



Connecticut

Human Services Committee
February 23, 2016
Testimony Opposing Raise H.B. # 5250
An Act Concerning Contributions from Spouses of Institutionalized
Medicaid Recipients
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***AARP Opposes Raised H.B. # 5250 AN ACT CONCERNING CONTRIBUTIONS FROM
SPOUSES OF INSTITUTIONALIZED MEDICAID RECIPIENTS***

AARP opposes raised House Bill # 5250 because it can seriously diminish the financial security of spouse caregivers when the other spouse is in need of Medicaid Long Term Care. The proposal is also a direct conflict to the bipartisan work Human Services Committee members have advanced to protect assets for a community spouses when their loved one needs Medicaid long-term care. AARP believes that H.B. 5250 would erode spousal impoverishment protections that protect families from financial hardship. Without adequate financial protections, community spouses may not have enough money to pay for household bills - resulting in a growing number of elderly couples having to divorce in order to pay for long term care.

Background on Medicaid spousal impoverishment law

Expensive nursing home care--which ranges from \$5000 to \$8000 a month or more--, can rapidly deplete the lifetime savings of elderly couples. In 1988 Congress enacted what has come to be called the Medicaid spousal impoverishment rules to prevent leaving the spouse who is still living at home in the community with little or no income or assets.

Raised House Bill #5250 raises serious problems with federal laws

Court decisions have held that counting the income of a community spouse against the eligibility of the institutionalize spouse is a violation of federal law (*See Lopes v. DSS*). Elder law attorneys have also expressed concern that the legislation, addressing annuities, is an attempt to skirt around federal laws.

Medicaid laws should reflect the new inadequacy of qualified retirement plans and recognize the financial contributions of family caregivers

Today, working families are not saving adequately for retirement. With little money saved for retirement, adding nontaxable income received from an annuity by the spouse of an institutionalized individual who is a Medicaid recipient to such spouse's taxable income would pose a serious financial hardship for many community spouses. Moreover, by the time a couple applies for Medicaid Long Term Care, many families have spent considerable amount of money privately caring for their loved one. In fact, Connecticut's 459,000 family caregivers provide an estimated \$6 billion in unpaid care each year.

Also, with the decline in traditional defined pensions couples are relying more and more on defined contribution plans for their retirement savings. As a result we are seeing less retirement income available to older couples.

This issue is of particular concern to older women who tend to outlive their spouses and have less access to retirement savings such as pensions. We know with the decline in traditional pensions we are seeing less retirement income available to older couples as more and more rely on defined contributions plans.

Today 1 in 7 older persons live in poverty and over half of these are elderly women. There is some evidence to suggest that assuming the role of family caregiver can significantly increase a woman's risk of living in poverty in older age. Passing this bill would deteriorate the financial security of community spouses.

We urge rejection of Raised H.B. No. 5250, AN ACT CONCERNING CONTRIBUTIONS FROM SPOUSES OF INSTITUTIONALIZED MEDICAID RECIPIENTS