

INDEX OF DOCUMENTS
LONG-TERM CARE SUPPORTS AND SERVICES
ADVISORY COMMISSION
October 22, 2007

EXECUTIVE COMMITTEE MINUTES 10-1-07

OLTCSS UPDATE

NURSING FACILITY TRANSITION POWERPOINT
PRESENTATION

STATE PROFILE GRANT ABSTRACT

PUBLIC ACT 73 - ESTATE RECOVERY

PUBLIC ACT 74 - ESTATE PRESERVATION

NEW YORK TIME ARTICLE - MARCH 26. 2007

NEW YORK TIME ARTICLE - OCTOBER 3, 2007

GAO HIGHLIGHTS - MAY 2007

APPOINTMENT/RE-APPOINTMENT PROCESS

2008 COMMISSION SCHEDULE

LONG-TERM CARE ISSUES FORUM NOTICE

AREA AGENCIES ON AGING ASSOCIATION OF
MICHIGAN - ADVOCACY ALERT

AARP PUBLIC TESTIMONY

MMAP PUBLIC TESTIMONY

LONG-TERM CARE SUPPORTS & SERVICES
ADVISORY COMMISSION
EXECUTIVE COMMITTEE
OCTOBER 1, 2007
MINUTES

ATTENDEES: Andy Farmer, RoAnne Chaney, Hollis Turnham, Chris Chesny, Jon Reardon, Jackie Tichnell, Gloria Lanum, Jane Church

STATE BUDGET STATUS - Reardon indicated that his information from HCAM noted that a \$52M cut to the DCH and \$80M to DHS budgets still needed to be implemented. The conference committee would define the details to these cuts. It was noted that the Governor agreed to a 30-day continuation budget and the proposed revenue increases; however, no real budget was agreed to. The Commission needs direction from the Office on how to affect the legislation that will result from the budget agreements. There is also the need for the Commission to advocate on a federal level, as well. Church will discuss this issue with Head.

Turnham noted that the UAW agreement may cost the state millions due to a per capita increase in income. This will change the FMAP calculation for the State. There is a possible fix to this situation, as proposed by Representative Dingle. Farmer indicated the need for a position paper on the FMAP issue.

There was a discussion regarding the utilization data being used to determine nursing facility funding underutilization based on the FY projected budget for 2007. Reardon will ask HCAM about this issue and the origin of their data.

There was a discussion regarding the need to thank the legislature for their successful efforts in increasing the revenue.

While the Executive Committee recommended that the legislature should be commended for finally acting on revenue increases, it was determined that official communication should wait for 7-10 days to see how other issues are resolved.

SEPTEMBER COMMISSION MEETING - The minutes should reflect that Rabidoux seconded the motion to approve the agenda.

There was a discussion regarding the Detroit meeting and the public testimony that was provided. It was obvious that “one size of long-term care does not fit all.” Farmer noted the need to travel to other parts of the state for geographic input.

There is an imperative need to enforce a time limit on public testimony. If someone needs more than 5 minutes to relate their concerns, then it should be addressed in writing. There is no need for the Commission to respond to every testimony. The Commission also needs to be reminded of the time limits on public testimony; their questions may not be necessary for clarification and may tend to continue a person’s time in testimony.

Farmer will communicate to Commissioners that their public comments need to be constructive and further the charge of the Commission. Farmer will address individual issues as needed.

OCTOBER AGENDA - Four issues were noted from the September Commission meeting:

- LTC Partnerships - The Finance Workgroup will develop a document that will recommend to the Commission the values that should be included in this policy. Recommendations may be sent to the Chairs of this workgroup.

- Estate Recovery - It was noted that PA 0073 was passed regarding estate recovery. The Commission will ask the Department to present this bill, what does it include, what does it define, and does it allow MSA to define. In addition, what is MSAs process for defining these items? The Finance group will develop questions for MSA. The Office will request someone from MSA to present at the October meeting.
- MSHDA Update - the Commission will request an update from MSHDA on the Affordable Assisted Living Demonstration Project. The Office will initiate the contact for this project with MSHDA.
- MI Choice and Assisted Living Update - The Commission is requesting an update of this project as part of the Office update. This needs to be addressed in the context of the LTC Task Force recommendation.

FUTURE COMMISSION VACANCIES - Four of the Commissioner's terms end in December. The process for appointment/re-appointment is unknown. The Office will contact the Governor's appointment office for this process. The Office needs to notify Commissioners of upcoming term endings. This should be part of the October agenda.

OTHER

- Turnham will be excused from the October meeting due to a previous commitment.

Michigan's State Profile Tool Grant

ABSTRACT

Michigan's State Profile Tool Grant will build upon Michigan's current long-term care system transformation efforts, which have as a foundation the Governor's Long-Term Care Task Force recommendations. Those recommendations are being implemented through the state's single point of entry demonstration initiative, its Self-Determination in Long-Term Care Initiative, its CMS Systems Transformation Grant and other grants that all contribute to the state's direction for long-term care. Developing Michigan's State Profile will be a unifying process that will produce a clear qualitative and quantitative picture of the long-term care system at a time of fundamental change. The Profile will help manage and assess those changes and describe them to our many highly invested and engaged stakeholders. The Profile will focus on Michigan's long-term care populations of the elderly and adults with physical disabilities, while including the systems that serve adults with developmental disabilities, adults with mental illness and children. The Profile will be useful in describing the interaction between systems, the relationship between populations, and the opportunities for closer coordination. The Profile will also include a special focus on the subgroup of individuals with dementia, as a group that receives services from more than one system and may benefit from a closer examination of the service options now available and outcomes experienced.

The second portion of the grant involves contributing to the development of national balancing indicators. Michigan currently has multiple initiatives that involve the development of management and evaluation data within the long-term care system, including single point of entry demonstrations, the MI Choice waiver quality initiatives, nursing facility transition services, and implementation of a pre-paid health plan model for long-term care. The work on national balancing indicators will help unify the department's various efforts to produce sound management information and reports, with the useful addition of common national measures that will allow comparisons across states. Michigan's contribution to this effort will be enhanced by our partnership with the University of Michigan's Institute of Gerontology, which is a national leader in the development and use of the Minimum Data Set for nursing facilities and home care and MDS-based quality indicators. Michigan also has a sophisticated data warehouse, which will be a vital partner in achieving the grant goals.

The grant goals include: (1) better integration of the planning and management of the state's long-term care systems change initiatives (2) development of integrated management reports on cost, utilization, quality and outcomes, (3) use of the State Profile and balancing indicators for describing the changing long-term care system to various stakeholder groups, (4) development of recommendations for strengthening services and outcomes for individuals with dementia, and (5) support for consumer participation in an on-going, data-based stakeholder dialog on long-term care balancing issues.

The grant partners will include the Michigan Public Health Institute, the Michigan Disability Rights Coalition and the University of Michigan Institute on Gerontology. The budget for the grant includes \$498,740 in federal funds and \$24,937 in the state's in-kind match.

OFFICE OF LONG-TERM CARE SUPPORTS & SERVICES
Update for the Long-Term Care Supports and Services Advisory Commission
October 22, 2007

1. Long-Term Care Connections (LTCC) Projects –
 - a. In mid-September all SPE Options Counselor staff participated in a 2-day training covering the level-of-care, financial eligibility, and advocacy work that is to be conducted through the LTC Connections.
 - b. Service is expanding and will be stabilized with usable data.
 - c. More training is anticipated.
 - d. This month's statistics are attached.
2. System Transformation Grant Project
 - a. CMS provided the Department with their feedback from CMS on our evaluation plan. It was very positive, with a reasonable list of items for which they want additional detail. We are still working through the steps necessary for posting the Manager position for this grant.
3. Long-Term Care Insurance Partnership program – work continues on developing the necessary Medicaid State Plan amendment. Wording differences between the CMS template and what OFIS feels it needs to have in the language are under discussion.
4. MI Choice Waiver Renewal
 - a. The Specialized Residential Licensed Setting subcommittee continues to meet to examine the implications of placing into the MI Choice waiver a covered service option that will pay for special licensed residential settings (Adult Foster Care and Homes for the Aged).
5. Prepaid LTC Health Plan pilot project
 - a. The feasibility study for this project is being developed by MSA's contractor Health Management Associates.
 - b. Workgroups are being formed to develop the details for a submission of the requisite Waiver applications.
 - c. Consultations with the Wisconsin Department of Health & Family Services are being conducted to further refine our knowledge and understanding of their Family Care Program.
 - d. The Department's application to the Center for Health Care Strategies to participate in their Managed Long Term Supports and Services Purchasing Institute was approved. The first meeting is being held in Milwaukee with the ten states and CHCS consultants, later this week.. .
6. Deficit Reduction Act - Money Follows the Person grant
 - a. Funds are built into the budget for FY 08 to implement this project.
 - b. We are interviewing candidates for the Project Coordinator job on 10/26. After the Coordinator is in place, we will submit the Operational Protocol. Once that is approved, we will begin implementing the grant. We are currently providing input to CMS's evaluation plan, which include extensive data collection.

- c. The Pathway Workgroup has finished the work on this document. It will be the central part of our Operational Protocol, which is required by CMS.
 - d. A data workgroup has been meeting to define the data elements required by the grant and identify data sources for these elements.
7. Self-Determination in Long-Term Care –
- a. As of October 9, 2007, there are 111 people enrolled in Self Determination in Long Term Care. The next phase of enrollment will begin by the end of the year. 6 waiver agents from Southeast MI, Flint, Saginaw and Traverse City comprise the first band of statewide enrollment. We will focus on two other groups of waiver agents after the first band is up and running.
 - b. The grants for the Pioneers sites ended. Staffill receive both final reports and sustainability plans for them in November. They will continue to help with mentoring and training for the rest of the waiver agents in the states.
 - c. Staff attended the Home and Community Based Services conference and have hand-outs from the following workshops: Caring for the Caregivers, Facilitating Culturally Competent Self-Determination, States' Experience with Nursing Home Diversion, and Health Insurance for Direct Care Workers. Let me know if you would copies of hand-outs or more information. 517.335.5671 munizt@michigan.gov
 - d. We were awarded a small grant to develop a training plan for consumers as employers. This is an 18 month project, "Project Success". As of this writing, I do not know the actual amount of money and hours of technical assistance. This is aimed at participants who are in Self Determination. We will design a train the trainer model that includes and consumer and waiver agent staff team. The purpose is to reduce turnover rates of direct care workers by supporting consumers to be successful employers by increasing their knowledge. I will be the coordinator for this project and we are working with the Paraprofessional Healthcare Institute who will provide technical assistance. Thank you for your support.
8. Person-Centered Planning Practice Guideline
- a. The Person-Centered Planning for Community Based Long-Term Care: Practice Guidance for the MI Choice Waiver Sites document has been through final revisions and will be finalized and issued by the end of October 2007. .
9. Medicaid Infrastructure Grant -
- a. The Office is waiting for the CMS approval of the continuation grant. We should hear by early November.
 - b. There are 1,036 persons enrolled in Freedom to Work.
 - c. The Work Incentive Advisory Group is a five-state workgroup that addresses barriers to employment. Joe Longcor from the Office is representing Michigan on that workgroup.
 - d. The Office has DVDs and handbooks on Supported Self-Employment. The Supported Self-Employment Handbook is being sent to all Community Mental Health Boards, MRS offices, and CILs.

10. State Profile Grant

- a. This 3-year grant will support our development of a quantitative and qualitative description of our long-term care programs that will identify accomplishments toward balancing the system (between community services and institutional services), identify opportunities for better coordination and identify areas of need. The profile will be a useful tool for policy-makers, administrators, consumers and other stakeholders. In addition, we will work on a national effort to develop benchmarks for balancing long-term care systems, which will provide another valuable gauge of our progress. Thanks to Laura Hall and the Task Force for the letter of support.

