CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

February 23, 2016

Written testimony of Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF) IN SUPPORT OF S.B. No. 107 (RAISED) AN ACT CONCERNING THE TREATMENT OF THE CASH VALUE OF LIFE INSURANCE POLICIES WHEN EVALUATING MEDICAID ELIGIBILITY.

Good afternoon Senator Moore, Representative Abercrombie and to the members of the Human Services Committee. My name is Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF), our state's one hundred and sixty (160) member trade association of skilled nursing facilities and rehabilitation centers (SNFs). Thank you for this opportunity to offer testimony in support of S.B. No. 107 (RAISED) AN ACT CONCERNING THE TREATMENT OF THE CASH VALUE OF LIFE INSURANCE POLICIES WHEN EVALUATING MEDICAID ELIGIBILITY.

S.B. 107 is important legislation as it provides a remedy to the unjust situations where the cash surrender value of undisclosed and minor life insurance can be responsible for long periods of Medicaid eligibility. When this happens, a recipient or applicant of Medicaid long term services and supports (LTSS) is left without coverage because there has been no effort to spend down the unknown asset to below the $1600 asset limit. Consequently, LTSS providers (skilled nursing homes, home care and hospice) have often provided care that is unreimbursed by Medicaid. The bill effectively increases the life insurance cash surrender value from $1,500 to $10,000.

As background, Human Services Committee legislation for this specific purpose was adopted in 2013 (PA 13-324 now codified under 17b-261(h)), however, the federal Center for Medicaid and Medicare Services (CMS) has signaled their disapproval of the wording of the 2013 statute because it improperly directs the life insurance proceeds to the cost of the individual's health care. Apparently, federal rules required the proceeds be returned to the Medicaid applicant or recipient initially, and then properly spent down. This has prevented implementation of the desired policy in Connecticut.

S.B. 107 addresses the CMS concern by amending Section 17b-261(h) of the Connecticut General Statutes as adopted by PA 13-234 to remove the wording that requires the use of proceeds from a cash surrender of a life insurance policy that has a cash value of ten thousand dollars or less to be used for the individual's institutionalized cost of care.

S.B. 107 will allow implementation of the 2013 public act as intended. CAHCF is grateful to the Department of Social Services for putting forward this proposal and to the Human Services Committee for scheduling today's public hearing. We urge adoption.

Thank you and I would be happy to answer any questions you may have.

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