Stacie Maass, Executive Director
Medicaid Commission
200 Independence Ave, SW
Humphrey Building, Room 450G
Washington, D.C. 20201

Re: Medicaid Recovery Plan

Sent Via Email

10\19\05

Dear Ms. Maass,

I am emailing you the attached plan to save the Medicaid System One Hundred and Twenty-Five Billion dollars over the next ten years. I have worked on this plan the last ten years to come up with the enclosed.

I was directed to send this to you for your review by Congresswomen Nancy Johnson and her staff, David Rosenfeld, Counsel and Chuck Clapton, Staff Director of the House Energy and Commerce Subcommittee on Health.

After you have had time to review I can be reached at the following:

Terrance Gilbert
West Haven, CT 06516

Thanking you in advance,

Terry Gilbert

Business Plan
For
Medicaid Recovery,Inc.

DBA/Insurance Recovery Services
(IRS)

MEDICAID ALLIANCE FOR PROGRAM SAFEGUARDS

MEDICAID RECOVERY

Table of Contents

NONDISCLOSURE AGREEMENT

This agreement is made as of the day of , 2005 by and Between Terrance Gilbert of West Haven, Connecticut (herein "Promisee"), and ___________________________________, of No.__________________, ___________________, _______ (herein "Promisor"), And such others as any sign onto this agreement (herein "Parties").

WITNESSETH

WHEREAS, Promisee represents that he has developed a plan to advance the recovery of Medicaid, and possible other, funds from like Insurance policy assets of Medicaid eligible people, in order to assist the federal and state governments, and other governmental entities (herein "Plan"), and that he is the absolute and sole owner Of the Plan; WHEREAS, the Parties acknowledge that the Plan will consist, from time to time, of various ideas, methods, business plans, developed computations and statistics, computer programs, trade and entity names and marks, facilities, procedures and related items and assets, which Promisee shall exclusively own and have the exclusive right to protect by any means of intellectual property protection under the law worldwide; AND WHEREAS, the Promisee desires from time to time to exhibit the plan, to prospective investors, computer program developers, government personnel and agencies, distributors, brokers, etc., such as Promisor herein, and other parties in his sole discretion. In consideration of the mutual covenants and obligations contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Upon the execution of this agreement, Promisee may exhibit the plan and related target goals and or objectives of Promisee, in prototype or draft form, or by sketch and detailed description, or final form, to Promisor as it deems necessary for Promisor's sole use and consideration, and Promisor from time to time may further exhibit all or some of the same to other Parties, including, e.g., but not necessarily limited tom Promisor's officers, directors, employees, agents, subsidiaries, etc.; provided all further Parties sign onto this agreement as provided herein.

2. The Promisor and all sign on Parties hereby agree to be bound hereby; specifically agreeing not to use any information relating to the Plan, business goals, or any information disclosed by Promisee, whether commercially, or otherwise, nor disclose any such information under any circumstances to any person who is not subject to the terms of this agreement, and to further keep all the same confidential. All protection afford Promisee hereunder shall apply to all information disclosed before and after the effective date hereof.

3. All Parties hereto will use their best efforts to keep all information disclosed by Promisee hereunder secret unless released from the obligation to do so by Promisee in writing.

4. Each Party signing onto this agreement acknowledge that Promisee may, without notice, assign the benefit of this agreement to licensor (s) or one or more entities related to the promotion of the plan.

5. This agreement shall inure to the benefit of the and be binding upon the parties and their respective heirs and assigns, administrators, executors, successors and assigns.

6. This agreement shall be governed by the laws of the state of Connecticut.

7. Except as otherwise provided herein, this agreement may not be assigned by any party hereto without the express written consent of Promisee. In witness whereof the undersigned have set their hands and seals as of the day and year first above mentioned to this agreement consisting of three (3) pages and such additional signature pages as may be added from time to time.

