HB 1160

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1160 (Delegate Hubbard)
Health and Government Operations Finance

Qualified State Long-Term Care Insurance Partnership - Revisions

This bill renames the Maryland Partnership for Long-Term Care Program as the Qualified State Long-Term Care Insurance Partnership and requires the program to comply with § 1917(b) of the Social Security Act and any applicable federal guidelines.

The bill clarifies that individuals need not exhaust all benefits under a policy before becoming eligible for the program. The Department of Health and Mental Hygiene (DHMH) and the Maryland Insurance Commissioner are required to report to the General Assembly by January 1, 2008 on ● the number of long-term care policies approved by DHMH for inclusion in the program; ● the measures undertaken to educate the public; and ● any other information related to the implementation of the program. The date by which the department must begin submitting annual reports on the program is delayed by one year to January 1, 2009.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: Potential minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the $125 rate and form filing fee beginning in FY 2008. The bill's changes could be handled with existing budgeted resources.

Local Effect: None

Small Business Effect: None.

Analysis

Current Law: Enacted in 1993, the Maryland Partnership for Long-Term Care Program ● provides incentives for individuals to insure against the costs of providing for their long-term care needs; ● provides mechanisms for individuals to qualify for long-term care coverage under Medicaid without first being required to substantially exhaust all their resources; ● assists in developing methods for increasing access to and the affordability of a long-term care policy; and ● alleviates the financial burden on Medicaid by encouraging pursuit of private initiatives.

To be eligible for the program, an individual must be covered by an approved policy and have exhausted all benefits available under the policy for services to treat or manage the insured's condition. 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 care covered by Medicaid.

DHMH and MIA are required to adopt regulations governing the program and report on implementation of the program by January 1, 2007. Beginning January 1, 2008, DHMH and MIA must report annually on the program.

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 benefits of the policy. States benefit because Medicaid becomes the last payor of long-term care services rather than the first. Although Maryland established its program in 1993, the State was not able to implement it until federal changes authorized more states to participate.

The federal Deficit Reduction Act of 2005 (DRA) renamed the existing federal program as the Qualified State Long-Term Care Partnership program (§ 1917(b) of the Social Security Act). DRA expands to all states the partnership programs currently available in only four states – California, Connecticut, Indiana, and New York. Thus, Maryland can proceed with implementation. DRA also requires that policies in the new programs must meet specified criteria, including federal tax-qualification, identified consumer protections, and inflation protection provisions.

Additional Information

Prior Introductions: None.

Cross File: SB 335 (Senator Middleton) – Finance.

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

Fiscal Note History: First Reader - March 12, 2007
ncs/jr

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