# HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HM 377 Social Security Act
**SPONSOR(S):** Legg
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1206

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|---|---|---|---|
| 1) Elder & Long-Term Care Committee | | Walsh | Liem |
| 2) Insurance Committee | | | |
| 3) Fiscal Council | | | |
| 4) Health & Families Council | | | |
| 5) | | | |

## SUMMARY ANALYSIS

House Memorial 377 requests that the United States Congress amend section 1917(b)(1)(C) of the Social Security Act in order that the citizens of Florida and other states may participate in long-term care partnership programs.

Copies of the memorial are to be sent to the President of the United States, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives, and each member of the Florida delegation to the U.S. Congress.

There is no fiscal impact from the memorial.

## FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. HOUSE PRINCIPLES ANALYSIS:

If Congress were to amend section 1917(b)(1)(C) of the Social Security Act in order that the citizens of Florida and other states may participate in long-term care partnership programs, then:

Reduce government --- Citizen participation in a long-term care insurance partnership program would likely reduce state Medicaid spending on nursing facility services.

Promote personal responsibility --- Purchase of long-term care insurance coverage for one's own needs would be more accessible and encouraged.

### B. EFFECT OF PROPOSED CHANGES:

In 1988, the Robert Wood Johnson Foundation sponsored the Long-Term Care Partnership Program (LTCPP or Partnership) as a demonstration project.[1] Its aim was to foster a public/private alliance between state governments and insurance companies with the goal of reducing state expenditures for long-term care by encouraging individual purchase of long-term care insurance. Four states (New York, California, Connecticut and Indiana) worked with private insurers to develop long-term care products that provided quality coverage at a more affordable price than otherwise available, and that provided the purchaser special Medicaid eligibility standards once their private benefits were exhausted. The states had State Plan Amendments approved by CMS in order to implement these programs.

The Partnership states use essentially two different approaches:

- New York uses the Total Asset Model, which requires the purchase of a minimum number of years of nursing home/at home care coverage. Once those benefits are used, none of the person's assets are considered when determining Medicaid long-term care eligibility.
- California and Connecticut use the Dollar for Dollar model, which allows the purchase of an amount of private coverage equal to the amount of assets the policyholder wants to protect. When the benefits are exhausted, the dollar amount of private insurance benefits paid out for long-term care is disregarded in determining Medicaid eligibility.
- Indiana uses a hybrid model, which represents a combination of the Total Assets and Dollar for Dollar approaches.

Each of the models requires that the policyholder's income be used for his or her cost of care.

Since the inception of the LTCPP, over 182,000 policies have been purchased. 2,057 policyholders have received benefits, and 89 have exhausted their benefits and accessed Medicaid.[2]

Passage of the Omnibus Budget Reconciliation Act of 1993 (OBRA 93) contains a provision which effectively keeps any other states from instituting a Partnership program. HM 377 requests that the U.S. Congress amend that provision, section 1917(b)(1)(C) of the Social Security Act, by deleting "May 14, 1993" as the deadline for approval by states of long-term care partnership plans.

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[1] *See, generally*, University of Maryland Center on Aging, Partnership for Long Term Care, at www.hhp.umd.edu/AGING/PLTC; Ahlstrom, Alexis *et al.*, *The Long Term Care Partnership Program: Issues and Options*, The Brookings Institution, Washington, D.C., December 2004.

[2] Ahlstrom at page 5.

C. SECTION DIRECTORY:

Not applicable.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   The bill does not affect county or municipal government.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES