

**TESTIMONY BEFORE THE
HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE
REGARDING SENATE BILL 2190
MARCH 7, 2005**

Chairman Keiser, members of the committee, I am Curtis Volesky, Director of Medicaid Eligibility for the Department of Human Services. The department is here to provide information on SB 2190.

The new language in Subsection 2, page 1, line 19, limits the exclusion of annuities for community spouses to those who purchase single premium immediate annuities. This change may impact individuals who truly have been planning for retirement and have a deferred annuity they have been paying into over time. To meet the requirements of this provision, a spouse with a deferred annuity would be required to cash in their annuity and use the proceeds to purchase a single premium immediate annuity.

The changes on page 2, lines 5 and 6, refer to the life expectancy of the annuitant. The department currently bases life expectancy on a standard life expectancy table, but also takes into consideration those instances when an annuitant has a life threatening disease or condition that the person's physician indicates will shorten their life expectancy. The change requires life expectancy to be based only on a standard table in all situations. Because of various tables that may differ, the department requests that the language identify a specific standard table, such as the table published by the Centers for Medicare and Medicaid Services (CMS), or use language consistent with language proposed to this section through HB 1248. The CMS table, which is currently used by the department, is used nation wide for Social Security and Medicaid programs. This change in language does not change the intent, but insures that all use the same table.

Subsection 3, page 2 lines 11 through 17, allows cancellation of a policy if the annuity causes a denial of Medicaid eligibility. Current policy requires that Medicaid consider all assets that are, or can be made, available to pay for medical care. An annuity that includes a cancellation policy allows the individual to obtain the annuity funds to pay for medical care if the person, or their spouse, is not eligible for medical assistance. As a result, the annuity itself is not considered an available asset when applying for medical assistance, but the funds that can be made available are. The provision in subsection 3 states that such a clause would no longer cause the funds to be countable unless the individual actually did cancel the annuity and not replace it with an annuity described in subsection 2. Our understanding is that the purpose of this provision is to allow individuals to “fix” an annuity that may not have been initially set up to meet the requirements of subsection 2.

I will be glad to answer any questions regarding my testimony.

Thank you.