STATE OF CONNECTICUT

DEPARTMENT OF INCOME MAINTENANCE

UNIFORM POLICY MANUAL

John T. Ford FOR
Deputy Commissioner

July 1, 1992
Effective Date

POLICY TRANSMITTAL NO.: UP-92-22

SUBJECT: Long-Term Care Insurance Disregard

This transmits new policy and procedures regarding the allowance of an asset disregard under the Medicaid program for certain individuals who purchase precertified long-term care insurance policies and use such policies to pay for certain medical services.

BACKGROUND

The precertified long-term care insurance policies are being offered in Connecticut under a pilot program called the Connecticut Partnership for Long-Term Care. The partnership involves the state and federal governments and the Robert Wood Johnson Foundation. Under this program, the Health Care Financing Administration (HCFA) has approved a revision in DIM's Medicaid State Plan to allow for the disregard. The program is being coordinated at the state level by the Office of Policy and Management (OPM), and involves DIM, the Department of Health Services, the Insurance Department and the Department on Aging. The Robert Wood Johnson Foundation is providing funding to cover many of the costs associated with the implementation and administration of the program.

The Department is required to implement this policy pursuant to Public Act No. 91-187, which also directs the Connecticut Insurance Department to promulgate regulations to authorize the precertification of qualifying long-term care insurance policies. Those regulations have recently been passed and are part of Connecticut law. Precertified policies have been on sale since March 1992, but because of the insurers' underwriting criteria, purchasers will probably not be qualifying for insurance benefits for quite some time. Depending on the amount of assets owned by the purchasers, even more time may elapse before such purchasers need to apply for Medicaid. Therefore, Department of Income Maintenance workers will probably not need to utilize the policy issued in this transmittal at the present time. If the Department of Income Maintenance has not made the necessary EMS changes and issued appropriate procedural instructions to implement this policy by the time the precertified policy owners begin applying for Medicaid, the District Office manager or designee should call the Program Policy Unit at 566-7090 for direction.

GENERAL PRINCIPLES

The disregard will be allowed for Medicaid applicants and recipients who use their precertified long-term care insurance policies to pay for long-term care services and a number of home health and home and community-based services. The latter two types of services must be provided in accordance with a plan of care approved by a Coordination, Assessment and Monitoring (CAM) agency. The amount of the disregard is equal to either the amount of payments made for covered services by the insurance policy, or the actual charge for the medical services, whichever is less.

The disregard will be in effect for the lifetime of the individual, and assets properly disregarded under these provisions are not subject to recovery action by the Department.

It should be noted that there is also a provision requiring the coordination of benefits, to assure that the proper amount of asset disregard is allowed. Under this provision, the charge for a medical service is reduced first by an amount equal to the benefits payable to an individual under his or her other public or private health or long-term care insurance. The remaining charge is then paid for in part or in full by the precertified long-term care insurance policy. The insurance company issuing the precertified policy is responsible for providing accurate information regarding the amount of covered services paid under the precertified policy and allowable toward the asset disregard. The company is to periodically furnish "Summary Statements" to the individual. The Summary Statements document payments made by the precertified policy for covered services. The amount of such payments listed on the Summary Statement must not exceed the amount of the charge for the services, as described above.

Insurers who question whether payment for a particular medical service warrants an asset disregard may consult with a person designated by the Commissioner of Income Maintenance to make binding decisions on such issues.

If the insurer overstates the amount of covered services paid by the precertified policy, and the Department makes Medicaid payments on behalf of the individual based on this overstatement, the Department may suspend payments until the insurance company pays for additional covered services on behalf of the individual in an amount equal to the amount of the overstatement on the Summary Statement. The Department will not discontinue eligibility and require the individual to repay. Rather, the insurance company is considered to have liability as a third party payor.

As noted above, the worker will use the Summary Statements furnished by the insurance company to compute the amount of the asset disregard. The Summary Statement will show the amount of covered services paid under the precertified policy. If the case involves a MCCA spouse, the worker should compute the individual's counted assets by making the following adjustments to the individual's available non-excluded assets in the following order, as described in Chapter 4026 of the UPM:

1. subtract the Community Spouse Disregard (CSD);
2. add any deemed assets;
3. subtract the Long-Term Care Insurance Disregard (LTCID).

EXAMPLES

Example #1

Mr. Jones purchases a precertified long-term care insurance policy. Under this policy, he receives payment for covered LTCF services over the term of the policy in an amount of $50,000. There is no MCCA spouse. Benefits under the policy are now exhausted. Mr. Jones has $61,600 in counted assets at the present time. He is applying for Medicaid. He will be eligible once he reduces his assets to $51,600 ($50,000 of which is disregarded and $1,600 of which is allowed as the asset limit).

Example #2

Mr. Smith purchases a precertified long-term care insurance policy. Under this policy, he is covered for $100,000 worth of LTCF services. He has $51,600 in counted assets. His policy has paid for covered services in an amount of $50,000. Mr. Smith is now eligible for Medicaid, because his counted assets are within the Medicaid limit. However, he is expected to use his remaining insurance benefits to pay for covered services before the costs are paid under Medicaid. If insurance benefits pay $2,000 per month, and the cost of care is $4,000 per month, Medicaid would pay the remaining $2,000 per month (minus Mr. Smith's applied monthly income) for the next 25 months, assuming there are no changes in the case scenario over that time period. Mr. Smith's disregard amount would be recomputed periodically, so that by the end of the 25th month it would be $100,000. Therefore, if Mr. Smith wins a lottery after the 25th month, after a six month spenddown period, he could put up to $50,000 in the bank. If his account then totalled $100,000, he could remain eligible for Medicaid.

Example #3

Mrs. Davis owns a non-precertified long-term care insurance policy and a precertified long-term care insurance policy. She incurs a covered service and is charged $300 for the service. The non-precertified policy pays $100 toward the bill. The precertified policy pays $300 toward the bill. The Department would allow $200 of the individual's assets to be disregarded based on the payment made under the precertified policy, based on the principle of the coordination of benefits.

DISPOSITION: Retain this Transmittal for future reference.

INSTRUCTIONS FOR UPDATING THE UPM:

Remove and Destroy	Insert
Table of Contents- 4000	Table of Contents- 4000
	4022.10 /4022.10 p.2
	4022.10 p. 3
4026/4026.05	4026/4026.05
P-4026.05	P-4026.05
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	P-4099.22
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DISTRIBUTION: UPM list

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RJA