Witnesses:

_____________________________________ ______________________________

Names : Terrance Gilbert

____

Names:

____________________________________ __________________________________

Name: Name: , Promisor

____

Name:

STATE OF

SS.:

COU NTY OF

On this the day of , , before me the undersigned

Officer, personally appeared Terrance Gilbert, known to me (or

Satisfactorily proven) to be the person whose name is subscribed to

The within instrument and acknowledged that he/she executed the same

For the purposes therein contained as his/her free act and deed.

____

Name:

Commissioner Superior Court / Notary Public

STATE OF

SS.:

COUNTY OF

On this the day of , , before me the undersigned officer, personally appeared , known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained as his/her free act and deed.

____

Name:

Commissioner Superior Court / Notary Public

OTHER SIGN ON PARTIES TO NONDISCLOSURE AGREEMENT:

Of the day of , 2005 by and between Terrance Gilbert of West Haven, Connecticut (herein "Promisee"), and ____, of

No. __________________, _________________, ______ (herein "Promisor"):

Witnesses:

________________________________ ______________________________

Name: Name:

____

Name:

STATE OF

SS.:

COUNTY OF

On this the day of , , before me the undersigned

Officer, personally appeared , known to me (or

Satisfactorily proven) to be the person whose name is subscribed to

The within instrument and acknowledged that he/she executed the same

For the purposes therein contained as his/her free act and deed.

____

Name: Commissoner Superior Court / Notary Public

Executive Summary

Medicaid Recovery, Inc. was formed as a privatized company to assist Federal, State and Local governments to recover Life Insurance proceeds on the life of Medicaid recipients who have received benefits from the system. The "Medicaid Recovery" system is designed NOT to add any additional budgetary constraints, costs or labor to existing Federal, State and Local programs. Using the Medicaid Recovery program, it is estimated that over a ten-year period, we will recover over **One Hundred and Twenty- Five Billion Dollars**.

Medicaid – Situation Analysis

Medicaid is a jointly funded Federal, State and Local program designed to make health care more available to the poor. Title 19 of the Social Security Act of 1965 created this program for all fifty states and nine mandates. This is an example of an "Entitlement Program". This means that people receive benefits automatically when they qualify for the program. Eligibility requirements for Medicaid benefits vary from state to state. Each state has been empowered to administer the program based on their established guidelines and within certain required standard Federal guidelines.

Currently the Centers for Medicare and Medicaid Services (CMS) is looking for ways to standardize the program to reduce fraud and abuse and close the gaps in the system. People who qualify for Medicaid Benefits are determined to be below a designated income/asset line. As the population ages, more and more people fall into financial straits based on a number of social, economic influences. As more and more people find the need to qualify as a Medicaid Recipients, the cost of this program has skyrocketed.

The burden of this, as well as many other social programs falls on the **TAXPAYERS** of the United States. The government has little control over the number of participants and can restrain the costs of the program only by fighting eligibility requirements or withdrawing benefits or reducing reimbursements to the health care providers. Both the Medicare and Medicaid Programs are in serious financial difficulty in all states. Medicaid is a very expensive program to administer, especially in the **Elder Managed Care** portion. Most states are having a very difficult time and failing to balance their budgets due in part to Medicaid expenditures.

<u>The Medicaid Recovery Program Overview</u>

The Medicaid Recovery program will help offset the staggering costs ensure that life insurance proceeds are not subject to fraud and abuse, which directly affects every U.S. Taxpayer.

According to the Centers for Medicare and Medicaid Services (CMS) Office of the Actuary,

- National spending on health care has risen to more than $1 Trillion each year and is expected to double to more than $2.2 Trillion by 2008.
- Spending in the Medicaid program has risen from $3.9 Billion in 1968 to more than $178 Billion in 1998.
- Health care costs have risen dramatically for many reasons. One of the largest reasons for these escalating costs is fraud and abuse. (See attached CMS bulletin)

When medical insurance runs out of certain benefits or there is no insurance at all in the face of terminal illness, the Medicaid program is there to assist individuals with medical benefits. Very few of the populous has Long Term Care Insurance to provide the necessary help with impending costs. The process for most people to qualify for Medicaid is known as an asset buy down. This simply means that they must show that they have no assets, subject to a three-year look back period, and are now indigent. Excluded assets vary from state to state. When this has been established and the individual becomes a Medicaid recipient, they are considered a ward of the state. When that individual dies and is a Medicaid recipient, their estate is the state of Connecticut or the state of jurisdiction.

