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WHAT IS THE TENNESSEE LONG-TERM CARE PARTNERSHIP?

The Tennessee Long-Term Care Partnership ("LTCP") is a joint effort between the federal Medicaid program (as administered under TennCare in Tennessee) and long-term care insurance companies. According to the State of Tennessee Department of Commerce and Insurance, the partnership was developed to encourage people to plan for their future long-term care needs. The basic premise of the partnership is that if someone purchases a qualified long-term care insurance policy, then at the time Medicaid/TennCare benefits for long-term care in a nursing facility are needed, certain assets would be disregarded from constituting countable assets to determine eligibility.

As you know from earlier newsletters regarding the Medicaid program, Medicaid eligibility is based in part upon the amount of an applicant's assets. Under the LTCP, a person who has received some or all benefits of a qualified LTCP policy may have certain assets "disregarded" equal to the benefits paid by the policy at the time the person is determined eligible for Medicaid. In addition, these disregarded assets also cannot be recovered through the estate recovery process when the Medicaid recipient dies.

Note that purchasing a long-term care policy **DOES NOT** automatically qualify anyone for Medicaid benefits. All of the other Medicaid eligibility criteria must be satisfied. The premise of the LTCP is that assets can be protected from being spent down when a qualified policy is purchased. There are specific requirements for a policy to be "qualified" under the LTCP. These requirements include a specific amount of inflation protection based upon a person's age when the policy is purchased. Also, the Tennessee Department of Commerce and Insurance can set other requirements for a long-term care policy to be qualified under the LTCP.

When a Medicaid application is filed, the applicant must disclose to the Department of Human Services that he/she has received long-term care insurance policy benefits. Certain assets may then be disregarded (or not counted) in an amount equal to the benefits paid out by the qualified LTCP policy as of the date of application for Medicaid. These assets are not counted toward the TennCare asset limits. Also, the designated assets may be transferred to someone else without penalty and would not be subject to estate recovery. Even if no assets are disregarded during the person's lifetime, the personal representative of an estate appointed at death could designate assets at that time to protect from estate recovery if benefits under an LTCP policy were received. Long-term care insurance benefits may not be used to offset the amount of income that an eligible nursing home resident is required to contribute to the cost of his/her care.

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