

## Department of Planning and Budget 2006 Fiscal Impact Statement

1. **Bill Number** HB 759

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

2. **Patron** Hamilton

3. **Committee** Passed Both Houses

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

5. **Summary/Purpose:** The bill requires the Board of Medical Assistance Services to file an amendment 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 of Medical Assistance Services as qualified state long-term care insurance partnerships that may be used as the first source of benefits for the participant's long-term care. The components of the program, including the treatment of assets for Medicaid eligibility and estate recovery, must be structured in accordance with federal law and applicable federal regulations.

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.

A third enactment clause requires the Department of Medical Assistance Services to collaborate with the Department of Human Resource Management to encourage state employees to participate in the long-term care partnership program.

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 several 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:** 2/28/06 / mst

**Document:** G:\Ga Sessions\2006 Session\Fis\Hb759ER.Doc

cc: Secretary of Health and Human Services