**LTC CONNECTIONS
OCTOBER 2007**

Summary of Long Term Care Connection Activities

	Actual - January -August 2007				
	SW	Detroit	UP	WM	Totals
I and A Calls	6,898	5,345	1,652	3,706	17,601
Options Counseling Cases					
Options Counseling Cases Opened	479	1,026	357	348	2210
Cases Closed	44	174	66	46	330
Cases Continuing Open	435	852	291	302	1880
Transitions	0	34	0	18	52
Community Education Presentations					
Number of Presentations	36	46	12	19	113
Number Present	3,595	12,724	496	567	17,382
Outreach Activities					
Number of Activities	108	79	310	323	820
Number of brochures distributed	3,445	2,316	6,484	5,814	18,059
Stakeholder Meetings					
Number of Meetings	34	76	2	16	128
Number of Participants	238	348	43	112	741
Board Meetings					
Number of Meetings	7	6	3	7	23
CAB Meetings					
Number of Meetings	4	8	2	5	19
Total Staff FTEs	23.35	44	18	16.8	102.15
Direct Service					
I and A Staff FTEs	8.35	3	1.5	2.3	15.15
# of I and A Staff with AIRS Certification	0.6	2	2	2	6.6
Options Counselors FTEs	10	17	13	9.5	49.5
Options Counselors Supervisors FTEs	0	2	0	0	2
Administrative					
Office Management FTEs	5	18	2.5	3	28.5
Resource Database FTEs	0	2	1	2	5
# of Resource Database Staff with AIRS Certification	0	2	1	2	5

MANAGING LONG-TERM CARE TRANSITIONS ACROSS SETTINGS: MICHIGAN'S EXPERIENCE

NASHP 20TH Annual State Health Policy Conference

Michael Head
Michigan Department of Community Health
October 16, 2007

Michigan Transition Policy

- Support the movement to home & community care of individuals who are Medicaid beneficiary residents of Michigan nursing facilities who:
 - Express the desire to move to a home & community setting
- Provide, as needed for the costs of their transition to a home & community setting of their choice, based upon a person-centered planning process
- Assure needed services and supports through the Medicaid program, based upon functional and financial eligibility
- Supports Olmstead Supreme Court ruling

Michigan's Transition Pathway

- 1996: Aged & disabled waiver program expanded statewide; called "MI Choice"
- 1999: 1-year NF transition grant
 - Four CILs => 12 'transitionees' all younger individuals
- 2001: CMS Real Choice NF Transition Initiative
 - Concluded in 2004; transitioned 112 individuals
 - 41% needed no Medicaid LTC services
 - Matched pre- and post- costs to MDS case mix hierarchy
 - Generated increased transition thinking

Michigan's Transition Pathway

- 2003: Added "Transition Services" as a covered service to the MI Choice Waiver
- 2004: Investment of \$200,000 in four NF transition coordinators
 - Two in MI Choice Waiver regions
 - Two in CILs
- 2005: NF transition training program developed using Real Choice funding
 - State disability advocacy organization responsible for dissemination: Presented 30 times over the past two years

Michigan's Transition Pathway

- 2005: Payment incentive for NF transitions added to MI Choice Waiver
 - MI Choice Waiver capped at \$100M; However, additional funding made available for 'transitionees'
 - "two-fer" policy: Additional MI Choice Waiver slots funded
 - One slot for a transitionee w/LOS < 6 months IF additional transitionee taken in w/LOS > 6 months
 - Other funding (CMP funds) available to cover costs of transition for non-waiver eligibles.
 - Used by CILs as well as MI Choice Waiver agent organizations

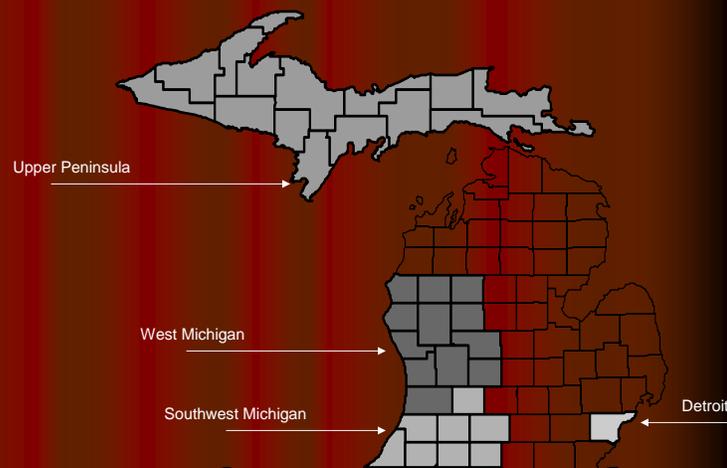
Michigan's Transition Pathway

- 2006: Office of LTC Supports & Services
 - Initiated four Single Points of Entry entities (ADRC model)
 - State funding investment of \$25M over 2.2 years
 - Demonstration projects intended to lead to statewide system
- 2006: PA 634 adopted
 - Establishes SPEs in state statute
 - Requires functional LOC assessments to be conducted by the SPE for service area residents
 - Mandates SPEs to assist NF residents who request transition
 - Requires options counseling and development of a LTC support plan for individuals seeking LTC assistance
 - Requires hospitals to engage SPE for options counseling when patient needing LTC is close to discharge
 - SPE must authorize access to Medicaid LTC services for individuals in its service area

Michigan's Transition Pathway

- 2007: DRA MFP grant awarded
- 2007: 17% increase in MI Choice Waiver funding due to transition activity
- 2008: Expand use of CMP funds to all 15 CIL organizations to support transition of non-Waiver eligible NF residents
- 2008: Implement retention of patient-pay funds for supporting household maintenance pending NF transition
- 2009: Add licensed specialized residential care payment option to the MI Choice Waiver
- 2009: Expand SPE programs towards statewide system

SPE DEMONSTRATIONS: Michigan's LTC Connections



Michigan's Long-Term Care Connections Vision:

Each Long Term Care Connection site is a highly visible and trusted source of information and assistance about long term care, aiding Michigan residents with planning and access to needed services and supports, in accordance with their preferences

Transition Process: Goal

- Single Points of Entry providing the front-end transition coordination work
 - Person-centered planning
 - Options counseling
 - Assessment and general LTC support plan for transition
 - Involve and “hand-off” of the individual for actual transition process
 - To a MI Choice Waiver program entity when Medicaid eligibility for the waiver exists
 - To a CIL when eligibility for waiver does not exist
 - Assure access to other Medicaid LTC such as personal care
 - Conduct follow-along to monitor outcomes
 - Adjust and improve community supports

Identification of Candidates

- SPE Level of care determination
 - LOC tied to MDS assessment elements
 - In place since 2005
 - Conducted by providers until Nov 1, 2007
 - In over half of state, now LTC Connections (SPEs) will conduct LOC determinations instead of providers
- MDS assessment-based contacts
 - Examine who chooses to leave, based upon question Q1(a) of MDS
 - Establish protocols to approach these individuals
 - Data use agreement with CMS
- Referrals
 - Other networked agencies, NFs, and families

Person-Centered Planning

- SPE options counseling regarding community opportunities
- Assessments as input to planning
- Goals, needs and barriers identified
- Plan developed
- Referrals made

Supports Coordination

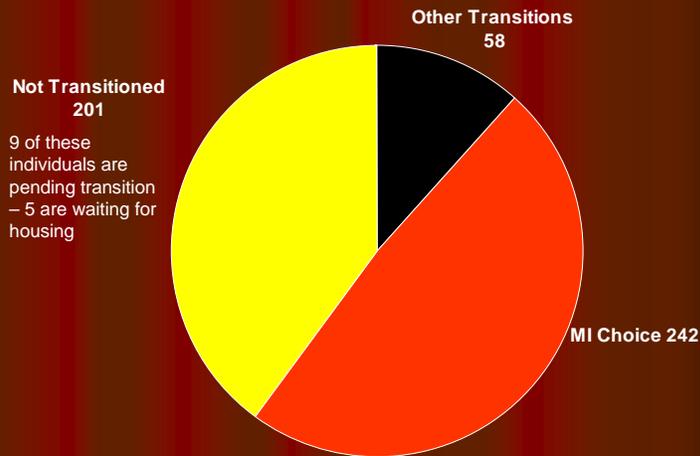
- New term for “care management”
- SPE makes referrals to MI Choice, CIL or Home Help
- MI Choice supports coordination can begin up to 6 months prior to transition
- CIL supports coordination not limited to 6 months prior to transition

Capacity-Building

- Person-Centered Planning: PCP competence a central requirement in Michigan
 - PCP Practice Guideline developed and a FY 08 MI Choice Waiver contract requirement
 - Training in PCP for all MI Choice Waiver program care managers & CIL workers
 - QI methods based on consumer feedback & experience with PCP
- Self-Determination
 - Consumer-controlled service arrangements
 - Developed under the “Cash & Counseling” national program
 - Expanding statewide in the MI Choice Waiver program in FY 08
- Supports coordination for transitionees
 - Orientation to and experience with conducting transition work
 - Ongoing training & State-level seminars
- Nursing facility involvement & trust
 - Supported through the SPE connections and MOUs
 - State-level dialogue and involvement of NF trade organizations
 - Public forums for information dissemination and feedback

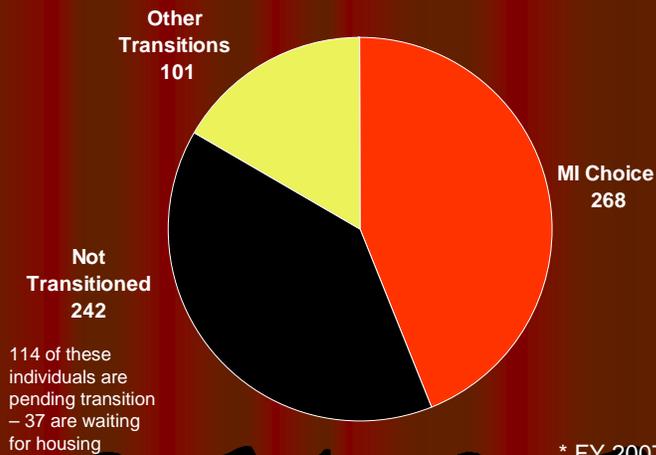
FY 2006 Nursing Facility Transition Outcomes

Total Participants = 501



FY 2007* Nursing Facility Transition Outcomes

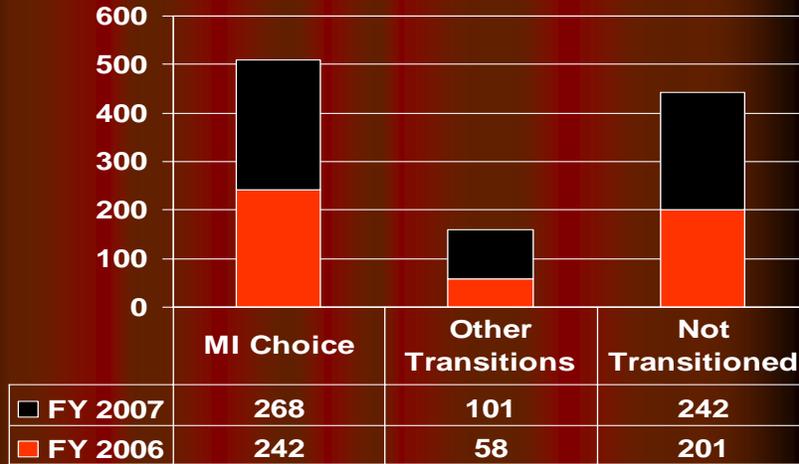
Total Participants = 611



* FY 2007 data is as of July 30, 2007

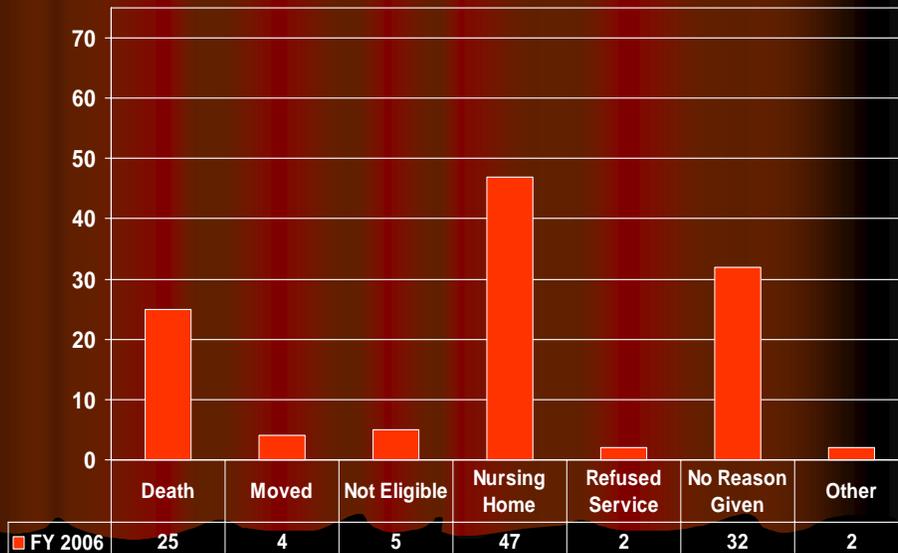
FY 2006 and FY 2007* NFT by Program Type

