

Testimony
House Bill 1209 – Department of Human Services
Senate Finance and Taxation Committee
Senator Dwight Cook, Chairman
February 25, 2009

Chairman Cook, members of the Finance and Taxation Committee, I am Curtis Volesky, Director of Medicaid Eligibility for the Department of Human Services. The department is here today to provide information for House Bill 1209.

LONG-TERM CARE PARTNERSHIP PROGRAM

North Dakota has been interested in developing a partnership program for some time. 2005 House Bill 1217, which passed, permitted individuals to purchase long-term care insurance and then protect part or all of their assets if they still needed long-term care services after the insurance ends. 2007 Senate Bill 2124 further confirmed the state's interest in creating a partnership program.

Implementation of a partnership program was contingent on Congress changing federal law to permit states to establish such plans as part of their Medicaid programs. The Deficit Reduction Act of 2005 changed the federal law and authorized implementation. The Department worked with the Insurance Department and private insurance professionals to create a program. The North Dakota Long Term Care Partnership Program became effective on January 1, 2007.

Partnership Programs provide an additional level of financial protection and have the potential to save money for individuals and to reduce state and federal expenditures. The partnership insurance covers the LTC

expenses so individuals or couples do not have to spend all of their own assets on the cost of care. Individuals with partnership plans may never need Medicaid coverage, or may need it for a shorter period of time. In the event that they do need Medicaid, the Partnership Program allows individuals to protect assets equal to the insurance benefits received from the Partnership Policy. Those protected assets are also protected from Medicaid estate recoveries.

Example: An individual in nursing care receives \$200,000 of insurance benefits from a partnership policy. The policy ends and the individual is still in the nursing home. The individual can apply for Medicaid coverage and retain \$200,000 of assets above the amount normally permitted for Medicaid eligibility. An equal amount is also protected from Medicaid estate recovery.

To qualify as a Partnership Policy the insurance policy must satisfy all of the requirements as identified in Section 1 of House Bill 1209.

Partnership Policies issued in North Dakota are identified by a notice to the policy holder that certifies it as a Partnership Policy at the time the policy is issued. The notice is only issued if the policy meets all of the identified criteria, including the inflation protection requirements.

I would be happy to address any questions that you may have.