

TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE

REGARDING HOUSE BILL 1248

MARCH 8, 2005

Chairman Lee, members of the committee, I am Curtis Volesky, Director of Medicaid Eligibility for the Department of Human Services. I appear before you to provide information on and express the Department's support for HB 1248.

Subsection 3, beginning on page 2 line 10, insures that all annuities, except those authorized under subsection 4, that are purchased after July 31, 2005 are assignable. Annuities that are not excludable are counted as an asset for Medicaid and usually cause the individuals to fail Medicaid due to excess assets. Those individuals must then attempt to sell the income stream from the annuity. While such income streams can be sold, it is more difficult, and may result in a smaller purchase offer, than if the payments from the annuity can be assigned. This provision simplifies the process by allowing all such annuities to be assigned.

Subsection 4, beginning on page 2 line 16, changes the requirements for annuities purchased to provide income for community spouses (subsection 2) after July 31, 2005. The changes are:

- To limit the income received from annuities under this section to the community spouse monthly maintenance allowance (currently \$2267), and to insure that this annuity provision can not be used to provide the community spouse with monthly income that is more than 150% of the community spouse maintenance allowance (\$3400).

- To require annuities under this provision to pay benefits over the life expectancy of the annuitant, and to have a guarantee period equal to that life expectancy. The life expectancy is based on the life expectancy tables.

Subsection 5, beginning on page 3 line 13, provides that the Department of Human Services be named as the primary beneficiary in the event that the annuitant dies before the end of the guarantee period. The Department can only receive payments equal to the amount paid in Medicaid benefits for the individual and their spouse, and only if there is no surviving spouse or minor or disabled child. This provision is directly connected to the guarantee period required in subsection 4(e). If an annuity only paid for the life of the annuitant and did not have a guarantee period, payments would terminate upon the annuitant's death, with no further payments due. This would make subsection 5 ineffective.

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