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Committee on Aging and Long Term Care  
Chairman Bethell and Committee Members

HB 2697 Proponent

My name is Cindy Luxem, Executive Director of the Kansas Health Care Association and Kansas Center for Assisted Living, a trade association with a membership of over 185 nursing homes, assisted living, residential health care, home plus, and nursing facilities for mental health. Thank you for the opportunity to testify in favor of HB 2697.

153 million Americans own approximately \$27 trillion worth of life insurance policies. 1.5 million Citizens of Kansas own almost \$250 billion worth of life policies. Billions of dollars of these policies are abandoned every year because they can no longer afford the premiums and/or they are on a Medicaid spend-down path.

Life insurance policies are unqualified asset for Medicaid eligibility and the owners must either surrender the policy or be subject to costly recovery actions by the Medicaid department.

So we believe HB 2697 is a great opportunity for the state to either re-coup or make accommodations for a person's life insurance policy.

We would like to submit several consumer protection pieces are added as possible amendments to HB2697, which we think would give it more "teeth."

1. Require insurance companies to notify the owner of the life insurance policy and the collateral beneficiary that the life insurance policy is about to lapse.
2. Require the secondary notice to be made to the Medicaid department that the policy is about to lapse.

Maybe we can begin to transform life insurance from "death insurance" into meaningful "support for Quality Life" insurance.

A question does arise, so if the state would like to continue to pay for the life insurance policy to re-coup expenses back into the Medicaid program can this be done? Can Medicaid dollars be used to pay for a premium knowing that it can be used for long term care supports? Do not know this answer.

Another interesting thought is; what if the Medicaid department and insurance companies could share data bases? A scenario for you to consider, a person places their life insurance into a trust, if the state has collateral right to those dollars, should the state be able to access, as a collateral beneficiary?

It is an education process for the general public to know the options they have in paying for their long term care.

Thank you for time today. Let me know if I can answer any questions.