

The Alabama Long-Term Care Insurance Partnership Program

What is the Alabama Long-Term Care Insurance Partnership Program (“Partnership Program”)?

The Partnership Program has been set up by the Alabama Department of Insurance and the Alabama Medicaid Agency to help you protect your assets if you need to apply for nursing home benefits through Medicaid.

When you purchase a Partnership Program policy, certain assets are protected. This means Medicaid will not have to count them if you need to apply for Medicaid in the nursing home.

What is Long-Term Care (LTC)?

Long-term care is care needed by people of any age who cannot care for themselves. This could be due to an illness such as Alzheimer’s disease, or because you cannot do things on your own such as dressing, eating and bathing. In some cases, long term care is needed because of a serious illness or injury. Most of the time, long-term care means nursing home care. Long term care can also be provided in an assisted living facility, in the community or even at home.

Many people believe that Medicaid and Medicare will pay for long-term care. This is not always true. Medicare and Medicaid may provide some limited long-term care benefits if you qualify for one or both. However, you are responsible for your long-term care costs. You do this by buying a long-term care insurance policy to cover some or all of the cost, by paying for care out of your pocket with your assets, or by depending on a family member to provide your long-term care.

What is a Partnership Policy?

Partnership Policies look like regular long-term care insurance policies except they must include inflation protection to keep up with the rising cost of long-term care services, and asset protection, also known as asset disregard.

This means that when you apply for Medicaid in the nursing home, Medicaid will not count the amount paid for a qualified partnership policy as an asset. All other Medicaid eligibility requirements will apply.

Only these policies which have been certified by the Alabama Department of Insurance as Partnership Policies qualify as a Partnership Policy.

If I get a Partnership Policy, does that mean I am qualified for Medicaid?

No, the purchase of a Partnership Policy does not automatically qualify you for Medicaid.

What are the Requirements for a Partnership Policy?

In order for a policy to qualify as a Partnership Policy, it must, among other requirements:

- be issued to an individual on or after March 1, 2009;
- cover an individual who was an Alabama resident when coverage first becomes effective under the policy;
- be a tax-qualified policy under Section 7702(B)(b) of the Internal Revenue Code of 1986;
- meet stringent consumer protection standards; and
- meet the following inflation requirements:
 - For ages 60 or younger – provides compound annual inflation protection
 - For ages 61 thru 75 - provides some level of inflation protection
 - For ages 76 and older – no purchase of inflation protection is required

What Could Disqualify a Policy as a Partnership Policy?

If you buy a Partnership Policy and later decide to make any changes, you should first check with your insurance company to determine what the change will do to your Partnership Policy.

What happens to my Partnership Policy if I move to another state?

If you move to a state that **does not** have a Partnership Program or does not recognize your policy as a Partnership Policy, you would not receive beneficial treatment of your policy under the Medicaid program of that state. If you move to a state that **does** have a Partnership Program, you should check with that state's Medicaid Agency to be sure that your Alabama LTC Partnership Policy will be accepted and what the asset disregard will be.

Will Partnership Policies issued in other states with Partnership Policies be accepted in Alabama?

Yes, the Alabama Partnership Program will recognize policies from other states' Long-Term Care Partnership Programs. You will need to check with the Alabama Medicaid Agency to be sure that your asset disregard will be the same.

I have a Long Term Care Policy that is not a Partnership Policy. Can I exchange my current policy for a Partnership Policy?

A Partnership Policy cannot be issued in Alabama until March 1, 2009 or later. The issue date is the effective date of coverage under the policy. A non-partnership long-term care policy may be exchanged for a Partnership Policy. Before doing this, you should contact your insurance company to find out what needs to be done to exchange the policies.

Remember that if you decide to exchange your current policy for a Partnership Policy, you may be subject to new requirements to get the policy and the premium for the new policy may be higher than what you pay now.

For Information regarding Medicaid eligibility and other questions contact:

Alabama Medicaid Agency
501 Dexter Avenue
Montgomery, Alabama 36104
Telephone: 1-800-362-1504
Web site: www.medicaid.alabama.gov