

Senate File 2183

SENATE FILE _____
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SF 2163)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to asset disregard under the medical assistance
2 program for the purchase of a qualified long-term care
3 insurance policy, providing for a repeal, and providing a
4 contingent effective date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 6099SV 80
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1 1 Section 1. NEW SECTION. 249J.1 DEFINITIONS.
1 2 As used in this chapter, unless the context otherwise
1 3 requires:
1 4 1. "Health maintenance organization" means health
1 5 maintenance organization as defined in section 514B.1.
1 6 2. "Long-term care facility" includes, but is not limited
1 7 to, a facility licensed under chapter 135C or an assisted
1 8 living program certified under chapter 231C.
1 9 3. "Qualified long-term care insurance policy" means a
1 10 qualified long-term care insurance contract as defined in
1 11 section 7702B(b) of the Internal Revenue Code that is issued
1 12 by an insurer or other person who complies with section
1 13 249J.4.
1 14 4. "Qualified long-term care services" means qualified
1 15 long-term care services as defined in section 7702B(c) of the
1 16 Internal Revenue Code.
1 17 Sec. 2. NEW SECTION. 249J.2 ESTABLISHMENT AND
1 18 ADMINISTRATION OF THE PROGRAM.
1 19 1. The Iowa long-term care asset disregard incentive
1 20 program is established to do the following:
1 21 a. Provide incentives for individuals to insure against
1 22 the costs of providing for their long-term care needs.
1 23 b. Provide a mechanism for individuals to qualify for
1 24 coverage of the costs of their long-term care needs under the
1 25 medical assistance program without first being required to
1 26 substantially exhaust all their resources.
1 27 c. Assist in developing methods for increasing access to
1 28 and the affordability of long-term care insurance.
1 29 d. Alleviate the financial burden on the state's medical
1 30 assistance program by encouraging the pursuit of private
1 31 initiatives.
1 32 2. The insurance division of the department of commerce
1 33 shall administer the program in cooperation with the division
1 34 responsible for medical services within the department of
1 35 human services.
2 1 Sec. 3. NEW SECTION. 249J.3 ELIGIBILITY.
2 2 An individual who is the beneficiary of a qualified long=
2 3 term care insurance policy approved by the insurance division
2 4 is eligible for assistance under the medical assistance
2 5 program using the asset disregard provisions pursuant to
2 6 section 249J.5.
2 7 Sec. 4. NEW SECTION. 249J.4 INSURER REQUIREMENTS.
2 8 1. An insurer or other person who wishes to issue a
2 9 qualified long-term care insurance policy meeting the
2 10 requirements of this chapter shall, at a minimum, offer to
2 11 each policyholder or prospective policyholder a policy that
2 12 provides both of the following:
2 13 a. Facility coverage, including but not limited to long=
2 14 term care facility coverage.
2 15 b. Nonfacility coverage, including but not limited to home
2 16 and community care coverage.
2 17 2. An insurer or other person who complies with subsection
2 18 1 may also elect to offer a qualified long-term care insurance
2 19 policy that provides only facility coverage.
2 20 Sec. 5. NEW SECTION. 249J.5 ASSET DISREGARD ADJUSTMENT.

2 21 1. As used in this section, "asset disregard" means any of
2 22 the following:

2 23 a. A one dollar increase in the amount of assets an
2 24 individual who purchases a qualified long-term care insurance
2 25 policy and meets the requirements of section 249J.3 may retain
2 26 under section 249A.34 for each one dollar of benefit paid out
2 27 under the individual's qualified long-term care insurance
2 28 policy for qualified long-term care services if the policy
2 29 meets all of the following criteria:

2 30 (1) If purchased prior to January 1, 2004, provides
2 31 benefits in an amount equal to at least one hundred thousand
2 32 dollars as computed on January 1, 2004.

2 33 (2) If purchased on or after January 1, 2004, provides
2 34 benefits in an amount equal to at least one hundred thousand
2 35 dollars as computed on January 1, 2004, compounded annually by
3 1 at least five percent.

3 2 (3) Includes a provision under which the total amount of
3 3 the benefit increases by at least five percent annually.

3 4 b. The total assets an individual owns and may retain
3 5 under section 249A.34 and still qualify for benefits under
3 6 chapter 249A at the time the individual applies for benefits
3 7 if the individual meets all of the following criteria:

3 8 (1) Is the beneficiary of a qualified long-term care
3 9 insurance policy that provides benefits, if purchased prior to
3 10 January 1, 1998, in an amount equal to at least one hundred
3 11 forty thousand dollars as computed on January 1, 1998.

