

SB1223 insurance; long-term care

Background

In determining eligibility for the Arizona Long-Term Care System (ALTCS), a person's income is considered, together with the net worth of his/her assets. Should an individual meet these conditions, together with additional eligibility requirements, they may enroll in the AHCCCS ALTCS program to receive coverage for long-term care services. Similar coverage is also available in the private sector through private long-term care policies. The purpose of SB1223 as amended is to lay the groundwork in statute for the state to enter into Long-Term Care Partnership Programs that are designed to encourage people to plan ahead and seek private coverage rather than relying on the Medicaid system to meet their long-term care needs.

What are Long-Term Care Partnership Programs?

Under the Long-Term Care Partnership Program, individuals will have the option to purchase a long-term care insurance policy in the private market, and, in the event that the individual reaches the benefit cap in the private policy and wishes to apply for ALTCS, the amount of the private benefit paid to the individual will be disregarded during the asset eligibility determination. For example, if an individual has reached the \$100,000 benefit cap on a private long-term care insurance policy, \$100,000 of that person's assets will be disregarded when he/she is applying for ALTCS.

How were partnership programs established?

Under the terms of the Deficit Reduction Act (DRA) of 2005, states are empowered to partner with the private sector to establish long-term care partnership programs, provided that states pass laws that meet the federal requirements for program administration. Provisions in Arizona statutes related to long-term care insurance already meet most of these requirements. However, to be fully compliant, Arizona must enact training requirements for private producers and ensure long-term care insurance statutes meet the DRA requirements. These requirements are outlined in SB1223.

What are the benefits associated with this legislation?

By enacting SB1223, Arizona will be compliant with the federal requirements and will be able to partner with the private insurance industry to encourage consumers to plan for their future health care needs by purchasing long-term care insurance in the private market. This could delay and possibly prevent an individual from applying for ALTCS and presents consumers with an additional option for obtaining quality long-term care in the private and public market.

Will this legislation result in a cost-savings to the State?

It is too soon to determine how many individuals will take advantage of the partnership program. In addition, it is difficult to determine how many individuals will reach the benefit cap in their private policy and seek subsequent coverage in the ALTCS program. However, it may be hypothesized that a savings would be achieved as more individuals seek coverage in the private market, thus delaying or preventing their eligibility and enrollment in ALTCS services.