Resource
Brokerage LTC

Resource's frequently asked questions regarding the Deficit Reduction Omnibus Reconciliation Act of 2005 and how it pertains to Long-Term Care Insurance.

What is the new legislation?

The Deficit Reduction Omnibus Reconciliation Act of 2005 was recently passed by Congress. It was signed into law on February 8, 2006. One of its goals is to reduce Federal Medicaid spending by approximately $40 billion over the next five years.

What are the changes in Medicaid?

The Medicaid changes are significant and will vary by state. In order to familiarize yourself with these changes visit these websites: (their links can be found on our website)

www.elderlawanswers.com

www.ahip.org

What does this mean to my long-term care business in brief detail?

Long-term care insurance becomes more important than ever due to the ability for the states to develop LTCI partnership programs.

The Medicaid 'safety net' remains only for low income elderly and disabled.

If adopted by each state the Partnership plans will help individuals prepare for long-term care needs with dollar-for-dollar Medicaid asset protection.

What is a partnership plan as described in the new legislation?

Key Components:

Partnership plans must meet specified requirements of the NAIC 2000 Long Term Care Insurance Model Regulations and Model Act.

Policies must have certain inflation protection requirements.

A. Ages 0-60: Compound Requirement
B. Ages 61-75 Must of some form of inflation protection to include simple.
C. 76+ no requirements on inflation
D. Dollar for dollar Medicaid asset protection

What effect will the new Partnership expansion have on my state?

There are no changes anticipated in the states that currently have this program (CA, CT, IN, and NY) Other states will have the opportunity to participate in the program by amending their Medicaid plans filed with U.S. department of Health and Human Services. Some states may choose not to participate and may not be affected.

When can I start selling a Partnership plan in my state?

Your state MUST OPT into the program by amending their Medicaid plan. (see above question) The process will not probably begin until mid-to late 2006. It is expected that some state may have this in place by the end of 2006. There will be some states that take as long or longer than 2007. Furthermore, some states may choose not to participate on any level.

What is the impact on consumers who currently have a long-term care policy?

Guidelines on permitted exchanges have not been finalized at the Federal and state levels. This will take time and carriers will be working with each state and health and human services.

Why is the Partnership plan a good thing for my clients?

Your clients will receive LTC benefits if they meet the provision outline in their contracts. The Partnership component helps protect your client from having to completely spend down their personal assets once their LTC insurance is exhausted. They receive a "pass" right to Medicaid.

What does dollar-for dollar Medicaid asset protection mean?

Individuals seeking to qualify for Medicaid are permitted to retain assts equal to the dollar amount of insurance benefits received beyond the level of assets otherwise permitted to be retained under the state's Medicaid plan. If your client purchases a LTC plan with a pool of dollars in the amount of $300,000. They receive $300,000 dollars worth of asset protect from Medicaid.

Will there be additional education requirements in my state when I can sell a partnership program to my clients?

Yes, and this is a good thing. There will most likely be continuing education/training required by the states who adopt the new plans.

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