

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** HB 1147

**SHORT TITLE:** Medicaid Long Term Care Eligibility

Upon Ratification

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Department of Human Resources, Division of Medical Assistance

**SPONSOR(S):** Rep. Alexander

**FISCAL IMPACT:**   **Expenditures:**   **Increase ( )**       **Decrease (x )**  
                          **Revenues:**           **Increase ( )**       **Decrease ( )**  
                          **No Impact ( )**  
                          **No Estimate Available (x )**

**FUND AFFECTED:**       **General Fund (x ) Highway Fund ( ) Local Fund (x )**  
                          **Other Fund ( )**

**BILL SUMMARY:**

**1147. MEDICAID LONG-CARE.**= "TO SPECIFY THE EFFECT OF CERTAIN TRANSFERS ON ELIGIBILITY FOR STATE MEDICAL ASSISTANCE FOR LONG-TERM CARE." Amends GS 108A-58 to provide that prior provisions of statute apply only to transfers made before July 1, 1988 and add new provisions applicable to transfers after July 1, 1993. New provisions provide that: (1) periods of ineligibility imposed pursuant to 42 U.S.C. Sec. 1396p(c)(1) run sequentially; (2) premiums for certain term life insurance policies purchased by and institutionalized individual or that individual's spouse shall be considered a transfer of resources for less than fair market value; and (3) provisions in any inter vivos trust created for the benefit of the grantor that provides that benefits to the grantor or the grantor's spouse are terminated, suspended, or diverted if the grantor or grantor's spouse apply for medical assistance or require medical, hospital, nursing, or long-term care are to be considered ineffective in determining eligibility (not applicable to trust provisions made irrevocable before July 1, 1993 except for trust assets that become subject to the provision after that date). Includes severability clause. Effective on ratification and applicable to determinations of eligibility made on or after that date. Introduced by Alexander.

**SUBSTITUTES-June 23, 1993-**

1147. MEDICAID LONG CARE ELIGIBILITY. Intro. 4/19. House committee substitute changes from July 1, 1993, to April 1,

1994, effective date of provision declaring purchases of certain term life insurance policies to be for less than fair market value for purposes of Medicaid eligibility. Also revises provision on inter vivos trusts by declaring that certain inter vivos trusts shall be deemed to result in an uncompensated transfer of assets on the date the trust provision transferring the assets takes effect; changes effective date of provision on trusts from July 1, 1993 to Jan. 1, 1994.

**SUBSTITUTES-July 1, 1993-Daily Bulletin 92**

1147. MEDICAID LONG-TERM ELIGIBILITY. Intro. 4/10; comm. sub. 6/23. House committee substitute #2 deletes portions of the bill concerning term life insurance, and makes clarifying changes.=

**EFFECTIVE DATE:** 8-Jul-1993Upon Ratification

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Department of Human Resources, Division of Medical Assistance

**FISCAL IMPACT**

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
<b>EXPENDITURES</b>					
<b>TOTAL EXPENDITURES</b>					
<b>STATE FUNDS</b>					
<b>FEDERAL FUNDS</b>					
<b>LOCAL FUNDS</b>					
<b>OTHER FUNDS</b>					
<b>RECEIPTS/FEEES</b>					

**ASSUMPTIONS AND METHODOLOGY:** This bill modifies Medicaid law affecting the use of a nursing home patient's financial assets . The bill is expected to save money for the Medicaid program because it limits the creation of assets shelters for patients, and requires patients to use their personal resources before drawing Medicaid coverage . The duration of the delay in Medicaid eligibility, and the number of applicants to whom the delay will apply is not possible to predict.

**SOURCES OF DATA:** No data available.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**APPROVED BY:** Tom Covington **TomC**

**DATE:**

**[FRD#002]**

**Official**

**Fiscal Research Division**

**Publication**



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