

## **COVENTRY FIRST PRAISES KENTUCKY LEGISLATION TO BENEFIT LONG-TERM CARE RECIPIENTS**

The Kentucky legislature unanimously passed landmark legislation to help seniors pay for long term care. The legislation enables seniors to pay for their long term care by selling their life insurance policies for as much as 10 times more than the cash surrender value and applying those proceeds toward their long term care.

House Bill 414, sponsored by Kentucky State Representative Robert R. Damron, will help thousands of Kentucky seniors from having to go onto Medicaid to pay the costs of nursing home, assisted living, home health care and other forms of long term care. It also provides relief to spouses and adult children who struggle to help their loved one receive appropriate long term care services. The measure now awaits the Governor's signature.

Under the new law, Kentucky seniors applying for Medicaid will be notified that a regulated life settlement is an alternative to surrendering or lapsing their life insurance policy. A person who does sell their policy pursuant to this new law would place the proceeds of the sale into an irrevocable account that can only be used to pay long term care services providers. In addition, up to \$7,500 is required to be set aside for final expenses of the recipient, and any money left over in the account is to be paid to the recipient's beneficiaries.

With Medicaid costs for long term care rising, the importance of this legislation for seniors cannot be overstated. Kentucky and Texas, which passed similar legislation in 2013, are the nationwide leaders in encouraging innovation to address the ballooning Medicaid funding crisis. According to a report by the U.S. Commission on Long-Term Care, over half of the cost of long term care is financed through state and federal Medicaid programs. The Centers for Medicare and Medicaid Services report that seventy percent of individuals over 65 will need some form of long term care services at some point in their life.

Alan Buerger, CEO of Coventry First, the lead advocate for the new Kentucky and Texas laws, stated that "Life insurance policies are increasingly being utilized as a living benefit to pay for long term care. For seniors who qualify, life settlements must pay an amount greater than the cash surrender value of a policy. This legislation is a win-win-win for seniors, long term care providers and overburdened Medicaid budgets. It is good public policy. We anticipate

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more states will follow the lead of Kentucky and Texas in encouraging seniors to utilize life settlements to pay for long term care and, in doing so, reduce their dependence on Medicaid and the burden on family members.”

### **About Coventry**

Coventry created the secondary market for life insurance in the U.S. By uniquely bridging insurance and capital markets, the company pioneered the life settlement industry and opened a new class of longevity-based assets for institutional investors worldwide. Today, Coventry is a global financial services firm leading the development of a robust longevity market. [www.coventry.com](http://www.coventry.com)

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