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BILL ANALYSIS

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House Bill 4328 (Substitute H-3)
Sponsor: Representative Walter J. DeLange
House Committee: Human Services
Senate Committee: Health Policy and Senior Citizens

Date Completed: 5-23-95

SUMMARY OF HOUSE BILL 4328 (Substitute H-3) as passed by the House:

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 below) 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. (Benefits received under a long-term care insurance policy before the effective date of the bill would not count toward the bill's requirement that benefits be exhausted.)

Upon application to the Partnership Program of an individual who met the requirements, the DSS would have to determine the individual's eligibility for Medicaid in accordance with both of the following: After disregarding financial assets exempted under Medicaid eligibility requirements, the Department would have to disregard an additional amount of financial assets equal to the person's dollar amount of coverage under the partnership policy; and the DSS would have to consider the individual's income in accordance with Medicaid eligibility requirements.

A partnership policy would have to meet all of the following requirements:

-- Minimum coverage would have to be for a period of at least three years and for a dollar amount equal to 36 months of nursing home care at the minimum daily benefit rate determined and adjusted under the bill. The policy would have to provide for home health care benefits to be substituted for nursing home care benefits on the basis of two home health care days for one nursing home care day.

-- Minimum daily benefits would be $100 for nursing home care or $50 for home care. The DSS would have to adjust these amounts on October 1 each year, based on the health care index used under Medicaid for nursing home rate setting.
-- A third party designated by the insured would be entitled to receive notice if the policy were about to lapse for nonpayment of premium, and an additional 30-day grace period for payment of premium would have to be granted following notification to that person.
-- The policy would have to cover nursing home care, home health care, care management, and up to 14 days of nursing care in a hospital while the individual was waiting for long-term care placement. Payment for hospital nursing care could not exceed the daily benefit amount for nursing home care.

A partnership policy would have to offer, for an adjusted premium, an elimination period of up to 100 days, and nonforfeiture benefits for applicants between 18 and 75 years old.

The DSS could promulgate rules as necessary to implement the Partnership Program. Proposed

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

FISCAL IMPACT

Fiscal information is not available at this time.

Fiscal Analyst: J. Walker

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