Total Participants = 1,112



* FY 2007 data is as of July 31, 2007

FY 2006 Transitionees Who Left MI Choice Waiver N = 242 into MI Choice; 117 subsequently exited



Act No. 73
Public Acts of 2007
Approved by the Governor
September 30, 2007
Filed with the Secretary of State
September 30, 2007
EFFECTIVE DATE: September 30, 2007

**STATE OF MICHIGAN
94TH LEGISLATURE
REGULAR SESSION OF 2007**

Introduced by Senator Switalski

ENROLLED SENATE BILL No. 204

AN ACT to amend 1998 PA 386, entitled "An act to codify, revise, consolidate, and classify aspects of the law relating to wills and intestacy, relating to the administration and distribution of estates of certain individuals, relating to trusts, and relating to the affairs of certain individuals under legal incapacity; to provide for the powers and procedures of the court that has jurisdiction over these matters; to provide for the validity and effect of certain transfers, contracts, and deposits that relate to death; to provide procedures to facilitate enforcement of certain trusts; and to repeal acts and parts of acts," by amending section 3805 (MCL 700.3805), as amended by 2000 PA 177.

The People of the State of Michigan enact:

Sec. 3805. (1) If the applicable estate property is insufficient to pay all claims and allowances in full, the personal representative shall make payment in the following order of priority:

- (a) Costs and expenses of administration.
- (b) Reasonable funeral and burial expenses.
- (c) Homestead allowance.
- (d) Family allowance.
- (e) Exempt property.

(f) Debts and taxes with priority under federal law, including, but not limited to, medical assistance payments that are subject to adjustment or recovery from an estate under section 1917 of the social security act, 42 USC 1396p.

(g) Reasonable and necessary medical and hospital expenses of the decedent's last illness, including a compensation of persons attending the decedent.

(h) Debts and taxes with priority under other laws of this state.

(i) All other claims.

(2) A preference shall not be given in the payment of a claim over another claim of the same class, and a claim due and payable is not entitled to a preference over a claim not due.

(3) If there are insufficient assets to pay all claims in full or to satisfy homestead allowance, family allowance, and exempt property, the personal representative shall certify the amount and nature of the deficiency to the trustee of a trust described in section 7501(1) for payment by the trustee in accordance with section 7502. If the personal representative is aware of other nonprobate transfers that may be liable for claims and allowances, then, unless the will provides otherwise, the personal representative shall proceed to collect the deficiency in a manner reasonable under the circumstances so that each nonprobate transfer, including those made under a trust described in section 7501(1), bears a proportionate share or equitable share of the total burden.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 374 of the 94th Legislature is enacted into law.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Richard J. Brown

Clerk of the House of Representatives

Approved

.....
Governor

Act No. 74
Public Acts of 2007
Approved by the Governor
September 30, 2007
Filed with the Secretary of State
September 30, 2007
EFFECTIVE DATE: September 30, 2007

**STATE OF MICHIGAN
94TH LEGISLATURE
REGULAR SESSION OF 2007**

Introduced by Senator Switalski

ENROLLED SENATE BILL No. 374

AN ACT to amend 1939 PA 280, entitled "An act to protect the welfare of the people of this state; to provide general assistance, hospitalization, infirmary and medical care to poor or unfortunate persons; to provide for compliance by this state with the social security act; to provide protection, welfare and services to aged persons, dependent children, the blind, and the permanently and totally disabled; to administer programs and services for the prevention and treatment of delinquency, dependency and neglect of children; to create a state department of social services; to prescribe the powers and duties of the department; to provide for the interstate and intercounty transfer of dependents; to create county and district departments of social services; to create within certain county departments, bureaus of social aid and certain divisions and offices thereunder; to prescribe the powers and duties of the departments, bureaus and officers; to provide for appeals in certain cases; to prescribe the powers and duties of the state department with respect to county and district departments; to prescribe certain duties of certain other state departments, officers, and agencies; to make an appropriation; to prescribe penalties for the violation of the provisions of this act; and to repeal certain parts of this act on specific dates," (MCL 400.1 to 400.119b) by adding sections 112g, 112h, 112i, 112j, and 112k.

The People of the State of Michigan enact:

Sec. 112g. (1) Subject to section 112c(5), the department of community health shall establish and operate the Michigan medicaid estate recovery program to comply with requirements contained in section 1917 of title XIX. The department of community health shall work with the appropriate state and federal departments and agencies to review options for development of a voluntary estate preservation program. Beginning not later than 180 days after the effective date of the amendatory act that added this section and every 180 days thereafter, the department of community health shall submit a report to the senate and house appropriations subcommittees with jurisdiction over department of community health matters and the senate and house fiscal agencies regarding options for development of the estate preservation program.

(2) The department of community health shall establish an estate recovery program including various estate recovery program activities. These activities shall include, at a minimum, all of the following:

(a) Tracking assets and services of recipients of medical assistance that are subject to estate recovery.

(b) Actions necessary to collect amounts subject to estate recovery for medical services as determined according to subsection (3)(a) provided to recipients identified in subsection (3)(b). Amounts subject to recovery shall not exceed the cost of providing the medical services. Any settlements shall take into account the best interests of the state and the spouse and heirs.

(c) Other activities necessary to efficiently and effectively administer the program.

(3) The department of community health shall seek appropriate changes to the Michigan medicaid state plan and shall apply for any necessary waivers and approvals from the federal centers for medicare and medicaid services to implement the Michigan medicaid estate recovery program. The department of community health shall seek approval from the federal centers for medicare and medicaid regarding all of the following:

(a) Which medical services are subject to estate recovery under section 1917(b)(1)(B)(i) and (ii) of title XIX.

(b) Which recipients of medical assistance are subject to estate recovery under section 1917(a) and (b) of title XIX.

(c) Under what circumstances the program shall pursue recovery from the estates of spouses of recipients of medical assistance who are subject to estate recovery under section 1917(b)(2) of title XIX.

(d) What actions may be taken to obtain funds from the estates of recipients subject to recovery under section 1917 of title XIX, including notice and hearing procedures that may be pursued to contest actions taken under the Michigan medicaid estate recovery program.

(e) Under what circumstances the estates of medical assistance recipients will be exempt from the Michigan medicaid estate recovery program because of a hardship. At the time an individual enrolls in medicaid for long-term care services, the department of community health shall provide to the individual written materials explaining the process for applying for a waiver from estate recovery due to hardship. The department of community health shall develop a definition of hardship according to section 1917(b)(3) of title XIX that includes, but is not limited to, the following:

(i) An exemption for the portion of the value of the medical assistance recipient's homestead that is equal to or less than 50% of the average price of a home in the county in which the medicaid recipient's homestead is located as of the date of the medical assistance recipient's death.

(ii) An exemption for the portion of an estate that is the primary income-producing asset of survivors, including, but not limited to, a family farm or business.

(iii) A rebuttable presumption that no hardship exists if the hardship resulted from estate planning methods under which assets were diverted in order to avoid estate recovery.

(f) The circumstances under which the department of community health may review requests for exemptions and provide exemptions from the Michigan medicaid estate recovery program for cases that do not meet the definition of hardship developed by the department of community health.

(g) Implementing the provisions of section 1396p(b)(3) of title XIX to ensure that the heirs of persons subject to the Michigan medicaid estate recovery program will not be unreasonably harmed by the provisions of this program.

(4) The department of community health shall not seek medicaid estate recovery if the costs of recovery exceed the amount of recovery available or if the recovery is not in the best economic interest of the state.

(5) The department of community health shall not implement a Michigan medicaid estate recovery program until approval by the federal government is obtained.

(6) The department of community health shall not recover assets from the home of a medical assistance recipient if 1 or more of the following individuals are lawfully residing in that home:

(a) The medical assistance recipient's spouse.

(b) The medical assistance recipient's child who is under the age of 21 years, or is blind or permanently and totally disabled as defined in section 1614 of the social security act, 42 USC 1382c.

(c) The medical assistance recipient's caretaker relative who was residing in the medical assistance recipient's home for a period of at least 2 years immediately before the date of the medical assistance recipient's admission to a medical institution and who establishes that he or she provided care that permitted the medical assistance recipient to reside at home rather than in an institution. As used in this subdivision, "caretaker relative" means any relation by blood, marriage, or adoption who is within the fifth degree of kinship to the recipient.

(d) The medical assistance recipient's sibling who has an equity interest in the medical assistance recipient's home and who was residing in the medical assistance recipient's home for a period of at least 1 year immediately before the date of the individual's admission to a medical institution.

(7) The department of community health shall provide written information to individuals seeking medicaid eligibility for long-term care services describing the provisions of the Michigan medicaid estate recovery program, including, but not limited to, a statement that some or all of their estate may be recovered.

(8) The department of community health shall not charge interest on the balance of any Michigan medicaid estate recovery payments.

(9) The department of community health shall not place or record a lien on qualifying property under the tax equity and fiscal responsibility act of 1982, Public Law 97-424 (TEFRA).

Sec. 112h. For the purposes of sections 112g to 112j:

(a) "Estate" means all property and other assets included within an individual's estate that is subject to probate administration under article III of the estates and protected individuals code, 1998 PA 386, MCL 700.3101 to 700.3988, except assets otherwise subject to claims under section 3805(3) of the estates and protected individuals code, 1998 PA 386, MCL 700.3805, are not part of the estate.

(b) "Property" means that term as defined in section 1106 of the estates and protected individuals code, 1998 PA 386, MCL 700.1106.

Sec. 112i. Revenue collected through Michigan medicaid estate recovery activities shall be used to fund the activities of the Michigan medicaid estate recovery program. Any remaining balances shall be treated as an expenditure credit for long-term care support and services in the medical services appropriation unit of the annual department of community health appropriation.

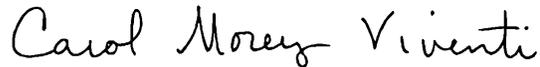
Sec. 112j. (1) The department of community health may promulgate rules for the Michigan medicaid estate recovery program according to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(2) Not later than 1 year after implementation of the Michigan medicaid estate recovery program and each year after that, the department of community health shall submit a report to the senate and house appropriations subcommittees with jurisdiction over department of community health matters and the senate and house fiscal agencies regarding the cost to administer the Michigan medicaid estate recovery program and the amounts recovered under the Michigan medicaid estate recovery program.

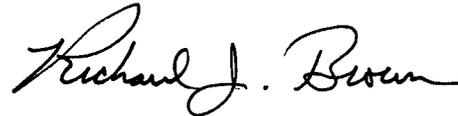
Sec. 112k. The Michigan medicaid estate recovery program shall only apply to medical assistance recipients who began receiving medicaid long-term care services after the effective date of the amendatory act that added this section.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 204 of the 94th Legislature is enacted into law.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

.....
Governor

March 26, 2007

Aged, Frail and Denied Care by Their Insurers

By [CHARLES DUHIGG](#)

CONRAD, Mont. — Mary Rose Derks was a 65-year-old widow in 1990, when she began preparing for the day she could no longer care for herself. Every month, out of her grocery fund, she scrimped together about \$100 for an insurance policy that promised to pay eventually for a room in an assisted living home.

