



Senate

General Assembly

File No. 38

February Session, 2016

Senate Bill No. 107

Senate, March 15, 2016

The Committee on Human Services reported through SEN. MOORE, M. of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (h) of section 17b-261 of the 2016 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective from passage*):

4 (h) To the extent permissible under federal law, an institutionalized
5 individual, as defined in Section 1917 of the Social Security Act, 42
6 USC 1396p(h)(3), shall not be determined ineligible for Medicaid solely
7 on the basis of the cash value of a life insurance policy worth less than
8 ten thousand dollars provided [(1)] the individual is pursuing the
9 surrender of the policy. [, and (2) upon surrendering such policy all
10 proceeds of the policy are used to pay for the institutionalized
11 individual's long-term care.]

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	17b-261(h)
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HS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Social Services, Dept.	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill could result in a cost associated with certain individuals receiving Medicaid long term care services sooner than they otherwise would have. Based on the monthly average Medicaid cost for nursing home care, the state would experience a cost of approximately \$3,000 per individual for each additional month of eligibility.¹ The actual cost would depend on the number of individuals affected by the bill and the Medicaid rate for each relevant nursing home.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of applicable individuals and the daily Medicaid rate.

Sources: *Department of Social Services Cost and Caseload Information*

¹ In general, Medicaid is 50% funded by the state and 50% funded by the federal government.

OLR Bill Analysis**SB 107*****AN ACT CONCERNING THE TREATMENT OF THE CASH VALUE OF LIFE INSURANCE POLICIES WHEN EVALUATING MEDICAID ELIGIBILITY.*****SUMMARY:**

Current law prohibits the Department of Social Services (DSS) from determining that an individual is ineligible for Medicaid solely based on having a life insurance policy with a cash value less than \$10,000, provided the (1) individual is pursuing the policy's surrender and (2) proceeds are used to pay for the individual's long-term care once the policy is surrendered. This bill eliminates the requirement that proceeds be used to pay for the individual's long term care.

EFFECTIVE DATE: Upon passage

BACKGROUND***Medicaid Long Term Care Eligibility***

Generally, to be eligible for Medicaid long term care services, a single applicant cannot have more than \$1,600 in assets. When determining the amount of an applicant's assets, DSS excludes certain items, including home property, burial plots and funds, and certain vehicles. Applicants with assets over the eligibility limit for long term care may reduce their assets by paying towards the cost of their care or towards other costs as long as the assets are not exchanged for less than fair market value.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 17 Nay 0 (03/03/2016)