

To: Connecticut General Assembly Human Services Committee

Comments re: Bill No 107: An Act Concerning the Treatment of the Cash Value of Life Insurance Policies when evaluating Medicaid Eligibility

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My name is Matthew Stillman. I am an Elder Law attorney, practicing in this field for over fifteen (15) years. I also am the legislative director for the National Academy of Elder Law Attorneys, CT Chapter (CTNAELA), an organization of 150 Elder Law attorneys, representing thousands of Elderly clients from across the State of Connecticut.

Both my organization and I support Bill #107, which deems the cash value of insurance as an inaccessible asset while the insured is pursuing the surrender of the policy.

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Life insurance with a face value greater than \$1,500 counts towards one's Medicaid eligibility.

Unfortunately, the bureaucracies of large insurance companies cause lengthy delays when clients liquidate insurance policies. Liquidation and payment takes months to resolve, during which time the individual is considered "asset eligible" for Medicaid even though they have tendered all forms to liquidate said policies; there is nothing left that can be "done" by the applicant.

This problem is specifically addressed by Bill #107 which eliminates counting of insurance policies "cash value" as an asset when an insured is pursuing the surrender of the policy.

This has a great need in Connecticut. One client of mine who was considered "over asset" for Medicaid eligibility for four (4) months solely due to insurance proceeds. The client initiated/submitted forms to liquidate her policies in February, 2015; the process was not complete until May, 2015. No further action could be undertaken on her behalf and she was deemed "over asset" for four months, rendering her liable for \$56,000 in nursing home payments regardless that she had few assets to her name.

In both the initial case and the appeal, DSS overruled our attempts to claim the asset "inaccessible" regardless that the appropriate forms were tendered. Logic would tend one to believe this concern would be recognized; it was not. DSS' based its inability to consider the insurance as inaccessible because the statutes failed to state so; this statute corrects that "gap".

Again, the result of this 'gap' in the regulations is that my client (who had nothing else in her name) is/was liable for an additional \$70,000 of nursing home expenses from January through May 2015; funds that will never be recovered because there is/are no other parties to pay and she had no other assets. These funds were not given away, transferred unnecessarily, or subject to penalty; all my client's funds were spent on her care and she was deemed ineligible while she was attempting to liquidate her insurance.

Unfortunately, this is not a unique situation; it is regularly repeated across the State.

The state's protections towards Medicaid eligibility are maintained in allowing passage of Bill #107. All other rules regarding asset accessibility, allowable transfers, penalties for gifts, etc... remain; Bill #107 simply defers Medicaid denials while an applicant pursues the surrender of any/all countable insurance policies; a protection that is good for the State, good for the nursing homes, and good for the applicants.

My organization, our attorneys and clients, and I recommend passage of Bill #107 which will consider life insurance with cash value less than \$10,000 as inaccessible once an individual pursues the surrender of the policy.

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