<u>Life Insurance is the only asset we own that is guaranteed by contract.</u>

Life insurance is purchased for a variety of reasons; however the underlying reason is to defray costs to their estates after death occurs. Since the ESTATE of the Medicaid recipient is the State of Connecticut or other state jurisdiction, it only makes sense that the life insurance is assigned ***<u>irrevocably</u>*** to the estate, which in effect is the Medicaid program. (See attached sample assignment form) Using the Medicaid Recovery program, it is estimated that over a ten-year period, we will recover over **One Hundred and Twenty-Five Billion Dollars**.

It is assumed that Medicaid recipients are indigent and that they have no life insurance on their lives, since this is a requirement based on federal guidelines. In many cases a Medicaid recipient will simply transfer ownership of their policy to a third party, normally a family member, and answer the question on the application for eligibility as: NO I DO NOT OWN ANY LIFE INSURANCE. Because of the lack of ***Accountability*** between the ***Medicaid Program*** and the ***Life Insurance Industry***, there are few or no fail-safes in place to monitor whether or not individuals are adhering to the guidelines.

Process Plan

It is the intent of Medicaid Recovery, Inc. to match Medicaid recipients, **electronically**, to all in force life insurance policies within the three-year look back period. These policies will include three categories of policies:

- **Known** or disclosed policies on the application for eligibility
- **Manipulated** policies, which are policies that have been assigned to third parties or not disclosed
- **Orphan** policies. Orphan policies are in force policies held by insurance companies that have been forgotten by the insured over the years.

These policies will be Irrevocably Assigned to the State of Connecticut or state of jurisdiction for the purpose of reimbursing the Medicaid program for services provided to the recipient. Money recovered from life insurance policies will be limited to the amount expended on behalf of the recipient, less Medicaid Recovery, Inc fees. *In the event of excess funds, the balance would be remitted to a secondary beneficiary listed on the policy. A secondary beneficiary would be the Primary beneficiary prior to the irrevocable assignment.*

Conclusion

The Medicaid Recovery program will help offset the staggering costs and will recover over One Hundred Twenty-Five Billion Dollars over a ten-year period. This program is designed NOT to add any additional budgetary constraints, costs or labor to existing Federal, State and Local programs.

This concept has been presented to Congresswomen Nancy L. Johnson of the 6th District. The proposal has received a very favorable response. (See attached correspondence).

Currently we are looking for a potential investor who could bring in the initial start up capital. It is estimated that the company will be profitable in the very first year of operation.

<u>Medicaid Recovery, Inc.</u>

<u>Sample</u>

<u>Irrevocable Assignment of Life Insurance Policies</u>

I_________________, of__________________County, Of the State of ___, hereby irrevocably assign, transfer and set over to Medicaid Recovery, Inc. (hereinafter referred to as MRI), Agent for the State of __, it's successors and assigns, all of the following life insurance policies issued on my life and all claims, options, privileges, rights, titles and interest therein and there under subject to all terms and conditions of said policy (ies).

The undersigned expressly agrees and acknowledges, without detracting from the generality of the foregoing, that the undersigned has <u>IRREVOCABLY</u> waived and cannot exercise any of the following specific rights:

The right to collect from any life insurance company the net proceeds of any of the aforementioned policies on your life when it becomes a death claim.

The right to designate as primary payee of the policy (ies) anyone other than MRI, as agent for the State of __.

The right at any time to surrender the policy (ies) and to receive the surrender value thereof.

The right at any time to obtain a loan or advance on the policy (ies), either from the insurance company (ies) or from other persons, or to pledge or assign the policy (ies) as security for a loan or an advance.

