



THOMAS J. VILSACK  
GOVERNOR

**OFFICE OF THE GOVERNOR**

SALLY J. PEDERSON  
LT. GOVERNOR

May 2, 2005

The Honorable Chester Culver  
Secretary of State  
State Capitol Building  
LOCAL

Dear Mr. Secretary:

I hereby transmit:

**House File 819**, an Act relating to asset disregard under the medical assistance program for the purchase of a certified long-term care insurance policy, providing for a repeal, providing a contingent effective date, and providing an appropriation.

The above House File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Vilsack", written over a white background.

Thomas J. Vilsack  
Governor

TJV:jmc

cc: Secretary of the Senate  
Chief Clerk of the House





HOUSE FILE 819

AN ACT

RELATING TO ASSET DISREGARD UNDER THE MEDICAL ASSISTANCE PROGRAM FOR THE PURCHASE OF A CERTIFIED LONG-TERM CARE INSURANCE POLICY, PROVIDING FOR A REPEAL, PROVIDING A CONTINGENT EFFECTIVE DATE, AND PROVIDING AN APPROPRIATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 249A.35 PURCHASE OF CERTIFIED LONG-TERM CARE INSURANCE POLICY -- COMPUTATION UNDER MEDICAL ASSISTANCE PROGRAM.

A computation for the purposes of determining eligibility under this chapter concerning an individual who is the beneficiary of a certified long-term care insurance policy under chapter 514H shall include consideration of the asset disregard provided in section 514H.5.

Sec. 2. NEW SECTION. 514H.1 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Certified long-term care insurance policy" means a long-term care insurance contract that is issued by an insurer or other person who complies with section 514H.4.

2. "Long-term care facility" means a facility licensed under chapter 135C or an assisted living program certified under chapter 231C.

3. "Long-term care insurance" means long-term care insurance as defined in section 514G.4 and regulated in section 514G.7.

4. "Qualified long-term care services" means qualified long-term care services as defined in section 7702B(c) of the Internal Revenue Code.

Sec. 3. NEW SECTION. 514H.2 IOWA LONG-TERM CARE ASSET DISREGARD INCENTIVE PROGRAM -- ESTABLISHMENT AND ADMINISTRATION.

1. The Iowa long-term care asset disregard incentive program is established to do all of the following:

a. Provide incentives for individuals to insure against the costs of providing for their long-term care needs.

b. Provide a mechanism for individuals to qualify for coverage of the costs of their long-term care needs under the medical assistance program without first being required to substantially exhaust all their resources.

c. Assist in developing methods for increasing access to and the affordability of long-term care insurance.

d. Alleviate the financial burden on the state's medical assistance program by encouraging the pursuit of private initiatives.

2. The insurance division of the department of commerce shall administer the program in cooperation with the division responsible for medical services within the department of human services. Each agency shall take appropriate action to maintain the waiver granted by the centers for Medicare and Medicaid services of the United States department of health and human services under 42 U.S.C. § 1396 relating to providing medical assistance under chapter 249A, in effect prior to the effective date of this Act.

Sec. 4. NEW SECTION. 514H.3 ELIGIBILITY.

An individual who is the beneficiary of a certified long-term care insurance policy approved by the insurance division may be eligible for assistance under the medical assistance program using the asset disregard provisions pursuant to section 514H.5.

Sec. 5. NEW SECTION. 514H.4 INSURER REQUIREMENTS.

1. An insurer or other person who wishes to issue a certified long-term care insurance policy meeting the requirements of this chapter shall, at a minimum, offer to

each policyholder or prospective policyholder a policy that provides both of the following:

a. Facility coverage, including but not limited to long-term care facility coverage.

b. Nonfacility coverage, including but not limited to home and community-based care coverage.

2. An insurer or other person who complies with subsection 1 may also elect to offer a certified long-term care insurance policy that provides only facility coverage.

Sec. 6. NEW SECTION. 514H.5 ASSET DISREGARD ADJUSTMENT.

1. As used in this section, "asset disregard" means a one dollar increase in the amount of assets an individual who is the beneficiary of a certified long-term care insurance policy and meets the requirements of section 514H.3 may retain under section 249A.35 for each one dollar of benefit paid out under the individual's certified long-term care insurance policy for qualified long-term care services if the policy meets all of the following criteria:

a. If purchased prior to January 1, 2005, provides benefits in an amount equal to at least seventy thousand dollars as computed on January 1, 2005.

b. If purchased on or after January 1, 2005, provides benefits in an amount equal to at least seventy thousand dollars as computed on January 1, 2005, compounded annually by at least five percent, or an amount equal to at least the minimum face amount specified by the commissioner of insurance pursuant to subsection 3, whichever amount is greater.

c. Includes a provision under which the total amount of the benefit increases by at least five percent, compounded annually.