On a May afternoon in 2002, after bouts of [hypertension](#) and [diabetes](#) had hospitalized her dozens of times, Mrs. Derks reluctantly agreed that it was time. She shed a few tears, watched her family pack her favorite blankets and rode to Beehive Homes, five blocks from her daughter's farm equipment dealership.

At least, Mrs. Derks said at the time, she would not be a financial burden on her family.

But when she filed a claim with her insurer, [Conseco](#), it said she had waited too long. Then it said Beehive Homes was not an approved facility, despite its state license. Eventually, Conseco argued that Mrs. Derks was not sufficiently infirm, despite her early-stage dementia and the 37 pills she takes each day.

After more than four years, Mrs. Derks, now 81, has yet to receive a penny from Conseco, while her family has paid about \$70,000. Her daughter has sent Conseco dozens of bulky envelopes and spent hours on the phone. Each time the answer is the same: Denied.

Tens of thousands of elderly Americans have received life-prolonging care as a result of their long-term-care policies. With more than eight million customers, such insurance is one of the many products that companies are pitching to older Americans reaching retirement.

Yet thousands of policyholders say they have received only excuses about why insurers will not pay. Interviews by The [New York Times](#) and confidential depositions indicate that some long-term-care insurers have developed procedures that make it difficult — if not impossible — for policyholders to get paid. A review of more than 400 of the thousands of grievances and lawsuits filed in recent years shows elderly policyholders confronting unnecessary delays and overwhelming bureaucracies. In California alone, nearly one in every four long-term-care claims was denied in 2005, according to the state.

“The bottom line is that insurance companies make money when they don’t pay claims,” said Mary Beth Senkewicz, who resigned last year as a senior executive at the National Association of Insurance Commissioners. “They’ll do anything to avoid paying, because if they wait long enough, they know the policyholders will die.”

In 2003, a subsidiary of Conseco, Bankers Life and Casualty, sent an 85-year-old woman suffering from dementia the wrong form to fill out, according to a lawsuit, then denied her claim because of improper paperwork. Last year, according to another pending suit, the insurer [Penn Treaty American](#) decided that a 92-year-old man had so improved that he should leave his nursing home despite his forgetfulness, anxiety and doctor’s orders to seek continued care. Another suit contended that a company owned by the John Hancock Insurance Company had tried to rescind the coverage of a 72-year-old man when he was diagnosed with [Alzheimer’s](#) disease four years after buying the policy.

In court filings, all three companies said the denials had been proper. They declined further comment on the cases, though Bankers Life and John Hancock eventually settled for unspecified amounts.

In general, insurers say criticisms of claims-handling are unfair because most policyholders are paid promptly and some denials are necessary to root out fraud.

In a statement, Conseco said the company “is committed to the highest standards for ethics, fairness and accountability, and strives to pay all claims in accordance with policy contracts.” Penn Treaty said in a statement, “We strive to treat all policyholders fairly, and to deliver the best, most efficient evaluation of their claim as possible.”

But policyholders have lodged thousands of complaints against the major long-term-care insurers. A disproportionate number have focused on Conseco, its affiliate, Bankers Life, and Penn Treaty. In 2005, Conseco received more than one complaint regarding long-term-care insurance for every 383 such policyholders, according to data from the insurance commissioners’ association. Penn Treaty received one complaint for every 1,207 long-term-care policyholders. (The complaints touch on a variety of topics, including claims handling, price increases and advertising methods.)

By comparison, [Genworth Financial](#), the largest long-term-care insurer, received only one complaint for every 12,434 policies.

Conseco is among the nation’s largest insurers, collecting premiums worth more than \$4.2 billion in 2006, of which long-term-care policies contributed 21 percent. Penn Treaty focuses primarily on long-term-care products and collected premiums of about \$320 million in 2004, the last year the company filed an audited annual report.

In depositions and interviews, current and former employees at Conseco, Bankers Life and Penn Treaty described business practices that denied or delayed policyholders’ claims for seemingly trivial reasons.

Employees said they had been prohibited from making phone calls to policyholders and that claims had been abandoned without informing policyholders. Such tactics, advocates for the elderly say, are becoming common throughout the industry.

“These companies have essentially turned their bureaucracies into profit centers,” said Glenn R. Kantor, a California lawyer who has represented policyholders.

Yet these concerns have been ignored by state regulators, advocates say, and have gone unnoticed by federal lawmakers who recently passed incentives intended to promote purchases of long-term-care policies, in the hopes of forestalling a Medicare funding crisis.

Conseco and Bankers Life “made it so hard to make a claim that people either died or gave up,” said Betty J. Hobel, a former Bankers Life agent in Cedar Rapids, Iowa.

“When someone is 70 or 80 years old,” she said, “how many times are they going to try before they just give up?”

A Race to Sell Policies

When Mrs. Derks bought her long-term-care policy from a door-to-door salesman in 1990, she was unaware that she represented the insurance industry’s newest gold mine.

Her husband had died eight years earlier of a stroke, leaving her to run a barley farm in northern Montana, where she lived with her three children and her aging mother. As she watched her own parent decline, Mrs. Derks became preoccupied with sparing her children the expense of her final years.

“She was terrified that she would bankrupt us or get sent to a public nursing home,” said Ken E. Wheeler, her son-in-law.

At the time, long-term-care policies, which can cover the costs of assisted-living facilities, nursing homes and at-home care, were becoming one of the insurance industry’s fastest-growing products. Companies like Conseco, Bankers Life and Penn Treaty were aggressively signing up clients who were not in the best health at rates far below their competitors’ in order to win more business, former agents said. From 1991 to 1999, long-term-care sales helped drive total revenue gains of roughly 500 percent each at Penn Treaty and Conseco, including its affiliate Bankers Life.

Cracks in the business, however, soon started to appear. Insurance executives began warning they had underestimated how long policyholders would live after entering nursing homes. The costs of treating Alzheimer’s, [Parkinson’s](#) and diabetes ballooned.

As insurers began realizing their miscalculations, they persuaded insurance commissioners in California, Pennsylvania, Florida and other states to approve price increases of as much as 40 percent a year.

By 2002, Consecos long-term-care payouts exceeded revenue. Those and other disappointing results prompted the company to file for bankruptcy, from which it emerged 10 months later.

That same year, Mrs. Derks entered Beehive Homes, a cheery, 12-bed center one block from the Prairie View elementary school. In the previous four years, she had been hospitalized more than two dozen times. She had once lain unconscious in her living room for a day and a half. Her physician ordered her into an assisted-living center.

Initially, Consecos told Mrs. Derks's daughter, Jackie Wheeler, that her claim would go through smoothly, Mrs. Wheeler said. The family began paying Beehive Homes's \$1,900 monthly fee.

But three months after submitting her claim, Mrs. Derks received a letter from Consecos saying she had waited too long, and her earliest costs would not be reimbursed. Two months later, she received another letter denying her entire claim because she had not submitted proof of illness.

Yet a copy of Mrs. Derks's policy, sent to the Wheelers by Consecos in 2004 and reviewed by The Times, mentions no requirement for proof of illness. The policy requires only that the confinement be ordered by a physician, and it allows for a notice of claim to be sent "as soon as reasonably possible."

Mrs. Derks's daughter called Consecos and explained that her mother could not recall the date or people's names and had started multiple fires by forgetting to turn off the stove. She sent letters stating that her mother needed assistance to dress, eat, go to the bathroom and inject insulin.

"This is medically necessary!!!" reads a form signed by Mrs. Derks's physician in 2004. "This has been filled out three times! This person needs assistance!"

Seven months later, Consecos sent another letter, this time denying Mrs. Derks's claim because her policy "requires a staffed registered nurse 24 hours per day." Her policy does not mention such a requirement.

Consecos also sent letters denying Mrs. Derks's claim because her policy had an "assisted living facility rider," and because Mrs. Derks "does not have an assisted living facility rider." In all, the family received more than a dozen letters from the company. Many contradict one another, and frequently cite requirements that are nowhere mentioned in Mrs. Derks's policy.

"There was always a new step in the runaround," Mrs. Wheeler said. "It felt like everything was designed to make me just go away."

Over two years, Mrs. Wheeler estimated, she called the company about 100 times. Twice a month, she sent envelopes stuffed with medical records. Some afternoons, she spent hours making calls. After one conversation, Mrs. Wheeler slammed down the phone and started to cry. Then she drove to Beehive

Homes, where her mother was surrounded by faded photos of her childhood and boxes of adult diapers.

“I wouldn’t tell her about the problems we were having with Conseco, because I knew it would cause her so much worry,” Mrs. Wheeler said.

Eventually, the Wheelers sold part of their John Deere dealership to raise money to pay for her mother’s care. In October 2006, they sued.

Conseco, asked by a reporter about the company’s handling of the Derks claim, declined to answer, citing the pending litigation. In court documents, the company denied Mrs. Derks’s allegations without specifying why her claim was denied.

“We did everything they asked,” Mrs. Wheeler said. “And this company just treats us like dirt.”

Tales of Bureaucracy

Inside the large Conseco headquarters in Carmel, Ind., scores of employees receive the flood of documents and calls that arrive each day. At times, according to depositions and interviews, that deluge became so overwhelming that documents were lost, calls went unreturned and mistakes occurred.

Some employees describe vast mailrooms where documents appear and disappear. One call-center representative said he was afforded an average of only four minutes to handle each policyholder’s call, no matter how complicated the questions. Employees said they were instructed not to say when the company was behind in processing paperwork, even when the backlog extended to 45 days. Workers were prohibited from contacting each other by phone, although such calls might have quickly resolved obstacles, according to depositions.

Conseco, asked in detail about the company’s policies, declined to respond.

Bureaucratic obstacles were pervasive, according to interviews with 10 former Conseco employees and depositions of more than a dozen others. Robert W. Ragle, a former Bankers Life branch manager, once contacted the claims department on behalf of a client, and “they just laughed us off the phone,” he said. “Their mentality is to keep every dollar they can.” Mr. Ragle was dismissed by Bankers Life in 2002. He sued for wrongful termination and settled out of court.

In lawsuits, complaints and interviews, policyholders contend that Conseco, Bankers Life or Penn Treaty denied claims because policyholders failed to submit unimportant paperwork; because daily nursing notes did not detail minute procedures; because policyholders filled out the wrong forms after receiving them from the insurance companies; and because facilities were deemed inappropriate even though they were licensed by state regulators.

In depositions conducted on behalf of angry policyholders, Conseco employees described bureaucratic

obstacles that prevented payment of claims. Those depositions were sealed in settlement agreements but were obtained by The Times.

In a 2006 deposition, a Bankers Life and Consecos claims adjuster, Teresa Carbonel, testified that she denied claims because of missing records but was prohibited from calling nursing homes or physicians to request the documents. She also testified that when a claim was denied, she was forbidden to phone a policyholder, but instead used a time-consuming mailing system.

Ms. Carbonel's testimony, recorded during lawsuit on behalf of a 94-year-old policyholder, Rhodes K. Scherer, also disclosed that if policyholders did not mail requested documents within 21 days, Consecos might abandon their claim, sometimes without informing them.

In the case of Mr. Scherer, who was institutionalized after a bathroom fall, it was difficult to obtain a response, Ms. Carbonel said, because the company's requests were mailed to his home address, rather than the nursing center where the company had been notified that he had moved. Ms. Carbonel, who is no longer with the company, did not return calls. Consecos declined to comment on her testimony.

In another deposition, Consecos then-senior manager for long-term-care claims, Jose S. Torres, testified that Consecos would sometimes withhold payments until it received documents not required by customers' policies. In Mr. Scherer's case, Mr. Torres said, the company refused to pay his nursing home costs unless he sent copies of the home's license, payment invoices and medical records, even though those documents had no bearing on approving his claim.

