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FISCAL IMPACT REPORT

SPONSOR Leavell DATE TYPED 03/11/05 HB _____

SHORT TITLE Long-Term Care Insurance Partnership SB 1040/aSF1#1

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of SFI #1

Senate Floor Amendment #1 changes the effective date of the bill from Sixty days to one hundred eighty days after the repeal of the restrictions to asset protection contained in the federal Omnibus Reconciliation Act of 1993.

Synopsis of Original Bill

Senate Bill 1040 adds new sections to the Public Assistance Act and the Long-Term Care Insurance Law in the Insurance Code.

These new sections require the Medical Assistant Division to:

- 1) provide Medicaid coverage under a long term program that allows asset disregard and protection to a person receiving long-term care services
- 2) promulgate rules to allow for asset disregard of persons that purchase a policy under a long-term partnership program
- 3) count insurance benefits paid under the policy toward asset disregard
- 4) request a waiver from CMS if needed, and

- 5) enter into reciprocal agreements with other states.

These new sections require the Insurance Division to promulgate rules that provide minimum standards for a policy under the long-term care insurance partnership program.

SB 1040 requires the Medical Assistance Division and Insurance Division to consult with the Superintendent of Insurance and the Secretary of Human Services, respectively in the promulgation of their rules concerning the partnership program.

The effective date is sixty days after the date of the repeal of the restrictions to asset protection contained in the federal Omnibus Budget Reconciliation Act of 1993.

Significant Issues

The following is supplied by the Human Services Department.

SB 1040 establishes a Long-term Care Insurance Partnership between the Medical Assistance Division of the Human Services Department and the Insurance Division of the New Mexico Public Regulation commission. The provisions of this bill apply to those persons who purchase a long-term care policy under this "partnership." The provision may also apply to a person who purchases a long-term policy in a different state with a "substantially similar asset disregard program."

- It appears that payments under this policy for residential health care facility benefits, home care benefits, case management and other adult health care and respite care services would be disregarded. The amount of the disregard or "protection" is not specified.
- The Medical Assistance Division of the Human Services Department will be responsible for providing education and outreach to persons for long-term care planning.
- The Medical Assistance Division will apply for a waiver from the U.S. Department of Health and Human Services to disregard assets and protect persons who purchase a policy from the "insurance partnership program."

A Joint Powers Agreement would be required between the Human Services Department and the Department of Insurance to effectuate the partnership. A conflict of interest may exist in the dual roles the Medical Assistance Division would be required to perform. In partnership with the Department of Insurance, the Medical Assistance Division would become a vendor (a seller of long-term care insurance). As the Medicaid regulatory entity, the Medical Assistance Division would be excluding payments under the same policy that it sells to Medicaid applicants and recipients.

The effective date for this provision is sixty days after the federal repeal of the asset protection restrictions in the Omnibus Budget Reconciliation Act (OBRA) of 1993.

The Medical Assistance Division would be required to disregard payments made to Medicaid applicants/recipients from a specific insurance policy and a specific source, but not from other similar insurance policies from non-sanctioned sources. Insurance companies selling similar products would be at a financial disadvantage.

New Mexico would have to apply for a federal 1115 Demonstration waiver to allow this disre-

gard. Since this provision would apply to a specific insurance product and not to an entire group of Medicaid-covered individuals, it is unlikely that CMS could grant this type of waiver.

The PRC Insurance Division adds.

The purpose of a long-term care insurance partnership program is to provide additional incentives to individuals to purchase long-term care insurance policies. These additional incentives involve the asset disregard and making certain insurance benefits paid under these policies count towards the asset disregard.

The goal is to save the state money in the Medicaid program, by encouraging the purchase of private insurance.

FISCAL IMPLICATIONS

The Human Services Department adds SB 1040 would provide for Medicaid eligibility to persons who may not be eligible under COBRA 1993, or who may be eligible but financially responsible for a greater share of nursing facility costs. SB 1040 would be costly to the Medicaid program.

MW/lg:yr