

State of South Dakota Partnership Plan Information

The Federal Deficit Reduction Act of 2005 renewed states ability to establish Long Term Care Partnerships. Long Term Care Partnership plans are a public/private venture designed to encourage individuals to plan ahead for future longer-term care needs. Partnerships are an alliance between the private insurance industry and state government to help individuals with long-term care needs without depleting all of their assets to pay for care.

Medicaid is a health insurance program jointly administered and funded by the federal and state government. It provided health care services for eligible low income individuals. People qualify for Medicaid by meeting set financial standards and by fitting into a specific covered group such as children, pregnant women, or individuals who are elderly or who have disabilities.

The Long Term Care Partnership allows for a "dollar for dollar" model. For every dollar that a LTC Partnership insurance policy pays out in benefits, a dollar of personal assets can be protected (disregarded during the eligibility review) if the individual chooses to apply for Medicaid. For example, if an insured selects a qualified Long Term Care policy with a lifetime maximum of \$100,000, then \$100,000 of their personal assets will be protected in qualifying for Medicaid should they exhaust their benefits.

Specific requirements need to be met in order for the Long Term Care Plan selected to qualify as a partnership plan. For the State of South Dakota group Long Term Care program, the requirements are as follows:

- For individuals 75 years of age or younger, the plan selected must include annual compound inflation protection (Plans 3 or 4). No inflation is required for individuals over the age of 75 to qualify as a partnership plan. Inflation protection helps the policy keep up with the rising cost of LTC services.

The asset protection is based on the amount of benefit that you have received. It is not based on the amount of premiums paid or the total value of the policy.