Mr. Scherer's claim "was handled not in the best way, but it was handled according to the processes and procedures placed at the time," Mr. Torres testified. "Mistakes are going to be made, you know."

Other executives testified that when Consecos appeared to have lost important documents in Mr. Scherer's claim, no investigation was initiated. Shawn Michael Schechter, a Consecos claims supervisor who left the company in 2005 on positive terms, according to the deposition, testified that the handling of Mr. Scherer's claim violated the principle of good faith, which requires insurance companies to treat customers fairly.

"The claim adjuster could have made that very easy and not have put the burden back onto the policyholder," he testified.

Mr. Torres did not return calls. Mr. Schechter declined to answer questions.

Mr. Scherer died in 2004 without receiving benefits from Consecos. His estate settled with the company in February for an undisclosed amount, according to a lawyer representing the estate.

Consecos declined to discuss its complaint history or individual cases, citing confidentiality agreements. In its statement, the company said that in 2006, Consecos paid nearly \$2.3 billion on 9.8 million claims in

all types of insurance sold by the company.

The company added: “Conseco, through training, education and process improvements in all of its insurance companies, is continuously focused on enhancing service and resolving any problems expeditiously. The Conseco Insurance Group’s overall insurance department complaints decreased 20 percent from 2005 to 2006.”

Depositions of executives at Penn Treaty also point to questionable practices. In a 2005 lawsuit, a Penn Treaty senior vice president, Stephen Robert LaPierre, testified that the company rejected one claim without informing the policyholder why, asked for information that was not required to process a claim, gave incomplete information about a claim’s status and said the company was delaying payment because of an investigation while failing to take steps that might have resolved the inquiry.

Mr. LaPierre declined to discuss his testimony. Penn Treaty settled the lawsuit by paying the policyholder an unspecified amount, the policyholder’s lawyer said.

Penn Treaty said in a statement that evaluating a company by measuring its complaints was flawed, and that since 2003, the company has denied an average of less than 1.7 percent of the up to 8,000 claims it received every year because of reasons related to policyholder eligibility. “From time to time, Penn Treaty is compelled to investigate fraud or questionable billing activities,” the company added.

Few Regulatory Inquiries

Few of the cases or complaints filed against Conseco, Bankers Life, Penn Treaty or other insurers have received much attention, in part because many lawsuits filed against long-term-care insurers have been settled with the requirement that depositions, documents and settlement terms be kept confidential. Frequently, say policyholders’ lawyers, the companies have been willing to pay millions of dollars in exchange for confidentiality.

Furthermore, despite the complaints against long-term-care insurers, few states have conducted meaningful investigations.

Ron Gallagher, a deputy commissioner with the Pennsylvania Insurance Department, said, “I don’t know that we have a real problem with improper claim denials.”

Yet data from the National Association of Insurance Commissioners show that from 2003 to 2005, Pennsylvania received more complaints regarding Conseco, Bankers Life and Penn Treaty than any other state. Mr. Gallagher said he might begin a new review of those companies.

Other states with large numbers of long-term-care complaints, including California, Missouri, Maryland, Indiana and Washington have not begun investigations, or have reviewed only small numbers of policies.

As a result, other seniors may end up like Mrs. Derks.

While she was waiting for her lawsuit to proceed, Medicaid began contributing to Ms. Derks's care. Taxpayers now pay Beehive Homes about \$32 daily for her care.

“Long-term-care insurance is supposed to result in less pressure on Medicaid, not more,” said Ms. Senkewicz, the former executive at the insurance commissioners' association.

For Mrs. Derks's family, things have already broken down.

“How many other people are out there who don't have a family to fight for them and have just given up?” asked Jackie Wheeler. “This company should be ashamed.”

[Home](#)

- [World](#)
- [U.S.](#)
- [N.Y. / Region](#)
 - [Business](#)
 - [Technology](#)
 - [Science](#)
 - [Health](#)
 - [Sports](#)
 - [Opinion](#)
 - [Arts](#)
 - [Style](#)
 - [Travel](#)
 - [Jobs](#)
 - [Real Estate](#)
 - [Automobiles](#)
 - [Back to Top](#)

[Copyright 2007 The New York Times Company](#)

- [Privacy Policy](#)
 - [Search](#)
- [Corrections](#)
 - [RSS](#)
- [First Look](#)

October 3, 2007

Scrutiny for Insurers of the Aged

By [CHARLES DUHIGG](#)

The top-ranking Republican on the Senate Finance Committee has asked 11 long-term care insurance companies to explain “troubling data” regarding how policyholders’ claims are handled and paid.

In letters sent this week, the senator, [Charles E. Grassley](#) of Iowa, referred to data collected by the National Association of Insurance Commissioners, which indicated that nationwide complaints about long-term care insurance rose 92 percent from 2001 to 2006. The data also indicated that complaints involving claim denials resulted, in a majority of cases, in reversals that favored consumers.

“This is a pattern of error not typically found in other lines of health-related insurance,” the association wrote.

Senator Grassley has asked the largest long-term care insurers, including Genworth Financial, [Conseco](#) and [Penn Treaty American Corporation](#), to provide detailed information on how policyholder claims, inquiries and denials are handled and whether employees receive rewards for denying claims.

In March, [The New York Times reported](#) that some long-term care insurers had established procedures that made it difficult, if not impossible, for some policyholders to be paid. That article, which focused on Conseco and Penn Treaty, was mentioned by Senator Grassley in his letters to insurers and by the House Committee on Energy and Commerce when it started a similar investigation in May.

Genworth Financial, in a statement, said the company intended to cooperate fully with Senator Grassley’s request. Conseco and Penn Treaty declined to comment or return phone calls.

This week, Mr. Grassley also asked the [Government Accountability Office](#) to examine how private equity ownership had affected the quality of care in [nursing homes](#). In particular, Mr. Grassley asked the agency to examine how many nursing homes had been bought by private investment groups and how conditions had changed after those homes were acquired, and to examine the number of health and safety deficiencies cited by regulators at those homes.

[A report in The Times last month](#) said that private equity firms had bought thousands of nursing homes

and then often cut expenses and staff, sometimes below minimum legal requirements, to increase profits.

Both investigations come at difficult times for the industries.

Many long-term care insurers have recently announced that they are raising premiums because they underestimated how many policyholders would eventually make claims. Genworth, the nation's largest provider of individual long-term care policies, said last month that it would raise premiums by as much as 12 percent for some policyholders, the first such increase in the company's history.

In June, Conseco announced that it was setting aside \$250 million to pay a settlement in a class-action lawsuit brought by policyholders. That same month, a subsidiary of Penn Treaty was suspended from operating in Florida after regulators said the company failed to file audited financial results. The company has appealed that ruling.

The nursing home industry has also faced questions recently. The [Service Employees International Union](#), one of the biggest labor unions, sent letters to Congress this week asking lawmakers to examine the proposed acquisition of HCR Manor Care, the nation's largest nursing home chain, by the Carlyle Group, a private equity firm. "Profit for investors cannot come at the price of patient safety and care," the union said in a statement.

The acquisition of [Manor Care](#) is not yet complete. But, the Carlyle Group said, "We expect to maintain the same high quality care that seniors and their families have come to expect."

[Home](#)

- [World](#)
- [U.S.](#)
- [N.Y. / Region](#)
- [Business](#)
- [Technology](#)
- [Science](#)
- [Health](#)
- [Sports](#)
- [Opinion](#)
- [Arts](#)
- [Style](#)
- [Travel](#)
- [Jobs](#)
- [Real Estate](#)

- [Automobiles](#)
- [Back to Top](#)

[Copyright 2007 The New York Times Company](#)

- [Privacy Policy](#)
 - [Search](#)
- [Corrections](#)
 - [RSS](#)
- [First Look](#)
 - [Help](#)
- [Contact Us](#)
- [Work for Us](#)
- [Site Map](#)

--



Highlights of [GAO-07-231](#), a report to congressional requesters

Why GAO Did This Study

Partnership programs allow individuals who purchase Partnership long-term care insurance policies to exempt at least some of their personal assets from Medicaid eligibility requirements. In response to a congressional request, GAO examined (1) the benefits and premium requirements of Partnership policies as compared with those of traditional long-term care insurance policies; (2) the demographics of Partnership policyholders, traditional long-term care insurance policyholders, and people without long-term care insurance; and (3) whether the Partnership programs are likely to result in savings for Medicaid.

To examine benefits, premiums, and demographics, GAO used 2002 through 2005 data from the four states with Partnership programs—California, Connecticut, Indiana, and New York—and other data sources. To assess the likely impact on Medicaid savings, GAO (1) used data from surveys of Partnership policyholders to estimate how they would have financed their long-term care without the Partnership program, (2) constructed three scenarios illustrative of the options for financing long-term care to compare how long it would take for an individual to spend his or her assets on long-term care and become eligible for Medicaid, and (3) estimated the likelihood that Partnership policyholders would become eligible for Medicaid based on their wealth and insurance benefits.

www.gao.gov/cgi-bin/getrpt?GAO-07-231.

To view the full product, including the scope and methodology, click on the link above. For more information, contact John E. Dicken at (202) 512-7119 or dickenj@gao.gov.

LONG-TERM CARE INSURANCE

Partnership Programs Include Benefits That Protect Policyholders and Are Unlikely to Result in Medicaid Savings

What GAO Found

California, Connecticut, Indiana, and New York require Partnership programs to include certain benefits, such as inflation protection and minimum daily benefit amounts. Traditional long-term care insurance policies are generally not required to include these benefits. From 2002 through 2005, Partnership policyholders purchased policies with more extensive coverage than traditional policyholders. According to state officials, insurance companies must charge traditional and Partnership policyholders the same premiums for comparable benefits, and they are not permitted to charge policyholders higher premiums for asset protection.

Partnership and traditional long-term care insurance policyholders tend to have higher incomes and more assets at the time they purchase their insurance, compared with those without insurance. In two of the four states, more than half of Partnership policyholders over 55 have a monthly income of at least \$5,000 and more than half of all households have assets of at least \$350,000 at the time they purchase a Partnership policy.

Available survey data and illustrative financing scenarios suggest that the Partnership programs are unlikely to result in savings for Medicaid, and may increase spending. The impact, however, is likely to be small. About 80 percent of surveyed Partnership policyholders would have purchased traditional long-term care insurance policies if Partnership policies were not available, representing a potential cost to Medicaid. About 20 percent of surveyed Partnership policyholders indicate they would have self-financed their care in the absence of the Partnership program, and data are not yet available to directly measure when or if those individuals will access Medicaid had they not purchased a Partnership policy. However, illustrative financing scenarios suggest that an individual could self-finance care—delaying Medicaid eligibility—for about the same amount of time as he or she would have using a Partnership policy, although GAO identified some circumstances that could delay or accelerate Medicaid eligibility. While the majority of policyholders have the potential to increase spending, the impact on Medicaid is likely to be small because few policyholders are likely to exhaust their benefits and become eligible for Medicaid due to their wealth and having policies that will cover most of their long-term care needs.

Information from the four states may prove useful to other states considering Partnership programs. States may want to consider the benefits to policyholders, the likely impact on Medicaid expenditures, and the income and assets of those likely to afford long-term care insurance.

HHS commented on a draft of the report that our study results should not be considered conclusive because they do not adequately account for the effect of estate planning efforts such as asset transfers. While some Medicaid savings could result from people who purchase Partnership policies instead of transferring assets, they are unlikely to offset the costs associated with those who would have otherwise purchased traditional policies.

**LONG-TERM CARE SERVICES AND SUPPORTS
ADVISORY COMMISSION
APPOINTMENTS/RE-APPOINTMENTS PROCESS**

The information provided below can assist Commission members with the appropriate action steps needed to be taken regarding the Governor's (1) appointment process to serve on a Board or Commission, (2) re-appointment process, and (3) updates and other changes:

APPOINTMENTS

The basic appointments process to participate in Michigan's Boards and Commissions is the responsibility of the Appointments Division within the Office of the Governor. Questions regarding the Governor's appointment process should be directed to the Appointments Division at (517) 335-7812.

