

Delaware Developmental Disabilities Council

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November 21, 2011

Sharon L. Summers
Planning & Policy Development Unit
Division of Medicaid & Medical Assistance
1901 N. DuPont Highway
P.O. Box 906
New Castle, DE 19720

RE: DMMA Prop. LTC Insurance Partnership Program [15 DE Reg. 621 (November 1, 2011)]

Dear Ms. Summers,

The Developmental Disabilities Council (DDC) understands that the Division of Medicaid & Medical Assistance (DMMA) proposes to adopt a State Plan amendment to implement a "Qualified Long-Term Care Insurance Partnership Program" ("QLTCIP"). The program is authorized by federal law to provide an incentive to individuals to purchase a qualifying long-term care insurance. Under this scheme, an individual with a QLTCIP policy can enroll in Medicaid without having to exhaust policy benefits. At p. 626, Par 8. The policy would then pay the authorized policy amount towards long-term care and Medicaid could cover the balance. *Id.* Both nursing home and home-health services would be eligible. At p. 623, Par. D.1. There is no "grandfather" provision, i.e., this program is available only to individuals purchasing a QLTCIP policy after November 1, 2011 in Delaware or another state with a QLTCIP. At p. 624, bottom. Individuals taking advantage of this program qualify for a disregard of resources in an amount equal to LTC insurance benefits paid. Participating insurers would be required to report benefits paid under covered policies. At p. 625.

We endorse the concept of implementing this federal option. However, we'd like to remind DMMA of concerns shared with the Department in the attached August 23, 2010 memo. See also attached Dept of Insurance commentary at 14 DE Reg. 316 (October 1, 2010). In a nutshell, the Department of Insurance allows LTC insurers to offer highly-constrictive policies which: 1) only authorize nursing home payments if an insured has limits in 3 ADLs ; 2) ignore limits in IADLs; and 3) allow only ½ benefit payments for individuals opting for home health care versus institutional care. Delaware Medicaid covers both home health and nursing home services based on a deficit in 1 ADL. Effective April, 2012, the DSHP Plus program will authorize home health services based on a deficit in 1 ADL and authorize nursing home coverage based on a deficit in 2 ADLs. Thus, Medicaid will be paying for both nursing home and home health services with 0 contribution by insurers since the "disability" threshold triggering insurance payment is higher. The "bottom line" is that DMMA may not realize anticipated cost savings, i.e., the expectation "that



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long-term care insurance policies will initially be paying for services rather than Medicaid.” At p. 622, Fiscal Impact Statement.

DMMA would be well advised to collaborate with the Department of Insurance to ensure that qualifying QLTCIP policies provide nursing home benefits based on more liberal standards than limits in 3 ADLs. Moreover, the DSHP Plus program is attempting to promote home health services versus nursing home services by establishing a higher requirement for nursing home eligibility (limits in 2 ADLs) than home health care (limit of 1 ADL). This incentive is undermined by insurance policies which pay only ½ benefits for home health services. DMMA should consult the Department of Insurance to assess prospects for requiring a QLTCIP policy to pay equal benefits for home health and nursing facility care.

The Developmental Disabilities Council would like to thank you in advance for your consideration of our remarks. Should you have any questions regarding these please contact our office at 739-3333.

Sincerely,



Harline Dennison
Chair

cc. Matthew Denn, Lt. Governor
Karen Weldin Stewart, Insurance Commissioner
Rita Landgraf, Secretary DHSS
William Love, DSAAPD
State Council for Persons with Disabilities
Governor's Advisory Council for Exceptional Citizens