

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number HB 759

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Hamilton

3. Committee Health, Welfare and Institutions

4. Title Medicaid; public-private long-term care partnership program

5. Summary/Purpose: The bill requires the Board of Medical Assistance Services to include, in the state plan for medical assistance services, a provision, when authorized by and in compliance with federal law, to establish a public-private long-term care partnership program between the Commonwealth of Virginia and private insurance companies that must be designed to reduce Medicaid costs for long-term care by delaying or eliminating dependence on Medicaid for such services through encouraging the purchase of private long-term care insurance policies that have been designated by the Department as “partnership policies” that may be used as the first source of benefits for the participant's long-term care. The components of the program must be structured to contain Virginia Medicaid costs and increase personal responsibility for long-term care and must include, but need not be limited to, a definition of “assets”; that includes savings and investments, but excludes income (anything that is received during a month that can be or is used to meet the participant's basic food, clothing, and shelter needs); asset and income eligibility requirements, based on the definition; and an exemption from Medicaid's estate recovery requirement for some of the participant's assets, as authorized by federal law.

A second enactment clause requires, in anticipation of the passage in the near future of federal law authorizing the development of a long-term care partnership program between the Commonwealth and private insurance companies and in order to accelerate the implementation of the partnership program, the Department of Medical Assistance Services to research the components of the existing programs in California, Connecticut, Indiana, and New York to identify the elements of the four programs that would best meet Virginia's needs.

6. Fiscal Impact Estimates are: Not Available.

7. Budget amendment necessary: No.

8. Fiscal implications: According to the Department of Medical Assistance Services this bill does not have an appreciable fiscal impact in the short term. It would establish a public-private long-term care partnership program between the Commonwealth of Virginia and private insurance companies. The partnership plan is to encourage the purchase of private long-term care insurance policies that will be used to delay or eliminate Medicaid payments

for long-term care services. Individuals who purchase these policies and who later need Medicaid payment of long-term care services will have an exemption, in accordance with federal law, from some of Medicaid's estate recovery requirements. This could potentially result in some savings in the long-term; however it would be many years until any appreciable cost savings would be realized.

9. Specific agency or political subdivisions affected: Department of Medical Assistance Services.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/27/06 / mst

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cc: Secretary of Health and Human Services