The following link will take you to the Governor's Appointment Division where you will find details about the basic appointment process and appointment application that can be completed and submitted online or printed and mailed.

<http://michigan.gov/gov/0,1607,7-168-21984---,00.html>

When the Appointment Division begins to prepare for an appointment, they will contact qualified applicants. The application process typically begins six weeks before an appointment is to be made. Once the Governor makes an appointment, a letter is prepared advising the department director of the appointment. The department then prepares a congratulatory letter to the appointee.

RE-APPOINTMENTS

If there is an interest in reappointment, this request is made by contacting the appropriate representative within the Governor's Appointment Division by telephone, e-mail, or letter stating an

interest to be reappointed. The contact person for the Michigan Long-Term Care Supports and Services Advisory Commission is:

Kari Beattie, Deputy Director
Appointments Division
Office of Governor Granholm
517-335-6869
beattiek@michigan.gov

UPDATES AND OTHER CHANGES

A member will need to contact Kari Beattie from the Governor's Appointments Division by telephone, e-mail, or letter:

- 1) if the information provided on the Appointment Application needs to be updated (such as mailing address, telephone number, e-mail address, employer, etc.), and if there has been a change in status that may affect the category of representation (the group you were appointed to represent),
- 2) if the responses provided on the Appointments Questionnaire have changed (such as public offices sought, publicly identified with a particularly controversial issue, conflicts of interest, ethical matters, financial matters).

At this time, a decision might be made by Kari to request that a member complete and resubmit a new Appointment Application or Appointments Questionnaire.

For your convenience, the following forms are attached:

Appointment Application
Appointments Questionnaire



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

Appointments Questionnaire

For the following questions, all "yes" answers require detailed responses. Use a separate sheet if necessary. Please return this questionnaire to the Office of the Governor, Attention Appointments Division, 111 South Capitol Avenue, Lansing, MI 48909; by email to appoint@michigan.gov; or by fax at (517) 335-7899.

- 1) MILITARY SERVICE List rank, date and type of discharge from active service: _____

- 2) DISCHARGE Were you discharged from military service under honorable conditions? (If your discharge was changed to "honorable" or "general" by a Discharge Review Board, answer *yes*. If you received a clemency discharge, answer *no*. YES _____ NO _____
- 3) ARE YOU A MEMBER OF THE RESERVES OR NATIONAL GUARD? YES _____ NO _____
If yes, date obligation ends: _____
- 4) GOVERNMENT EXPERIENCE List on a separate sheet any experience in, or association with local, state, or federal government (exclusive of elective public office but including advisory, consultative, honorary, or other part-time or service positions), with dates of service.
- 5) ELECTIVE PUBLIC OFFICE List on a separate sheet all elective public offices sought and held with dates of service.
- 6) HONORS AND AWARDS List on a separate sheet all scholarships, fellowships, honorary degrees, honorary society memberships, and other special recognitions for outstanding service or achievements.
- 7) ORGANIZATIONAL RESTRICTIONS To your knowledge, does any organization to which you belong or have belonged exclude persons on the basis of race, color, religion, sex, national origin, handicap, marital status, height, weight, arrests or veteran status? If yes, please describe.
YES _____ NO _____
- 8) ISSUES Have you ever been publicly identified, in person or by organizational membership, with a particularly controversial national or local issue? If yes, please describe.
YES _____ NO _____
- 9) SUBMISSION OF VIEWS Have you ever submitted oral or written views to any governmental authority, whether executive or legislative, or to the news media on any particularly controversial issue other than in an official governmental capacity? If yes, please describe. YES _____ NO _____
- 10) ASSOCIATIONS Have you ever had any association with any person, group or business venture that could be used, even unfairly, to impugn or attack your character and qualifications for the position to which you seek to be appointed? If yes, please describe. YES _____ NO _____

- 11) OPPOSITION Do you know of any person or group who might take overt or covert steps to attack, even unfairly, your appointment? If yes, please identify and explain the basis for the potential attack on a separate sheet. YES _____ NO _____
- 12) MISCELLANEOUS List on a separate sheet any factors, other than the information provided above, which particularly qualify you or are relevant to the position to which you may be appointed. Include any special skills.

CONFLICTS OF INTEREST: (For the following questions, all "yes" answers require detailed responses. Use a separate sheet if necessary.)

- 13) RELATIONSHIP TO GOVERNMENTAL EMPLOYEES Are you, your spouse or partner, any member of your household or other close family members related to any state government official or employee? If yes, please provide details. YES _____ NO _____
- 14) COMPENSATION During the past five years have you, your spouse or partner, any member of your household or other close family members received any compensation or been involved in any financial transaction with the State of Michigan? If yes, please explain. YES _____ NO _____
- 15) BUSINESS RELATIONSHIPS Describe, on a separate sheet, any business relationship, dealing or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent which you believe may constitute an appearance of impropriety or resulting in a potential conflict of interest in the position to which you want to be appointed. If none, please state. _____
- 16) TRANSACTION WITH OFFICIALS During the past five years, have you, your spouse or partner, any member of your household or other close family members received any compensation or been involved in any financial transaction with any state government official? If yes, please explain.
YES _____ NO _____
- 17) AFFINITY RELATIONSHIPS Is the nature of employment for your spouse or partner, any member of your household or other close family members related in any way to the position to which you want to be appointed, please indicate the employer, the position and the length of time it has been held.
YES _____ NO _____
- 18) LOBBYING ACTIVITIES Describe briefly on a separate sheet, any lobbying activity during the past ten years in which you have engaged for the purpose of influencing the passage, defeat or modification of any legislative or administrative action. Describe briefly any lobbying activity during the last ten years in which your spouse or partner has engaged for the purpose of influencing the passage, defeat or modification of any legislative or administrative action that is related in any way to the position to which you have been appointed. ("Lobbying activity" includes any activity performed as an individual or agent of another individual or of any organization that involves direct communication with an official in the executive branch of state government, or an official in the legislative branch of government.)
- 19) REGULATED ACTIVITIES Describe on a separate sheet any interest which you, your spouse or partner, any member of your household or other close family members may have (whether as an officer, owner, director, trustee or partner) in any corporation, firm, partnership, or other business enterprise and any non-profit organization or other institution that is regulated by or receives direct financial benefits from any department or agency of the State of Michigan. If none, please state. _____
- 20) OTHER Please describe on a separate sheet any other matter in which you are involved that is, or may be, incompatible or in conflict with the discharge of the duties of the position to which you seek to be appointed or which may impair or tend to impair your independence of judgment or action in the performance of the duties of that position. If there is no matter, please state. _____

ETHICAL MATTERS: (For the following questions, all "yes" answers require detailed responses. Use a separate sheet if necessary.)

- 21) CITATIONS Have you ever been cited for a breach of ethics for unprofessional conduct, or been named in a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If yes, please provide details. YES _____ NO _____
- 22) INVESTIGATION
- a. Are you currently under or have you ever been under investigation by a government or law enforcement agency for actions that may or could have resulted in criminal charges being filed against you? YES _____ NO _____
- b. Have you ever had any contact with a law enforcement agency resulting in a police report being generated but no charges being filed? YES _____ NO _____
If yes to 22a or 22b, please provide information indicating the nature of the incident, the time, location, and resolution of the matter.
- 23) CONVICTION Have you ever been convicted of or entered a plea of guilty or nolo contendere or forfeited collateral for any criminal violation other than a minor traffic offense? (Minor traffic offenses do not include the Michigan offenses of operating under the influence of liquor, operating while impaired, reckless driving or the equivalent offenses in other states.) If yes, please explain.
YES _____ NO _____
- 24) CURRENT CHARGES Are you now under charges for any violation of law? If yes, please provide details.
YES _____ NO _____
- 25) U.S. MILITARY CONVICTIONS Have you ever been convicted by any military court? If yes, please provide details. YES _____ NO _____
- 26) IMPRISONMENT Have you ever been imprisoned, on probation, or on parole? If yes, please provide details. YES _____ NO _____
- 27) AGENCY PROCEEDINGS: CIVIL LITIGATION Are you presently, or have you ever been a party of interest in any administrative agency proceeding or civil litigation, including any action regarding a professional license? If yes, please provide details. YES _____ NO _____
- 28) AGENCY PROCEEDINGS AND CIVIL LITIGATION OF AFFILIATES AND FAMILY Has any business in which you, your spouse or partner, any member of your household or other close family members or business associate are or were an officer, director or partner been a party to any administrative agency proceeding or civil litigation relevant to the position to which you have been appointed? If yes, please provide details. (With respect to this question, you need only consider proceedings and litigation that occurred while you, your spouse, close family member or business associate were an officer of that business.)
YES _____ NO _____
- 29) OTHER LITIGATION Other than the litigation described above, have you or any business in which you are or were an officer, director or partner been a plaintiff or a defendant in a civil lawsuit? If yes, please describe. Is anyone currently threatening to sue you or any business in which you are an officer, director or partner? If yes, please describe. YES _____ NO _____
- 30) DRIVER'S LICENSE Has your driver's license ever been suspended or revoked? If yes, please describe.
YES _____ NO _____

- 31) PARKING TICKETS AND TRAFFIC VIOLATIONS Do you have outstanding tickets from any jurisdiction in Michigan that have remained unpaid for more than 30 days? If yes, please explain.
YES _____ NO _____
- 32) SECURITY CLEARANCE DENIAL Have you ever been denied a military or other governmental security clearance? If yes, please explain. YES _____ NO _____
- 33) FIRINGS During the last ten years, have you ever been fired from a job for any reason? Did you quit after being told you would be fired, or did you leave by mutual agreement because of specific problems? If yes, please provide details. YES _____ NO _____
- 34) ALIMONY AND CHILD SUPPORT If you are divorced or separated are you now, or have you ever been delinquent in the payment of alimony or child support? If yes, please provide details.
YES _____ NO _____
- 35) MEDICATION Are you required to use any form of medication that might affect your performance or affect your ability to perform the duties of the position to which you seek to be appointed? If yes, please describe. YES _____ NO _____
- 36) DRUG TEST Will you take a drug test and make the results available? YES _____ NO _____
- 37) OTHER Please provide any additional information, favorable or unfavorable, which you feel should be considered in connection with your appointment.

FINANCIAL MATTERS: (For the following questions, all "yes" answers require detailed responses. Use a separate sheet if necessary.)

- 38) BANKRUPTCIES Have you, your spouse, or other close family members or any corporation, firm, partnership, other business enterprise, non-profit organization or other institution in which you, your spouse, or other close family members have served as an officer, owner, director, trustee, or partner (a) filed a petition for bankruptcy under the U.S. Bankruptcy Code, (b) been adjudicated as bankrupt under the U.S. Bankruptcy Code, or (c) been the subject of a formal or informal receivership? If yes, please describe on a separate sheet of paper. YES _____ NO _____
- 39) DELINQUENCIES Are you delinquent on any federal, state, or local debt? (Include delinquencies for income, property, or other taxes, governmental loans, overpayment of benefits, required payments into or under governmental programs, and other debts or required payments to the government plus any defaults on or under loans which are or were guaranteed, insured, or subsidized by any unit of government.) If yes, please provide details on a separate sheet of paper.
YES _____ NO _____
- 40) DEFAULTS Are you or your spouse or partner now in default on any loan, debt or other financial obligation? Have you or your spouse been in default on any loan, debt or other financial obligation in the past five years? If the answer to either question is yes, please provide details on a separate sheet of paper. YES _____ NO _____

OPTIONAL INFORMATION: *The following questions are designed to elicit information that will be used to assure that there is maximum diversity in the appointments that are made in the Administration. Responses by applicants are purely voluntary and no applicant should feel obliged to provide responses to any of the questions designated as optional.*

GENDER: _____ ETHNIC HERITAGE: _____

PERSON WITH A DISABILITY: ___YES ___NO DISABILITY CHARACTERISTIC(S): _____

POLITICAL AFFILIATION: (some commissions require bipartisan representation) Do you consider yourself to be a Democrat, Republican, or Independent? _____

In addition, on a separate sheet, list all work or other experience you have had with a political party or candidate committee, whether paid or as a volunteer, in the last four years. If none, please state. _____

CERTIFICATION

I, _____ (please print name), certify that all statements and representations provided in this statement and on accompanying materials and resume are, to the best of my knowledge, true and accurate.

