Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4328 (Substitute H-3 as reported without amendment)
Sponsor: Representative Walter J. DeLange
House Committee: Human Services
Senate Committee: Health Policy and Senior Citizens

CONTENT

The bill would amend the Social Welfare Act to require that the Department of Social Services (DSS) establish a long-term care program to provide for the financing of individuals' long-term care; require that the DSS seek and obtain Federal waivers of Medicaid requirements; require persons to purchase an insurance policy in order to participate in the long-term care program; and specify the requirements of the policy.

The bill would require the DSS to establish the "Michigan Partnership for Long-Term Care Program" (the Partnership Program) to provide for the financing of long-term care through a combination of private insurance and Medicaid. The DSS would have to seek appropriate amendments to the Medicaid State Plan and apply for any necessary waiver of Medicaid requirements by the Federal Health Care Financing Administration to implement the Partnership Program. The Department could not implement the Partnership Program unless a Federal waiver of Medicaid requirements were obtained, if necessary, and Federal law exempted individuals who received Medicaid under the bill from estate recovery requirements under the Social Security Act.

A person would be eligible to participate in the Partnership Program if he or she were a Michigan resident; purchased a "partnership policy" (a long-term care insurance policy as described in the Insurance Code and as prescribed in the bill) that was delivered or renewed on or after the effective date of the bill and maintained the policy throughout participation in the Partnership Program; and exhausted the minimum benefits of the partnership policy.

Proposed MCL 400.112b - 400.112e Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have an indeterminate fiscal impact. While on its face, a policy that shifted the cost of long-term care from Medicaid to private insurance would almost certainly save State dollars, in reality savings would accrue only if those persons most likely to become eligible for Medicaid were the ones who obtained these policies. Unfortunately, it is impossible to make an a priori prediction of who would purchase these policies, though it is noted that those whose assets and incomes were high enough to afford the premiums also would be the least likely to become eligible for Medicaid except for long lengths of stay.

Date Completed: 5-30-95 Fiscal Analyst: J. Walker

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