

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7188

BILL NUMBER: SB 261

NOTE PREPARED: Feb 19, 2021

BILL AMENDED: Feb 15, 2021

SUBJECT: Long Term Care Insurance Partnership Program.

FIRST AUTHOR: Sen. Walker G

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *State Plan Amendment:* The bill requires the Office of the Secretary of Family and Social Services (FSSA) to apply before December 31, 2021, for a Medicaid state plan amendment (SPA) to effectuate the federal long term care insurance partnership program (program). It requires the SPA for the program to provide that the asset disregard for all policies entered into under the state's current long term insurance program will remain the same.

Health Records: The bill provides administrative, reporting, and continuing education requirements for the program. It requires a provider to provide health records upon request not more than 30 days after receiving the written request, unless the provider:

- (1) requests an extension of not more than 30 days in the initial 30 days; and
- (2) provides written notice to the patient of the reasons for the extension and the date by which the provider will provide the health records.

The bill authorizes the state department of health to impose a civil penalty of not more than \$5,000 per violation on a provider that violates the requirement to provide health records upon request.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Summary:* The bill increases the workload of the FSSA to apply for a SPA, and to work with the Department of Insurance (DOI) to implement a program and to receive insurer reports concerning long term care insurance. The DOI is to adopt rules and database modifications concerning continuing education. The rebate exemptions and notice will have minimal impact on the DOI's workload. These requirements are within these agencies' routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource

levels. [The DOI is funded through a dedicated agency fund and the federal government reimburses certain Medicaid administrative expenses at 50% of the expenditure.]

ISDH may receive more complaints concerning records release by shortening the time for release by 30 days [the 30 day extension for certain records may mitigate some complaints]. If the magnitude of complaints received is large, ISDH may require additional staff. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Additional Information - Long Term Care Partnership Insurance: If a SPA is approved by the Centers for Medicare and Medicaid Services, Indiana residents would have a choice between two long term care products. An individual who purchases a qualifying policy receives asset protection in terms of Medicaid eligibility and estate recovery. The bill adds a new long term care partnership product that provides exclusion and disregard of assets equal to the amount of policy benefit purchased. The existing program protects \$1 of assets for each dollar of benefit received or total asset protection with a minimum \$140,000 policy value and a 5% inflation rate. Of existing policies issued, 81% protect the individual's total assets.

[Medicaid is jointly funded between the state and federal governments. The effective state share of program expenditures will be approximately 34% in FFY 2021 for most services.]

Continuing Education: The DOI uses a third-party system to track continuing education and licensed producers are able to view their continuing education compliance status and the continuing education hours applied. Software enhancements are provided by the system contractor usually at no added cost.

Explanation of State Revenues: *Health Records Request:* If health providers fail to provide records within the 30-day period required in the bill, the ISDH may impose a fine of up to \$5,000, which is deposited in the state General Fund.

Premium Increases: If more policies are issued as a result of certain types of rebates being offered, premium revenue could increase. Any increase in insurance company premiums will increase General Fund revenue from either insurance premium tax collections or Adjusted Gross Income (AGI) tax collections.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA, DOI, ISDH.

Local Agencies Affected:

Information Sources:

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