

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1145

Short Title: Life Insurance/Medicaid.

(Public)

Sponsors: Representatives Alexander; D. Brown, Church, Easterling, and Hill.

Referred to: Health and Human Services.

April 19, 1993

A BILL TO BE ENTITLED

AN ACT TO ADDRESS THE PROBLEM OF LIFE INSURANCE PURCHASES FOR
THE PURPOSE OF MEDICAID ELIGIBILITY.

The General Assembly of North Carolina enacts:

Section 1. Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-58.3. Single-premium term life insurance; effect on eligibility.

When making eligibility determinations for institutional or community-based care, the Department shall consider as an uncompensated transfer all resources that are used by an applicant to purchase any term life insurance policy that does not have a benefit-to-premium ratio that exceeds 2 to 1 if this policy was purchased with 30 months of the date of application for assistance.

For the purposes of determining an individual's eligibility for institutional or community-based care, any purchase of qualifying term life insurance made by an institutionalized individual or that individual's spouse during the 30-month period immediately before the date the individual becomes an institutionalized individual, if the individual is entitled to medical assistance, or, if the individual is not so entitled, the date the individual applies for this assistance while an institutionalized individual, shall be considered a transfer of resources for less than fair market value and the uncompensated value of this transfer shall be considered to be the amount of the premiums paid. This section does not apply to life insurance policies to the extent that the individual satisfies the Department that the insurance was (i) purchased to assure the payment of a debt existing at the time of the purchase, or (ii) to assure the payment of burial or funeral expenses not to exceed five thousand dollars (\$5,000).

1 For the purposes of this section, the term 'qualifying term life insurance policy'
2 means any term life insurance policy, the premium-to-benefit ratio of which does not
3 exceed an amount determined by the Commissioner of Insurance to be below the fair
4 market value for the premium paid, and the purchase of which is funded by assets that
5 would qualify as resources for the purposes of determining the individual's eligibility
6 for medical assistance if this determination was made at the time the purchase was
7 made. The Department, in cooperation with the Commissioner of Insurance, shall adopt
8 rules to implement this section.

9 This section does not apply to policies purchased before July 1, 1993."

10 Sec. 2. This act becomes effective July 1, 1993.