north dakota department of human services

Fact Sheet

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600 E Boulevard Avenue, Bismarck, ND 58505-0250 www.nd.gov/dhs

Long-Term Care Partnership Program

Under the Long-Term Care Partnership Program, individuals who purchase long-term care insurance policies that meet certain requirements specified by the Deficit Reduction Act of 2005 ("Partnership Policies") can apply for Medicaid under special rules for determining financial eligibility and Medicaid estate recovery. These special rules generally allow the individual to protect assets equal to the insurance benefits received from a Partnership Policy. These assets will not be taken into account when determining financial eligibility for Medicaid and will not subsequently be subject to Medicaid estate recovery.

Asset Protection:

Long-term care insurance is an important tool that helps individuals prepare for future long-term care needs. Partnership Policies provide an added level of protection by allowing individuals to protect additional assets if assistance under Medicaid is ever needed.

The asset protection applies to all insurance benefits received from a Partnership Policy, regardless of whether the insurance benefits are for long-term care costs that would not be covered by Medicaid (i.e. benefits paid for assisted living). The asset protection equals the amount of insurance benefits that have been received to date, or are due but not yet paid from a Partnership Policy, even if additional insurance benefits may be received in the future from the Policy. The asset protection does not include any refund of premium payments made because of the termination of a Partnership Policy (due to cancellation or death) since such payments do not represent insurance benefits.

Medicaid Estate Recovery:

Assets protected by a Partnership Policy are also protected from Medicaid estate recovery unless benefits were received through fraud or an overpayment is due. The protected assets are subject to other non-Medicaid claims against the estate, including other state or county claims.

Application of Other Medicaid Provisions:

Eligibility for benefits under Medicaid is subject to all other eligibility provisions, such as the disqualifying transfer provision and home equity limitation. For instance, the individual can qualify for Medicaid while retaining assets, but if the assets are given away without receipt of adequate compensation, this may be considered a "disqualifying transfer," and the individual may be ineligible for coverage of long-term care costs.

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Partnership Policies:

To be considered a Partnership Policy, the long-term care insurance policy must satisfy all of the following requirements:

- The policy must be a qualified long-term care insurance contract and meet specific consumer protection and IRS requirements. The majority of long-term care policies legally sold in North Dakota already meet this requirement.
- The policy must be issued on or after January 1, 2007. A policy issued prior to January 1, 2007 is treated as newly issued and eligible for Partnership Policy status only if it is reissued or exchanged on or after January 1, 2007. The addition of a rider, endorsement, or change in the schedule page to policies issued prior to January 1, 2007 may be treated as an exchange for the purpose of meeting the Long-Term Care Partnership Program requirements.
- The insured individual must have been a North Dakota resident when coverage first became effective under the policy.
- The policy must include the proper inflation protection.
    - If an individual was under age 61 on the date of purchase, the policy must provide compound annual inflation protection. There is no set minimum percentage level. Compound inflation protection must continue on the policy and may only end when the policy doubles, or when the insured individual reaches age 76, whichever occurs first;
    - If an individual was age 61 through 75 on the date of purchase, the policy must provide some inflation protection. There is no set minimum. Inflation protection, which can include simple interest inflation protection, must continue on the policy and may only end when the policy doubles, or when the insured individual reaches age 76, whichever occurs first; and
    - If an individual was age 76 or older as of the date of purchase, no inflation protection is required.

Partnership Policies issued in North Dakota will be identified by a notice to the policy holder that certifies it as a Partnership Policy at the time the policy is issued. The notice will be issued if the policy meets all of the qualifying criteria, including the inflation protection requirements. Because policies may be changed after they are issued, when an individual applies for Medicaid, the individual will need to obtain and provide a current notice from the Partnership Policy indicating whether it continues to meet the Partnership Policy requirements, and if so, to identify the amount of benefits paid while meeting those requirements.

Reciprocity:

The North Dakota Long-Term Care Partnership Program will provide reciprocity with respect to long-term care insurance policies covered under other state long-term care insurance partnerships. This will allow individuals who purchase a Partnership Policy in one state to move to another state with a Long-Term Care Partnership Program without losing the asset protection. This protection will only be available between states that offer reciprocity.

For Information about Medicaid and the Long-Term Care Partnership Program contact the N. D. Department of Human Services' Medical Services Division at 701-328-2110 or 701-328-1830, or 1-800-755-2604. **For insurance information**, contact the North Dakota Insurance Department at 1-800-247-0560.