2. When the division responsible for medical services within the department of human services determines whether an individual is eligible for medical assistance under chapter 249A, the division shall make an asset disregard adjustment for any individual who meets the requirements of section 514H.3. The asset disregard shall be available after benefits of the certified long-term care insurance policy have been applied to the cost of qualified long-term care services as required under this chapter.

3. Beginning September 1, 2006, or one year after the effective date of this Act, whichever is later, the

commissioner of insurance shall issue a bulletin annually on that date, declaring the minimum face amount for policies to qualify for the Iowa long-term care asset disregard incentive program for the following calendar year. In making this determination, the commissioner shall consult with the division responsible for collecting data on average nursing home costs in Iowa. Additionally, in making this determination, the commissioner shall consider the current average daily cost for three years of nursing home care and other relevant information.

Sec. 7. NEW SECTION. 514H.6 APPLICATION OF ASSET DISREGARD TO DETERMINATION OF INDIVIDUAL'S ASSETS.

A public program administered by the state that provides long-term care services and bases eligibility upon the amount of the individual's assets shall apply the asset disregard under section 514H.5 in determining the amount of the individual's assets.

Sec. 8. NEW SECTION. 514H.7 PRIOR PROGRAM -- DISCONTINUATION OF PROGRAM.

1. If the Iowa long-term care asset disregard incentive program is discontinued, an individual who is covered by a certified long-term care insurance policy prior to the date the program is discontinued is eligible to continue to receive an asset disregard as defined under section 514H.5.

2. An individual who is covered by a long-term care insurance policy under the long-term care asset preservation program established pursuant to chapter 249G, Code 2005, on or before the effective date of this Act, is eligible to continue to receive the asset adjustment as defined under that chapter.

3. The insurance division, in cooperation with the department of human services, shall adopt rules to provide an asset disregard to individuals who are covered by a long-term care insurance policy prior to the effective date of this Act, consistent with the Iowa long-term care asset disregard incentive program.

Sec. 9. NEW SECTION. 514H.8 RECIPROCAL AGREEMENTS TO EXTEND ASSET DISREGARD.

The division responsible for medical services within the department of human services may enter into reciprocal agreements with other states to extend the asset disregard under section 514H.5 to Iowa residents who had purchased or

were covered by certified long-term care insurance policies in other states.

Sec. 10. NEW SECTION. 514H.9 RULES.

The insurance division of the department of commerce in cooperation with the department of human services shall adopt rules pursuant to chapter 17A as necessary to administer this chapter. The insurance division shall consult with representatives of the insurance industry in adopting such rules. This delegation of rulemaking authority shall be construed narrowly.

Sec. 11. Chapter 249G, Code 2005, is repealed.

Sec. 12. MEDICAL ASSISTANCE STATE PLAN AMENDMENT -- WAIVER -- IOWA LONG-TERM CARE ASSET DISREGARD INCENTIVE PROGRAM.

1. The department of human services shall amend the medical assistance state plan to provide that all amounts paid for qualified long-term care services under a certified long-term care insurance policy pursuant to chapter 514H, as enacted in this Act, shall be considered in determining the amount of the asset disregard.

2. The department of human services shall seek approval of a medical assistance state plan amendment or make application to the United States department of health and human services for any waiver necessary to implement chapter 514H, as enacted in this Act.

Sec. 13. CONTINGENT EFFECTIVE DATE -- IOWA LONG-TERM CARE ASSET DISREGARD INCENTIVE PROGRAM.

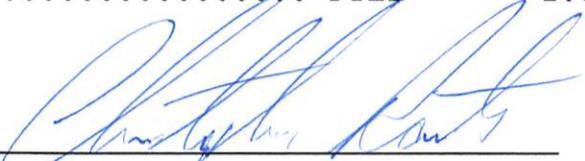
1. This Act shall not take effect until all medical assistance state plan amendments and waivers necessary to implement chapter 514H, as enacted in this Act, are approved by the United States department of health and human services. The department of human services shall notify the Code editor if such approval is received.

2. If the requirement of subsection 1 is met, the program shall begin no sooner than six months following the date that the requirement is met.

Sec. 14. APPROPRIATION. There is appropriated from the general fund of the state to the division of insurance of the department of commerce for the fiscal year beginning July 1, 2005, and ending June 30, 2006, the following amount, or so much thereof as is necessary, to establish an educational program to inform Iowans regarding the Iowa long-term care

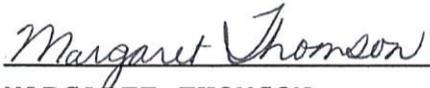
asset disregard incentive program and for up to the following full-time equivalent positions:

.....	\$	300,000
.....	FTEs	2.00

  
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 CHRISTOPHER C. RANTS  
 Speaker of the House

  
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 JOHN P. KIBBIE  
 President of the Senate

I hereby certify that this bill originated in the House and is known as House File 819, Eighty-first General Assembly.

  
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 MARGARET THOMSON  
 Chief Clerk of the House

Approved May 2, 2005

  
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 THOMAS J. VILSACK  
 Governor