Signature _____ Dated _____

Board or Commission Name: _____



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

Appointment Application

Please return this questionnaire to the Office of the Governor, Attention Appointments Division, 111 South Capitol Avenue, P.O. Box 30013, Lansing, MI 48909; by email to appoint@michigan.gov; or by fax at (517) 335-7899. Please submit your resume with this application.

Position(s) for which you would like to be considered: _____

Name _____
Last Middle First

Have you ever used, or have you ever been known by, any other name? If yes, provide names and explain:

Home Address: _____
Street/City/State/Zip County

Business Name: _____

Business Address: _____
Street/City/State/Zip County

Position Title: _____

Home Telephone: _____ Business Telephone: _____

Fax Number: _____ Cell Number: _____

Driver's License Number*: _____

Date of Birth*: _____ Social Security Number*: _____

E-Mail Address: _____

Spouse or partner's name: _____

Are you: United States Citizen - Yes___ No___ Michigan Resident - Yes___ No___
Registered Voter- Yes___ No___

*Required for background check only

EDUCATION (Include degree and dates; if answered in full on your attached resume, please indicate):

EMPLOYMENT EXPERIENCE (if answered in full on your attached resume, please indicate):

Do you hold any professional licenses? If so, please include numbers: _____

What special skills could you bring to this position? _____

Previous government appointments: _____

Please provide us with the names of your: Member of Congress: _____

State Senator: _____ State Representative: _____

Please list any person or group who might take overt or covert steps to attack, even unfairly, your appointment:

Please indicate any matter in which you are involved that is or may be incompatible with the discharge of the duties of the position(s) to which you seek to be appointed or that may impair or tend to impair your independence of judgment or action in the performance of the duties of that position:

The following optional information is elicited in order to ensure that this administration considers the talent and creativity of a diverse pool of candidates. In addition, specific backgrounds or qualifications are legally required for appointment to some boards and commissions. You may, therefore, wish to provide this information in order to ensure that you are considered for relevant boards and commissions.

Ethnicity: _____ Gender: _____ Age: _____

Political affiliation: _____ Military Service: _____

Person with disability: _____

CONSENT AND CERTIFICATION

I consent to the release of information concerning my ability and fitness for the position to which I seek to be appointed by my employer(s), schools, law enforcement agencies, and other individuals and organizations. I authorize the use of the information provided above to conduct a background search, including the use of my social security number to access credit history, existing criminal records and other publicly available information.

I, _____ (please print name), certify that all statements and representations provided in this statement and on accompanying materials and resume are, to the best of my knowledge, true and accurate.

Signature _____ Dated _____

LONG-TERM CARE SUPPORTS AND SERVICES
ADVISORY COMMISSION
MEETINGS
2008

CAPITOL VIEW
CONFERENCE ROOMS A-C
201 TOWNSEND
LANSING, MI

JANUARY 28, 2008	JULY 28, 2008
FEBRUARY 25, 2008	AUGUST 25, 2008
MARCH 24, 2008	SEPTEMBER 22, 2008
APRIL 28, 2008	OCTOBER 27, 2008
MAY 19, 2008	NOVEMBER 24, 2008
JUNE 23, 2008	No meeting scheduled

Dial-in number: 1-877-873-8018, Pass Code: 7989381#

DCH Contact
Jackie Tichnell
517-335-7803
tichnellj@michigan.gov



YOU ARE INVITED TO ATTEND
THE
LONG-TERM CARE ISSUES FORUM

MONDAY, OCTOBER 29, 2007

AT THE

Capital View Building
Conference Rooms A, B, C
201 Townsend Street, Lansing, Michigan
(Driving directions on back)

9:00 am – Noon

An informational session for stakeholders and persons interested in learning about and discussion:

- LTC Connections (Single Point of Entry) Progress
- Nursing Facility Transitions under the Federal Deficit Reduction Act Money Follows the Person Program
- Self-Determination in Long-Term Care

Next Forum: January 31, 2008, Capitol View Building

Sponsored by the Office of Long-Term Care Supports & Services
Michigan Department of Community Health

For More Information: 517.373.3860 or thelen@michigan.gov **RSVP not required.**

DRIVING DIRECTIONS

October 29, 2007 Capital View Building, Conf Rooms A, B, C

201 Townsend Street, Lansing, Michigan

The Capitol View Building is located on the southeast corner of West Allegan Street and Townsend Street. Parking is available, for a fee, in two city-run parking ramps. One ramp is located on Townsend Street, adjacent to the Capitol View Building. The other ramp is at the corner of West Allegan Street and South Capitol Avenue. Parking is also available at meters throughout the downtown area.

From Grand Rapids: Take I-96E to I-496E. Follow I-496E to the Pine Street Exit (Exit 6). Follow the off ramp to West Main Street and continue down West Main Street. Turn left on to Walnut Street (see map below).

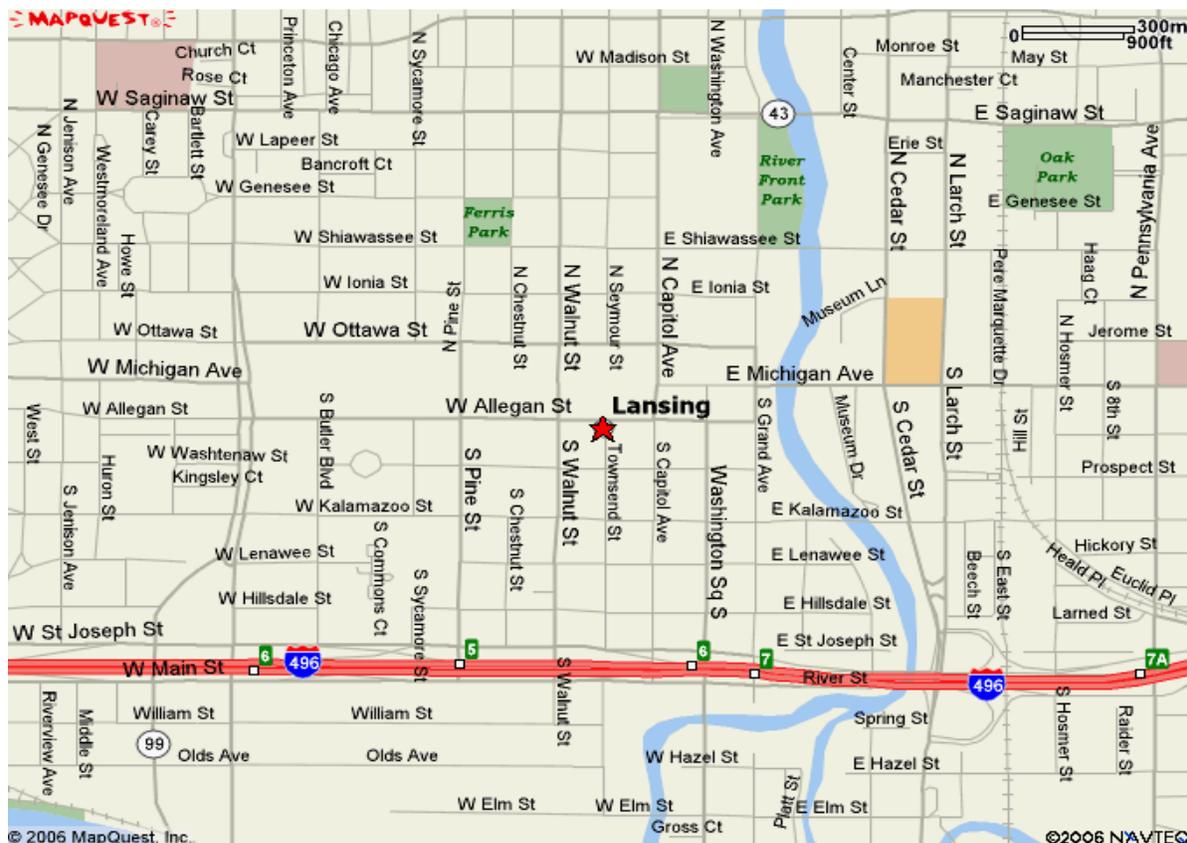
From Clare and Points North: Follow US-127S to I-496W. Take I-496W to the Walnut Street Exit (Exit 6). Follow the off ramp to West St. Joseph Street and continue on St. Joseph Street for one block. Turn right on to Walnut Street (see map below)

From Flint: Take I-69W to US-127S. Follow US-127S to I-496W. Take I-496W to the Walnut Street Exit (Exit 6). Follow the off ramp to W. St. Joseph St and continue on St. Joseph St. for one block. Turn right on to Walnut Street (see map below)

From Detroit: Take I-96W to Lansing which runs right into I-496W. Get on I-496W and continue to Exit 6 which is Walnut Street. Follow the off ramp to W. St. Joseph St and continue on St. Joseph St. for one block. Turn right on to Walnut Street (see map below)

From Jackson and Points South: Take US-127N from Jackson to Lansing. At I-96, I-496 will join US-127N. Follow I-496W to the Walnut Street Exit (Exit 5). Follow the off ramp to W. St. Joseph St and continue on St. Joseph St. for one block. Turn right on to Walnut Street (see map below)

From Southwest Michigan (Kalamazoo-Benton Harbor-St. Joseph Area): Travel North on I-69 to Lansing. Follow I-69 to I-496E. Follow I-496E to the Pine Street Exit (Exit 6). Follow the off ramp to W. Main Street and continue down W. Main Street. Turn left on to Walnut Street (see map below)





**AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN
ADVOCACY ALERT
October 8, 2007**

PUSH NEEDED FOR MI CHOICE INCREASE NEXT YEAR

In June, the House of Representatives approved a Community Health budget bill (HB 4344) that includes a \$42 million increase in the MI Choice Medicaid Waiver. The increase is badly needed. MI Choice has been frozen at \$100 million for the past five years; there are now 3,000 people on a waiting list. In addition, four pilot single points of entry are now up and running, but they will not be successful in eliminating the institutional bias in long term care unless there are MI Choice slots available.

The Senate has also weighed in on MI Choice funding. For strategic reasons, the Senate passed HB 4344 with nothing budgeted for any DCH programs. But in another budget bill (SB 511), the Senate funded MI Choice at \$117 million.

The final decision will be made by a joint House-Senate Conference Committee, chaired by Representative Gary McDowell (D-Rudyard) and Senator Roger Kahn, M.D. (R-Saginaw). Other members include Representatives George Cushingberry (D-Detroit) and Bruce Caswell (R-Hillsdale), and Senators John Pappageorge (R-Troy) and Deb Cherry (D-Burton).

We badly need the House increase of \$42 million, but it will be an uphill battle to get it. There are no new revenues for 2008, and \$440 million still has to be cut to balance next year's budget.

WHAT YOU CAN DO:

Contact members of the Conference Committee and ask them to do everything possible to make the \$42 million MI Choice increase a reality. The two co-chairs are especially important – Rep. Gary McDowell and Sen. Roger Kahn, M.D. Here are some talking points:

- According to an AARP opinion poll...the vast majority of Michigan voters want more home-based care – not less – and are willing to pay more taxes to get it
- Without a significant investment in home care, costs will explode for nursing homes. Between 2000 and 2005, nursing homes costs in Michigan grew by 45%. The aging of the baby boomers will add to the problem.
- Home care is more cost-effective than nursing home care. While the average daily cost for a nursing home is \$140, the average daily cost for MI Choice is \$40, and the average daily cost for Home Help is \$20. On top of that, most people don't receive home care every day of the month.
- While most Michigan citizens want to receive long term care in their own homes, the state spends most of its long term care dollars on nursing homes. Michigan

Medicaid spends \$2 billion on long term care, with 80% of that spent on nursing homes and only 20% spent on home care.

- There are 3,000 people on the MI Choice waiting list as of June, 2007.

