issued with a LTC rider or an Accelerated death benefit. In addition there are policies marketed to sick and elderly people such as Senior Settlement and Life Settlement Policies, which DSS would have no way of knowing.

Connecticut currently has the "Narrow " definition of "Estate" . It is my recommendation that the State of Connecticut would benefit in all aspects of the DSS program by adopting the expansive "Broad Form" definition of the 1993 OMNIBUS ACT. This would allow for the recovery to DSS of the full face amount of the life insurance policy and not have to consider the cash values as an eligibility requirement and generate millions of dollars to the state.

WORDING to the definition of "Estate" For all nonprobate assets.

I urge this committee not to support SB 107.

Thank you for taking my comments and proposed changes . I'm available to answer any questions you may have at this time.