HB 1342

Department of Legislative Services

Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1342 (Delegate Kullen, *et al.*)
Health and Government Operations Finance

Long-Term Care Planning Act of 2006

This bill requires the Department of Health and Mental Hygiene (DHMH) and the Maryland Insurance Administration (MIA) to jointly report to the General Assembly by January 1, 2007 on the implementation of the Maryland Partnership for Long-Term Care Program.

The bill also requires the Maryland Health Care Commission to conduct a study of the long-term care delivery system in the State.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Maryland Health Care Commission (MHCC) special fund expenditures and revenues each increase by $175,000 in FY 2007 only. The other reporting requirements could be handled with existing budgeted DHMH and MIA resources.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	$175,000	$0	$0	$0	$0
SF Expenditure	175,000	0	0	0	0
Net Effect	$0	$0	$0	$0	$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The report must include: (1) the number of long-term care policies approved by DHMH for inclusion in the program; (2) the measures undertaken to educate the public; and (3) any other information related to program implementation that DHMH determines necessary.

The bill changes another program report from being due once on October 1, 2007 to an annual report due January 1, 2008 and each year thereafter. This report addresses the effectiveness of the program, its impact on State Medicaid expenditures, the number of enrollees, and the number of policies offered in the State.

MHCC must study the long-term care delivery system in the State to: (1) determine the types of services and programs that people age 65 and older and individuals with disabilities will need in 2010, 2020, and 2030; and (2) identify how the State should begin planning for these services. MHCC must submit a final report by December 1, 2007 on its findings and recommendations to the Governor and the General Assembly.

Current Law: The Partnership for Long-Term Care Program, enacted in 1993, seeks to encourage individuals to purchase long-term care policies for the purpose of qualifying for Medicaid without exhausting all one's resources. To determine eligibility for Medicaid, benefits paid under approved policies are to be excluded from the Medicaid program's calculation of the individual's resources to the extent the payments went to services and nursing home care covered by Medicaid.

Background: The Partnership for Long-Term Care is a federal program that began in the early 1990s. The partnership allows individuals to retain a greater portion of their assets under Medicaid if the individual purchases a long-term care insurance policy and exhausts the policy's benefits. States benefit because Medicaid becomes the last payer of long-term care services rather than the first payer.

Currently, due to a restriction in federal law, only four states operate partnerships – California, Connecticut, New York, and Indiana. Recent changes in federal law will now allow states to develop and implement partnerships.

The Partnership for Long-Term Care is one tool in reducing the ever-growing reliance on Medicaid. Under Maryland's enabling legislation, an individual will be able to retain an amount of resources equal to the amount of benefits paid under the long-term care policy. Of the four states that have enacted partnerships, more than 225,000 policies have been purchased and fewer than 150 of those individuals have used Medicaid.

State Fiscal Effect: MHCC special fund expenditures could increase by $175,000 in fiscal 2007 to hire a consultant to conduct the study on the long-term care delivery system and consider changes in demographics and/or needs in future years.

MHCC special fund revenues could increase by the same amount in fiscal 2007. MHCC is specially-funded by fees imposed on payors and providers. MHCC would raise fees to exactly offset the estimated expenditure increase.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid, Maryland Health Care Commission), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History:	First Reader - March 3, 2006
nas/jr	Revised - House Third Reader - March 30, 2006

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