CONTACT INFORMATION:

Co-Chairs

Representative Gary McDowell

Phone (517) 373-2629

Fax (517) 373-8429

Email: garymcdowell@house.mi.gov

Senator Roger Kahn, M.D.

Phone (517) 373-1760

Fax (517) 373-3487

Email: senrkahn@senate.michigan.gov

Other members

Representative George Cushingberry

Phone (517) 373-2276

Fax (517) 373-7186

Email: gcushingberry@house.mi.gov

Representative Bruce Caswell

Phone (517) 373-1794

Fax (517) 373-5768

Email: brucecaswell@house.mi.gov

Senator John Pappageorge

Phone (517) 373-2523

Fax (517) 373-5669

Email: senjpappageorge@senate.michigan.gov

Senator Deb Cherry

Phone (517) 373-1636

Fax (517) 373-1453

Email: sendcherry@senate.mi.gov

AARP Michigan
Testimony before the Long Term Care Commission
Long Term Care Partnership Insurance
October 22 2007

Thank you for the opportunity to address the Commission about long term care insurance. I am Anita Salustro, Associate State Director of AARP Michigan.

These comments address the development of Long Term Care Insurance Partnerships. Partnership programs are insurance policies in which Medicaid disregards an amount of assets or resources when determining eligibility for Medicaid equal to the insurance benefit payable under the insurance policy. Incentives are built-in to encourage individuals to purchase insurance at a young age – to expand the risk pool (*The Kaiser Commission on Medicaid and the Uninsured, April, 2006*).

In the early 1990's Congress established the Long Term Care Partnership Program. Four states (California, Connecticut, Indiana, and New York) established programs. Congress established a moratorium in 1993 in response to concerns that private long term care insurance was beyond the mission of the Medicaid program. The Deficit Reduction Act lifted the moratorium in 2005. Michigan convened its workgroup in July of 2007, determining to establish a model by December 31, 2007.

Consumer protections are needed in any long term care insurance policies. These policies are no different, and in fact may need a higher standard of protection because of their complexity and the unique interaction of insurance, state Medicaid requirements, and long term care providers. Much of what is proposed was encouraged in 2006 when AARP testified for state legislation introduced and subsequently passed.

AARP Michigan's proposed standards incorporate a few of the consumer protections that were proposed in 2006 during the legislative hearings for long term care insurance. We are mindful of the model regulations from the National Association of Insurance Commissioners and the requirements of the DRA. Enid Kassner, a national expert on long term care insurance and a policy analyst from AARP's national office, has provided guidance and support.

AARP's suggested standards are for the following provisions:

1. Counseling
2. Inflation Protection
3. Agent Training
4. Exchanges and Trade In Guidelines
5. Asset Protection
6. Reciprocity

Counseling

Consumer education is a critical component of partnership programs. Partnership policies are complicated and consumers need an unbiased, non-profit entity to guide them to an informed purchase. Counseling should occur before the consumer signs a contract. Consumers should know up front that even though policies may allow purchasers to protect assets and qualify for Medicaid, they still must meet the state's income, assets, and functional eligibility criteria. It is important for future policy holders to know also that access to Medicaid-funded home and community services may be limited; they may only have access to nursing home services.

The Medicare Medicaid Assistance Program is ideally suited to provide counseling on partnership policies. It currently offers independent counseling and assistance with Medicare and Medicaid problems as well as long term care insurance counseling. The program would need funding enhancements and an expanded mandate for adults under the age of 60 in order to provide this service.

Inflation Protection

Under the DRA, annual, compound interest is required only for purchasers younger than 61, individuals from 61 – 76 must have “some form” of inflation protection, and for individuals 76 and older no inflation protection is required. *Michigan should provide a minimum of 5% annual, compound inflation protection for all purchasers younger than 61. For individuals age 61 and beyond, Michigan should consider this same percentage inflation protection, either compound or simple, with no age ceiling. Inflation protection should come in the form of an Automatic Benefit Increase (ABI) policy.* The Robert Wood Johnson Foundation states that “policies that have ABI protection are generally more expensive up front, but are more effective at ensuring that policy benefits will be adequate to cover costs down the road.”

Agent Training

The DRA specifies that “any individual who sells a long-term care insurance policy under the Partnership receives training and demonstrates evidence of understanding of such policies and how they relate to other public and private coverage and, if necessary, Medicaid.” They must understand the detailed procedures of the Medicaid program. The National Association of Insurance Commissioners recommends *an initial eight hours of partnership training and four additional hours every 24 months.* The training should is not to include sales or marketing training. Michigan's Medicaid eligibility requirements must be incorporated into the initial training time. Current Michigan requirements for agent training may be inadequate to meet this standard.

Trade In/Exchange

Holders of long-term care policies should be allowed to exchange for a Partnership policy if it meets all of the general provisions of the Partnership and the holder has the appropriate level of inflation protection for his or her age. Benefits they receive under their policy would count toward asset disregard as long as those benefits were received after the Partnership effective date.



Asset Protection

Michigan should not require that individuals exhaust their benefit in order to gain access to Medicaid. The law mandates that asset protection is dollar-for-dollar for the benefits paid out by the policy. Some people may find that they bought benefits that are inadequate to cover their long term care expenses and they cannot afford the out of pocket remainder. If they can qualify for Medicaid, they should be able to do so.

In addition, purchasers should retain their right to asset protection should the program subsequently be discontinued.

Reciprocity

Michigan may enter into reciprocal agreements with other state programs that meet the requirements. *Asset protection should be a guarantee for those who move to another state if they qualify for Medicaid under that state's eligibility guidelines.* An example: if someone buys a policy in Michigan and moves to Wisconsin he/she would still be eligible to receive insurance benefits in Wisconsin, but Wisconsin's Partnership program would have to have reciprocity for Michigan's for this individual to have Medicaid asset disregard in Wisconsin.

AARP suggests the following operating guidelines for long term care insurance of any kind.

- Consumer Education. Sustained, unbiased, ongoing consumer education about long term care insurance and partnership policies, with beneficiary rights and appeals processes clearly explained.
- MMAP Counseling. Consumers need to be aware of the MMAP when they need unbiased counseling or have questions about long term care insurance.
- Planning for long term care. Sustained, statewide public education about planning for long term care, including consumer knowledge of:
 - a. Single Point of Entry agencies
 - b. Education and assistance for filing formal complaints with OFIS. Consumers need to know about the formal complaint process for filing complaints with OFIS.
 - c. Public report cards and transparency on long term care insurance companies, their products and performance.
 - d. State and federal Resources to OFIS and MMAP.
- Assurance of adequate state and federal resources, including data collection and reporting capacity.
- Long term care insurance company data collection and standardized, ongoing public reporting on aggregated health outcomes and trends across the entire array of supports and services

- Dispute and appeals processes. Swift and transparent processes for long term care supports and services providers, both facility and community-based.
- Additional benefits structure principals:
 - i. Provider assignment. Direct payment of benefits to service provider so as not to become “income” to the beneficiary.
 - ii. Three-part reciprocity – interstate insurance coverage guarantee; interstate Medicaid eligibility guarantee; multi-state agent training reciprocity for state certification.
 - iii. Money Follows the Person portability of coverage for transitions across long term care supports and services settings, regardless of how they are labeled or licensed, including non-licensed “assisted living.”
 - iv. Person – Centered Planning customization for benefits assignment and for other coverage needs and preferences; ongoing customer satisfaction reports, and a guarantee of patient confidentiality.
- Ongoing Verification that there are adequate resources and leadership from OFIS to properly police all long term care insurance products, policies, and sales practices.

I appreciate the opportunity for testifying to the Commission. I look to you for guidance as to how best to assure quality consumer standards in Michigan’s partnership plans. I would be happy to answer questions or provide additional information.

Anita Salustro, Associate State Director
 AARP Michigan
 309 N. Washington Square
 Lansing MI 48933
 (517) 267-8913 asalustro@aarp.org

LONG-TERM CARE SUPPORTS AND SERVICES ADVISORY COMMISSION MEETING

October 22, 2007

I have been asked to speak today about Long Term Care Insurance and the Michigan Medicare/Medicaid Assistance Program (MMAAP).

MMAAP is the state-wide program which provides free health benefits counseling to Medicare and Medicaid beneficiaries, their families, and caregivers. With unbiased information provided by staff and volunteers, Michigan residents can make informed health care decisions. Topics covered include: Medicare, Medicaid, medigap and long term care insurance, managed care and prescription drug coverage. MMAAP saved Michigan beneficiaries over \$7,500,000 in out-of-pocket costs last year. There are approximately 450 staff and volunteers who serve as MMAAP Counselors.

MMAAP is funded by a grant from the Michigan Office of Services to the Aging through funding received by the Centers for Medicare and Medicaid Services.

Currently I am working with the LTC Partnership Program to provide input for consumer protections. After the development process is finished I will be providing training for MMAAP personnel and LTCSS - Options Counselors so that the public can make informed decisions.

When properly crafted, long term care insurance can give consumers more options than are currently available through publically funded programs in the state of Michigan. If long term insurance policies were “standardized” like medigap policies consumers would be less confused when they are shopping for coverage.

Some years ago Michigan received the Tobacco Settlement funds and MMAP contracted with the state to provide consumer education about long term care insurance. At that time I worked as the MMAP Coordinator for Region VIII which covers nine counties including the city of Grand Rapids. Several public information sessions were held in my area. Each event had capacity audiences and in one instance we had to turn people away and schedule a second session. It was clear that there is a desire for long term care insurance information, consumers want unbiased information. They were eager to hear from someone who was not trying to sell them a product.

Prior to these outreach events the state ran radio ads, television ads and purchased billboards announcing a toll-free telephone number to contact MMAP for information. Currently the state is not in a position to spend dollars on a media campaign; if the insurance industry saw partnership policies as a way to expand sales, perhaps they could be brought on board to assist with the marketing.

I am often asked about the types of calls I get from real people. On occasion I do hear from someone who knows about MMAP and asks for advice before they purchase a long term care insurance policy. We have a booklet published by the National Association of Insurance Commissioners which is excellent that we can give to people. We also have a MMAP booklet which provides some comparisons and explains what consumers should look for when shopping. I usually mail these documents out and tell people to get three quotes; if they need further assistance, call for counseling so that a MMAP person can help them review the three plans they are considering.

Usually people who are happy don't call MMAP; we are more likely to hear from people who have had a problem. I will share

a couple of examples so that you can understand some of the situations that have come up.

An adult son called me, he was frustrated because his father had purchased long term care insurance and had moved to assisted living which his policy covered, but the company had refused payment. The problem was that dad had bought the long term care insurance while living in Florida. When he got sick he came back to Michigan to be close to his family; the policy he purchased called for “licensed” assisted living. In Michigan we do not license assisted living so the company would not pay.

A second problem can come from less than ethical salespeople. A couple I had assisted previously in another health insurance manner called me to meet with them. The salesman who had sold them long term care insurance earlier approached them with a new policy which would save them money; they had been paying on the first policy for about five years. He explained that all they really needed was this new “facilities only” policy which was much cheaper. The salesman’s explanation was this: the wife would care for the husband at home because he would be sick first; then when the wife needed care she would not be able to stay at home. She would have to go to a nursing home because she had no children to assist her. The wife wanted to keep the first policy because she was interested in homecare. The salesman convinced the husband, they lost the money they had paid into the first policy, and the salesman made a second commission. When I called the Office of Financial & Insurance Services (OFIS) (sometimes called the Michigan Insurance Bureau) to report the salesman because “**all**” long term care insurance in Michigan must include a homecare option I was told as long as the salesman did not call it long term care insurance what he did was legal. It may have been legal but it didn’t seem ethical.

If anyone would like further information or to partner with
MMAP:

Jo Murphy, Executive Director
Michigan Medicare/Medicaid Assistance Program
(MMAP)
6105 W. St. Joseph, Suite 204
Lansing, MI 48917
Telephone 517.886.1242 ext. 19
Fax 517. 886.1305
Jo@mymmap.org