The right at any time to collect or receive distributions or shares of surplus, dividend deposits or additions to the policy (ies).

The right to exercise nonforfeiture rights permitted by the terms of the policy (ies) and to receive benefits and advantages derived there from.

Any attempt **to *hide, conceal or manipulate* any policy (ies) issued on your life during the *Look Back Period* will be considered FRAUD and will punishable under the law.**

Any life insurance company in possession of any in force life insurance contracts on my life is authorized to recognize MRI's claim to rights hereunder as agent for the State of __, without investigating the reason for any action taken by MRI, as agent for the State of __, or the validity or the amount of the liabilities or the existence of any default therein, of the application to be made for the exercise of any rights under the policy (IES) assigned hereby and the sole receipt of MRI, as agent for the State of __, for any sums received shall be full discharge and release therefore to the insurance company. Checks for all or any part of the sums payable under the policy (ies) assigned herein, shall be drawn to the exclusive order of MRI, as agent for the State of __, if when, and in such amounts as may be requested by MRI.

The undersigned acknowledges and understands that he\she has NO right to revoke, cancel or otherwise terminate this assignment and this is a condition of eligibility.

Executed this _________day of ____, 200_,

Signature of Policyholder or Legal Representative

____

Notary Signature and Seal

____

Business Environment: Direction of the Marketplace

Medicaid continues to exert pressure on state budgets

According to a survey released by the National Governors Association (NGA) and the National Association of State Budget Officers (NASBO), nearly half of the states experienced budget shortfalls in fiscal 2003 and 18 states are expecting shortfalls in 2004. All states enacted cost containment measures for fiscal years 2002 through 2005. Yet even with cost containment and current federal relief, 23 states experienced Medicaid shortfalls in fiscal 2003, including New York (1.8 billion), Tennessee ($722.5 million) and California ($722.5 million). As a percentage of total Medicaid spending, the shortfalls ranged from less than one percent to 16.4 percent of program costs, averaging 4.6 percent, according to "The Fiscal Survey of States."

In addition the survey shows that 18 states expect shortfalls in fiscal 2004, including New York ($828 million), Florida ($435 million) and Missouri ($207 million). The combined amount of shortfalls in fiscal 2003 and fiscal 2004 totals nearly $7 BILLION.

States estimates: States estimate their share of Medicaid will grow 4.6 percent in fiscal 2004. Federal spending on the program is expected to grow 11.7 percent. Conversely, states estimate growth rates much higher in fiscal 2005. A 12.1 percent growth in state funds as opposed to 3.9 percent increase in federal funds. This shift in spending is due to the temporary increase in the Federal Medical Assistance Percentage (FMAP) of 2.9 percent that is in effect from April 2003 through June 2004 as part of the federal fiscal relief package.
The temporary change in the matching rate provided $10 billion in fiscal relief to states during fiscal 2003 and fiscal 2004. States have used the funds in a variety of ways to assist in Medicaid programs. About three-fourths of the states used them to avoid, minimize, or postpone Medicaid cost containment measures and\or to resolve a shortfall in the Medicaid budget. According to the report, Medicaid expenditures make up 21 percent of all state spending, while spending on health care functions constitutes about 30 percent of state spending. Additionally, Medicaid costs are expected to continue to outstrip growth in state revenues into the future, growing between eight percent and nine percent each year.

Source: CCH Washington Bureau, May 4, 2004

The Implementation Plan

The utilization of the funds raised from investors will be used in the following areas:

To establish proprietary security, we will need to engage the services of an Intellectual Properties Attorney to make absolutely sure that we maintain ownership of the software and all future enhancements. This will limit any competition and insure a future exit strategy.

We will need to engage Attorneys to draft the **Direct Servicing Agreements** between Medicaid Recovery, Inc. and Federal and State governments. These agreements will spell out the terms, responsibilities of the parties and fee schedules.

