



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB1791

Introduced 2/23/2007, by Rep. Carolyn H. Krause

#### SYNOPSIS AS INTRODUCED:

New Act  
320 ILCS 35/Act rep.

Creates the Long-Term Care Partnership Program Act. Establishes the Illinois Long-Term Care Partnership Program, to be administered by the Department of Healthcare and Family Services with the assistance of the Division of Insurance, to do the following: (1) provide incentives for individuals to insure against the costs of providing for their long-term care needs; (2) provide a mechanism for individuals to qualify for coverage of the cost of their long-term care needs under Medicaid without first being required to substantially exhaust their resources; (3) provide counseling services to individuals planning for their long-term care needs; and (4) alleviate the financial burden on the State's medical assistance program by encouraging the pursuit of private initiatives. Sets out the specific duties of the Department and the Division concerning the administration of the Program. Sets out the specific responsibilities for issuers of qualified long-term care insurance partnership policies. Provides that the Department and the Division may adopt rules for the implementation and administration of the Act. Repeals the Partnership for Long-Term Care Act. Effective immediately.

LRB095 11307 KBJ 31966 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning insurance.

2 WHEREAS, Our nation's current financing structure relies  
3 too heavily on individuals and families to bear the financial  
4 burden of long-term supportive services; and

5 WHEREAS, The financial burden can be so large that, for  
6 many individuals, particularly those with moderate income, the  
7 only alternative is Medicaid, which requires spending down all  
8 assets in order to qualify to receive long-term care benefits;  
9 and

10 WHEREAS, Medicare is not intended to cover the majority of  
11 long-term care expenses; and

12 WHEREAS, Medicaid is the largest source of funding for  
13 long-term care in the United States, making the financing of  
14 long-term care costs a significant issue for both state and  
15 federal budgets; and

16 WHEREAS, The growth in spending by the federal government  
17 and states for long-term care services through Medicaid will  
18 continue to increase as the American population ages; and

19 WHEREAS, One solution to help address the spiralling  
20 Medicaid growth and encourage individuals to plan for their  
21 long-term care is the Long-Term Care Partnership Program, a

1 public-private partnership between states and private  
2 insurance companies, therefore

3 **Be it enacted by the People of the State of Illinois,**  
4 **represented in the General Assembly:**

5 Section 1. Short title. This Act may be cited as the Long  
6 Term Care Partnership Program Act.

7 Section 5. Definitions. In this Act:

8 "Department" means the Department of Healthcare and Family  
9 Services.

10 "Division" means the Division of Insurance of the  
11 Department of Financial and Professional Regulation.

12 "Medicaid" means the federal medical assistance program  
13 established under Title XIX of the Social Security Act.

14 "Qualified long-term care insurance partnership policy"  
15 means a policy that:

16 (1) covers an insured who was a resident of this State  
17 when coverage first became effective under the policy;

18 (2) is a qualified long-term care insurance policy as  
19 defined in Section 7702B(b) of the Internal Revenue Code of  
20 1986 issued not earlier than the effective date of the  
21 State plan amendment;

22 (3) meets the model regulations and requirements of the  
23 National Association of Insurance Commissioners model

1 specified in Paragraph 5 of Title VI, Section 6021 of the  
2 federal Deficit Reduction Act of 2005, and the Director of  
3 Insurance certifies such policy as meeting these  
4 requirements; and

5 (4) if the policy is sold to an individual who:

6 (i) has not attained age 61 as of the date of  
7 purchase, the policy provides compound annual  
8 inflation protection;

9 (ii) has as attained age 61 but has not attained  
10 age 76 as of the date of purchase, the policy provides  
11 some level of inflation protection; or

12 (iii) has attained age 76 as of the date of  
13 purchase, the policy may, but is not required to,  
14 provide some level of inflation protection.

15 "State plan amendment" means a State Medicaid Plan  
16 Amendment made to the federal Department of Health and Human  
17 Services that provides for the disregard of any assets or  
18 resources in an amount equal to the insurance benefit payments  
19 that are made to or on the behalf of an individual who is a  
20 beneficiary under a qualified long-term care insurance  
21 partnership policy.

22 Section 10. Long-Term Care Partnership Program;  
23 establishment.

24 (a) As per Title VI, Section 6021 of the federal Deficit  
25 Reduction Act of 2005, there is established the Illinois

1 Long-Term Care Partnership Program, to be administered by the  
2 Department with the assistance of the Division, to do the  
3 following:

4 (1) provide incentives for individuals to insure  
5 against the costs of providing for their long-term care  
6 needs;

7 (2) provide a mechanism for individuals to qualify for  
8 coverage of the cost of their long-term care needs under  
9 Medicaid without first being required to substantially  
10 exhaust their resources;

11 (3) provide counseling services to individuals  
12 planning for their long-term care needs; and

13 (4) alleviate the financial burden on the State's  
14 medical assistance program by encouraging the pursuit of  
15 private initiatives.

16 Section 15. Duties of the Department. The Department must  
17 do all of the following:

18 (1) Within 180 days after the effective date of this  
19 Act, make an application to the federal Department of  
20 Health and Human Services for a State plan amendment to  
21 establish the assets an individual owns and may retain  
22 under Medicaid and still qualify for benefits under  
23 Medicaid at the time the individual applies for benefits.

24 (2) Provide information and technical assistance to  
25 the Division on the Division's role in ensuring that any

1 individual who sells a qualified long-term care insurance  
2 partnership policy receives training and demonstrates  
3 evidence of an understanding of such policies and how they  
4 relate to other public and private coverage of long-term  
5 care.

6 Section 20. Assets. The Department must require that the  
7 total assets an individual owns and may retain under Medicaid  
8 and still qualify for Medicaid benefits at the time the  
9 individual applies for long-term care benefits, if the  
10 individual is a beneficiary of a long-term care insurance  
11 partnership policy, are increased by \$1 for each \$1 of benefit  
12 paid out under the individual's long-term care insurance  
13 partnership policy if the individual purchased the policy  
14 through the Illinois Long-Term Care Partnership Program.

15 Section 25. Duties of the Division of Insurance. The  
16 Division may not impose any requirement affecting the terms or  
17 benefits of qualified long-term care insurance partnership  
18 policies unless the Division imposes such a requirement on all  
19 long-term care policies sold in this State without regard to  
20 whether the policy is covered under the partnership or is  
21 offered in connection with such partnership.

22 Section 30. Issuers of qualified long-term care insurance  
23 partnership policies; responsibilities. The issuers of

1 qualified long-term care insurance partnership policies in  
2 this State shall provide regular reports to both the Secretary  
3 of the federal Department of Health and Human Services in  
4 accordance with federal regulation, as well as to the  
5 Department and to the Division, that include notification  
6 regarding when benefits provided under the policy have been  
7 paid and the amount of such benefits paid, notification  
8 regarding when the policy otherwise terminates, and such other  
9 information that may be appropriate to the administration of  
10 the partnership program, as determined by either the  
11 Department, the Division, or the federal Department of Health  
12 and Human Services.

13 Section 35. Administration. The Department and the  
14 Division may adopt rules for the implementation and  
15 administration of this Act. The Department and Division must  
16 comply with all federal rules developed as per Title VI,  
17 Section 6021 of the Federal Deficit Reduction Act of 2005,  
18 regarding data reporting, reciprocity with other states that  
19 develop long-term care insurance partnership programs, and any  
20 other matters.

21 (320 ILCS 35/Act rep.)

22 Section 40. The Partnership for Long-Term Care Act is  
23 repealed.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.