



Issue Summary

Long-Term Care Partnerships

NAHU believes that *all* states should have the right to establish long-term care (LTC) partnerships. Currently, programs are operating in California, Connecticut, Indiana and New York. A federal impediment exists that prohibits the remaining states from implementing LTC partnership programs. In a public-private partnership program, a consumer purchases a LTC insurance policy, and after policy benefits are exhausted, Medicaid becomes the payer for the policyholder's LTC expenses. Rather than the policyholder having to spend down his or her assets to become Medicaid eligible, he or she is able to keep personal assets equal to the benefits paid by the policy.

Partnerships promote greater self-reliance in people meeting their own care needs rather than relying on a government entitlement.

NAHU believes partnerships will reduce Medicaid expenditures at both the state and federal levels of government because private coverage pays first and Medicaid is the backstop.

Fewer than 100 people in 11 years have required Medicaid services in the four partnership states, which created programs prior to the implementation of the federal impediment.

LTC partnerships allow the elderly to bequeath a portion of their assets to their loved ones instead of leaving a burden to their surviving spouse or children.

LTC partnerships offer consumers more care options while protecting assets from Medicaid recovery.

Partnerships provide market-based incentives to encourage those who can pre-fund for their LTC needs through expansion of the LTC insurance market, something badly needed in anticipation of a dramatic increase in the numbers of elderly requiring such care.

The National Governors Association and others have joined NAHU to form a coalition to seek legislative action this year.

NAHU encourages federal legislation to remove the OBRA 93 impediment to expand the partnership concept. Partnership legislation should achieve the following:

- Provide consistency among the states by specifying a dollar-for-dollar model
- Specify HIPAA tax-qualified policies. This would allow those with current policies to add partnership riders and provide consumer protections

States will be provided with model language that will:

- Provide reciprocity between the states
- Allow for a single approval process to allow speed-to-market
- Recognize the need for coordination between private insurers and Medicaid

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