Software Development, testing, implementation and maintained. We need to develop the connection between the state Medicaid computers and Medicaid Recovery, Inc.'s computer. We need to develop an accurate administration program for maintaining records and generating reports. This may be readily available without any development. We must establish the connection between Medicaid Recovery, Inc. and the insurance companies to identify the various policy scenarios.

We will need to purchase or lease hardware to drive the software programs. While the system can be a virtual office, we will need to have central office space and staffing, which will result in payrolls.

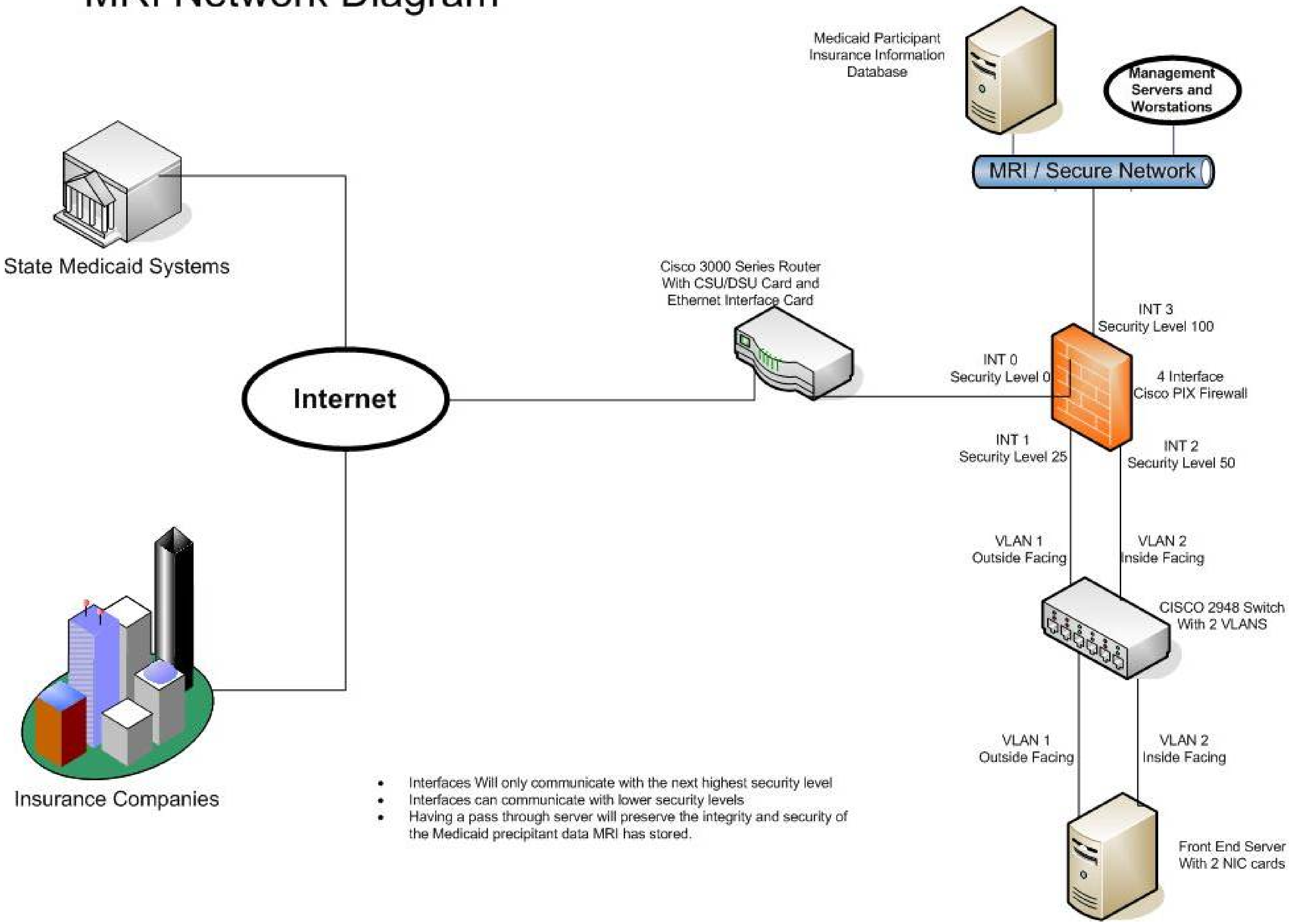
Exit Strategy

We envision the company growing at a tremendous rate in the next 8-10 years. The operating plan is scalable and can handle this kind of rapid expansion.