3 12 (2) Is the beneficiary of a qualified long-term care
3 13 insurance policy that provides benefits, if purchased on or
3 14 after January 1, 1998, in an amount equal to at least one
3 15 hundred forty thousand dollars as computed on January 1, 1998,
3 16 compounded annually by at least five percent.

3 17 (3) Is the beneficiary of a qualified long-term care
3 18 insurance policy that includes a provision under which the
3 19 total amount of the benefit increases by at least five percent
3 20 annually.

3 21 (4) Meets the requirements of section 249J.3.

3 22 (5) Has exhausted the benefits of the qualified long-term
3 23 care insurance policy.

3 24 2. When the division responsible for medical services
3 25 within the department of human services determines whether an
3 26 individual is eligible for medical services under chapter
3 27 249A, the division shall make an asset disregard adjustment
3 28 for any individual who meets the requirements of section
3 29 249J.3. The asset disregard shall be available after benefits
3 30 of the qualified long-term care insurance policy have been
3 31 applied to the cost of qualified long-term care services as
3 32 required under this chapter.

3 33 Sec. 6. NEW SECTION. 249J.6 APPLICATION OF ASSET
3 34 DISREGARD TO DETERMINATION OF INDIVIDUAL'S ASSETS.

3 35 A public program administered by the state that provides
4 1 long-term care services and bases eligibility upon the amount
4 2 of the individual's assets shall apply the asset disregard
4 3 under section 249J.5 in determining the amount of the
4 4 individual's assets.

4 5 Sec. 7. NEW SECTION. 249J.7 DISCONTINUATION OF PROGRAM.

4 6 1. If the Iowa long-term care asset disregard incentive
4 7 program is discontinued, an individual who is covered by a
4 8 qualified long-term care insurance policy prior to the date
4 9 the program is discontinued is eligible to continue to receive
4 10 an asset disregard as defined under section 249J.5.

4 11 2. An individual who is covered by a long-term care
4 12 insurance policy under the long-term care asset preservation
4 13 program established pursuant to chapter 249G, Code 2003, on or
4 14 before June 30, 2004, is eligible to continue to receive the
4 15 asset adjustment as defined under that chapter.

4 16 3. The insurance division shall adopt rules to provide an
4 17 asset disregard to individuals who are covered by a long-term
4 18 care insurance policy prior to July 1, 2004, consistent with
4 19 the Iowa long-term care program asset disregard.

4 20 Sec. 8. NEW SECTION. 249J.8 RECIPROCAL AGREEMENTS TO
4 21 EXTEND ASSET DISREGARD.

4 22 The division responsible for medical services within the
4 23 department of human services may enter into reciprocal
4 24 agreements with other states to extend the asset disregard
4 25 under section 249J.5 to Iowa residents who had purchased or
4 26 were covered by qualified long-term care insurance policies in
4 27 other states.

4 28 Sec. 9. NEW SECTION. 249J.9 RULES.

4 29 The department of human services and the insurance division
4 30 shall adopt rules pursuant to chapter 17A as necessary to
4 31 administer this chapter. The insurance division shall consult

4 32 with representatives of the insurance industry in adopting
4 33 such rules. This delegation of rulemaking authority shall be
4 34 construed narrowly.

4 35 Sec. 10. NEW SECTION. 249A.34 PURCHASE OF QUALIFIED
5 1 LONG-TERM CARE INSURANCE POLICY == COMPUTATION UNDER MEDICAL
5 2 ASSISTANCE PROGRAM.

5 3 A computation for the purposes of determining eligibility
5 4 under this chapter concerning an individual who has purchased
5 5 a qualified long-term care insurance policy under chapter 249J
5 6 shall include consideration of the asset disregard provided in
5 7 section 249J.5.

5 8 Sec. 11. Chapter 249G, Code 2003, is repealed.

5 9 Sec. 12. MEDICAID STATE PLAN.

5 10 1. The department shall amend the medical assistance state
5 11 plan to provide that all amounts paid for qualified long-term
5 12 care services under a qualified long-term care insurance
5 13 policy shall be considered in determining the amount of the
5 14 asset disregard.

5 15 2. The department shall amend the medical assistance state
5 16 plan to extend nursing home coverage using the special
5 17 institutional income rule to the medically needy directly
5 18 without the requirement of establishing a qualifying income
5 19 trust.

5 20 Sec. 13. CONTINGENT EFFECTIVE DATE == IOWA LONG-TERM CARE
5 21 ASSET DISREGARD INCENTIVE PROGRAM. The Iowa long-term care
5 22 asset disregard incentive program established in this Act
5 23 shall take effect only if funding is specifically appropriated
5 24 to the insurance division for that purpose. The insurance
5 25 division shall notify the Code editor if such an appropriation
5 26 is made.

5 27 SF 2183

5 28 pf/cc/26