Model Legislation

Section 1. {Title} This Act may be cited as the Senior Financial Security Program Act.

Section 2. {Definitions} As used in this Act:

(A) “Senior” means a person age 65 and over.

(B) “Participant” means an eligible person in the Senior Financial Security Program as described under Section 4 of this Act.

(C) “Transfer of assets” means any divesture of purchasing power including but not limited to gifts, purchase of exempt assets, divorce, purchase of unsalable or undividable property, divestment into trusts, or converting assets into joint tenancy.

(D) “Lien” means an encumbrance placed on real or personal property for the satisfaction of a debt.

Section 3. {Purpose Section} The purpose of the Senior Financial Security Program (SFSP) is to protect seniors who are unable to take care of themselves. The program does not replace any individuals’ responsibility to provide for their own long-term care. Program requirements that prohibit divestiture of assets, require security for benefits paid, and mandate recovery from estates are expressly intended to encourage all citizens to plan ahead, purchase quality long-term care insurance, pay privately for appropriate, cost-effective levels of care, and rely on the SFSP only as a last resort.

Section 4. {Eligibility Requirements} (A) Seniors who need nursing home care may qualify for the SFSP for the following reasons:

(1) A person's income could not adequately pay for nursing home care;

(2) A person's non-exempt assets do not exceed $2,000.

(B) To qualify for assistance under the SFSP, a person must provide a net worth statement confirmed by a certified public accountant. This net worth statement constitutes security offered by program participants to assure repayment of benefits received. As the participant receives benefits, the cost to the SFSP will be deducted from the participant's net worth ledger. As long as the ledger has a positive balance, the program participant is in receipt of a government-sponsored loan. When the ledger's balance turns negative, the participant converts to Medicaid, or to a comparable public assistance program.

(C) Exempt assets that SFSP participants may retain are the following:

(1) One single-family residence qualifies as an exempt asset. Homes purchased within eight years of applying for benefits will be treated as a transfer of assets in order to qualify in so far as the homes exceed the median home value in the state.

(2) One automobile of any value qualifies as an exempt asset, provided it is used for the benefit of the program participant. Transfer of an automobile will be deemed a transfer of assets subject to penalty. Program participants may not give away exempt assets and replace them with new exempt assets as a means to qualify for assistance or avoid estate recovery.

(3) One prepaid funeral plan qualifies as an exempt asset, not to exceed the average cost.
in (state) of a simple funeral service and disposal of remains.

Section 5. {Divestiture Policy}

(A) Any assets transferred for less than fair market value within eight years of applying for assistance constitute a debt owed to (state) up to the total public benefits paid. Any such debt is payable by the transferees who received the assets and/or by the estate of the program participant or by such persons who may have received the assets by means other than a formal probated estate. Any asset transferred in contemplation of qualifying for the SFSP or of avoiding estate recovery shall be considered a fraudulent conveyance.

(B) No purchasing power possessed within eight years of application by anyone who later depends on the SFSP shall be used for any other purpose than the care and maintenance of the owner or reimbursement to the SFSP for providing such care and maintenance.

(C) If any purchasing power shall have been taken from an SFSP participant improperly or illegally, the program shall petition the appropriate court to appoint a private attorney as the participant’s conservator (reimbursed on contingency) to recoup the misappropriated assets on behalf of the participant and the program. Such recoupment may include relitigating abusive divorce decrees, reversing improper asset transfers, invading inappropriate trusts, and partitioning undivided property.

Section 6. {Lien Security}

(A) As a condition of eligibility for the SFSP, all participants must allow the state to place a lien on their property in order to assure that the SFSP can recover benefits paid as appropriate, and can terminate eligibility if appropriate. The lien shall apply to all real and personal property retained by the participant with the exception of the $2,000 liquid asset exclusion and certain highly private personal property (to be defined).

(B) Such liens shall be officially recorded in the appropriate legal manner and shall be enforceable upon sale of the asset or upon the death of a program participant, or if the participant is survived by a legitimate dependent, upon the death of the last surviving exempt dependent relative (to be defined by the state).

Section 7. {Estate Recovery}

(A) Each participant in the SFSP must agree in writing to pay back the entire cost of care from his or her estate, or from the proceeds of sale of real or personal property during program eligibility up to the total value of the estate or sale. If the program participant should predecease a spouse or other legitimate dependent heir or joint tenant, the participant’s share of any jointly owned property or purchasing power shall be recovered from such third party as soon as it is no longer needed for the maintenance of the dependent, and in any case, no later than upon the death of the dependent third party.

(B) The intent of this rule is to assure that people pay for their own long-term care, either directly by retaining providers in the private marketplace or indirectly by reimbursing the SFSP. The financial viability of the SFSP and its ability to provide care to less fortunate participants depends on strong estate recovery enforcement.

Section 8. {Public Education}

(A) Ten Percent (or such proportion as shall be necessary to achieve the objective) of the revenue generated by SFSP’s lien and estate recovery efforts shall be used exclusively to support a public education initiative on long-term care. The purpose of this initiative is to educate the public, the medical profession, the bar, the judiciary, financial advisors, and all other individuals in the community who influence the lives of older people, concerning the importance of long-term care planning.

(B) Such education and training will include but not be limited to:

1. The probability of requiring long-term care;

2. The average incidence, duration and cost of nursing home care;

3. The principles of how to identify and select a reliable long-term care insurance policy;

4. The kinds of free and fee-for-service assistance available to postpone institutionalization (e.g., meals on wheels, chore services, adult day care< congregate care, assisted living, etc.);

5. The eligibility, lien and estate recovery requirements associated with dependency on the SFSP.

Section 9. {Severability Clause}

Section 10. {Repealer Clause}

Section 11. {Effective Date}