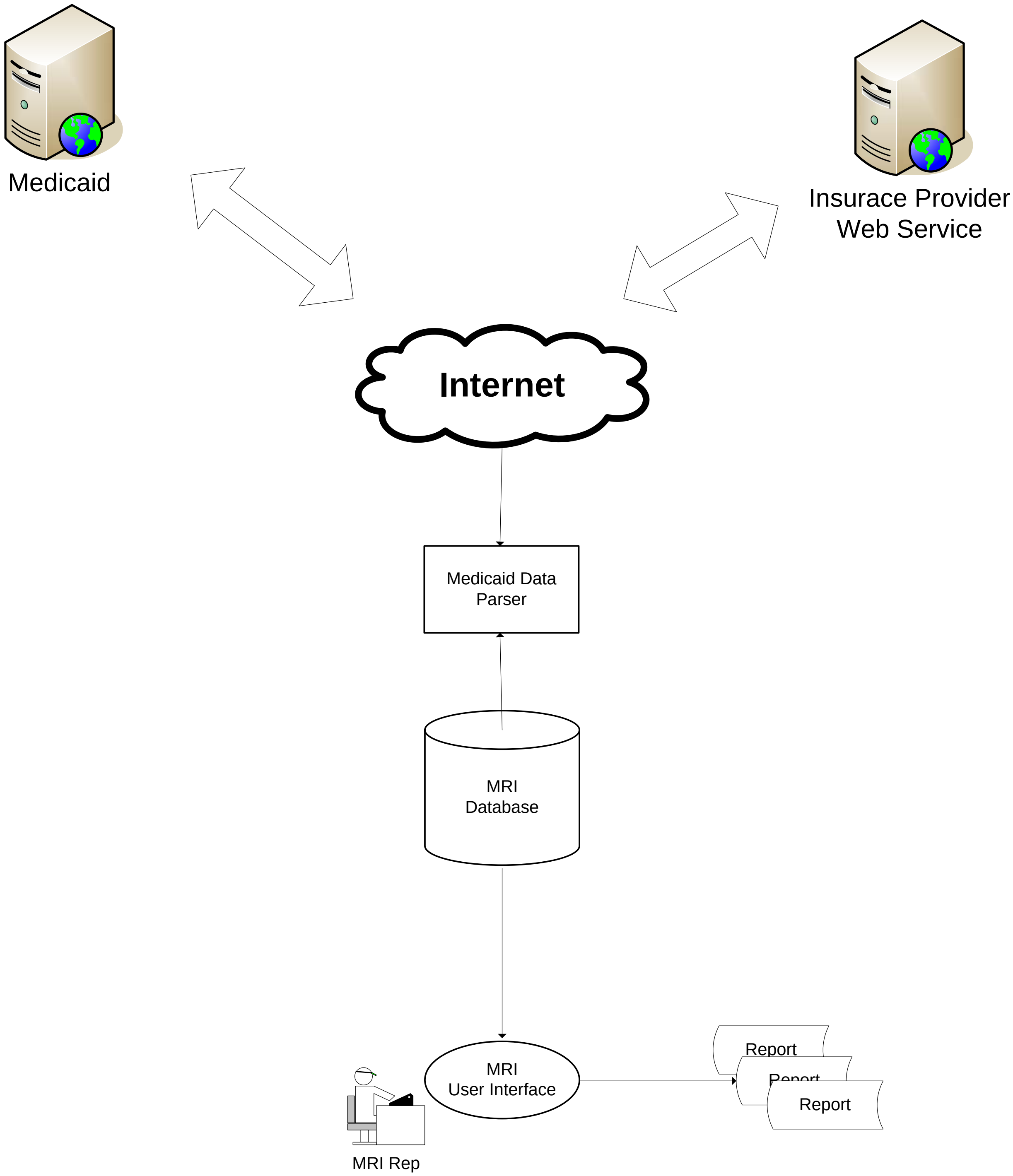
When the “Medicaid Recovery System” has been successfully implemented in at least 25 states and appropriate mandates, the following scenarios are envisioned.

a. Preferred exit strategy is to take the company public and bring in experienced Management team to handle the business operations.
b. Affiliate with a financial institution or insurance company to operate the program. This would result in a buyout of the business.
c. Lease back the software to the individual states on a licensing agreement.

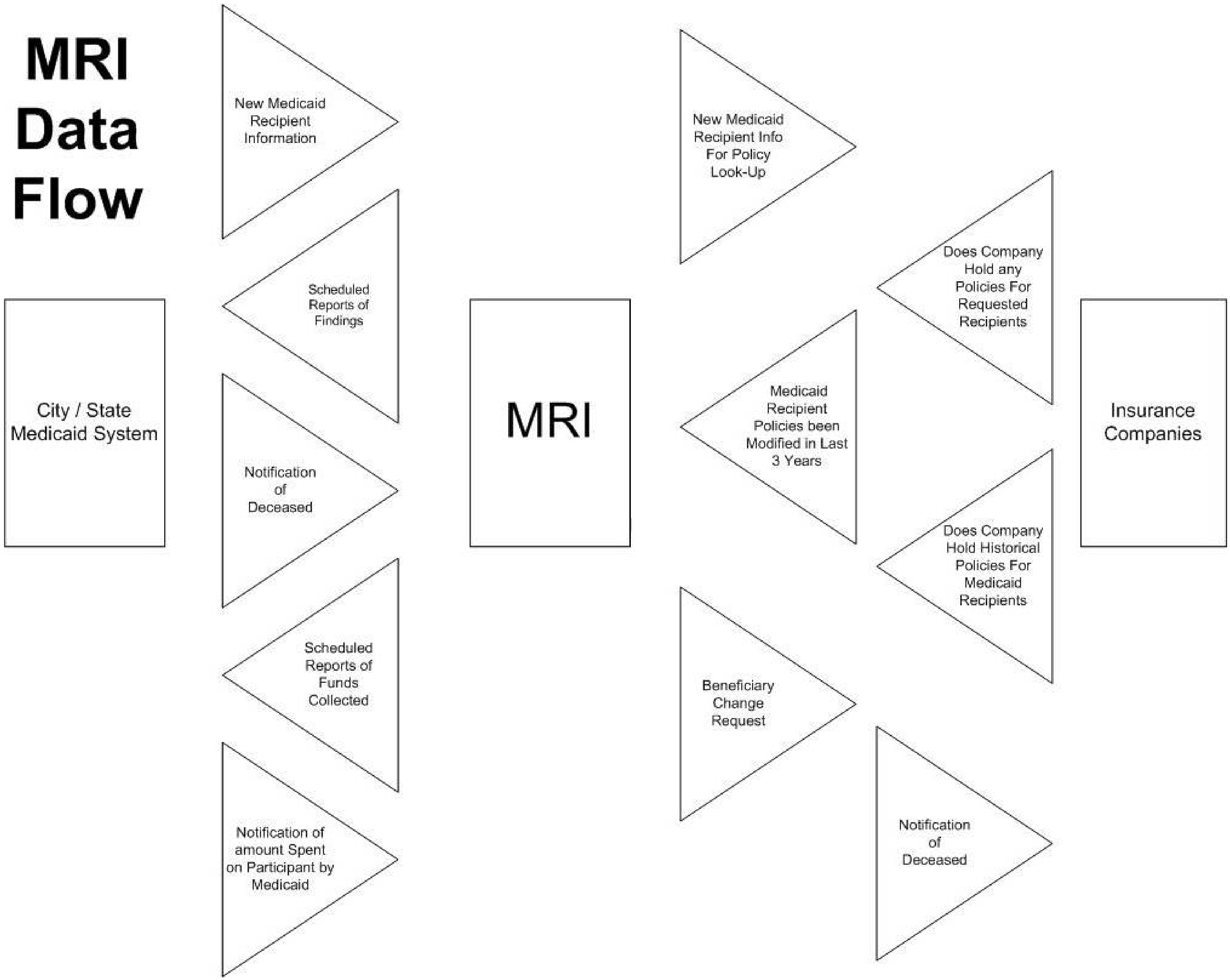
MRI Network Diagram



- Interfaces Will only communicate with the next highest security level
- Interfaces can communicate with lower security levels
- Having a pass through server will preserve the integrity and security of the Medicaid precipitant data MRI has stored.


Medicaid
Insurace Provider
Web Service
Internet
Medicaid Data
Parser
MRI
Database
MRI
User Interface
MRI Rep
Report
Report
Report

MRI Data Flow



What's in it For Medicaid?

- Offset the Staggering Costs of the current Medicaid program.
- Help reduce Fraud and Abuse
- Will help maintain the quality of care that the Medicaid recipient is entitled to.
- Relives the Burden put on Tax Dollars by the Medicaid Program.
- All this with no cost to the Government

Medicaid for Millionaires

Medicaid was established in 1965 with the worthy aim of providing medical care for the poor; it was never intended as a middle-class entitlement or as inheritance protection for the children of well-off seniors. Yet the latter is precisely what has happened—to the point that sheltering assets and income to qualify for Medicaid is now as routine as writing a will.

If you don't believe us, Google "Medicaid estate planning" on the Web and see what pops up. There's a whole "elderlaw" industry out there dedicated to the children of seniors who want to make sure that other taxpayers, not they, pay for nursing-home care via Medicaid should mom or dad ever need it. As one advertiser puts it, "You can qualify for Medicaid while preserving most assets & savings!"

Such "asset-shifting" may be morally questionable, but in most cases it is entirely legal. Anyone can give away most of his assets and three years later become eligible for Medicaid with no questions asked. Or, since a home, business and car of unlimited value are excluded from the calculation of assets, someone who wishes to qualify for Medicaid may shield his money by remodeling his house, investing in the family business, or purchasing expensive cars that he then gives away to family members (the notorious "two Mercedes rule"). Term life insurance—also of unlimited value—is excluded as well.

Medicaid "planners" often counsel well-to-do clients to save enough money to pay for a year of care at a private, high-quality nursing home, which under federal law can't kick you out if you then switch over to Medicaid. As Stephen Moses of the Center for Long-Term Care Financing points out, "Poor people don't have key money, so they end up in the least desirable 100%-Medicaid facilities, while the lawyers' clients occupy the scarcer Medicaid beds in nicer nursing homes." About 70% of nursing-home patients are on Medicaid.

Congress has periodically tried to clamp down on abuses but usually ends up making things worse. In 1993 it passed a law requiring states to recover the cost of benefits from the estates of deceased recipients (or from the estates of the spouses they pre-decease). This bombed, as most states make only half-hearted efforts to recover Medicaid costs. In 2002, state Medicaid programs spent $46.5 billion on nursing home care but recovered a measly $350 million from estates.

An excellent way to keep seniors off Medicaid would be to encourage more to buy their own long-term care insurance. The Department of Health and Human Services was experimenting with a "Partnership" program to do just that in the early 1990s, only to be shut down by Congressman Henry Waxman (D., Calif.).

Under the Partnership program, a consumer who purchases, say, $100,000 in long-term care insurance can exempt that sum before drawing down the rest of his assets and, if necessary, going on Medicaid. Not only does this give the senior a guaranteed amount of money to preserve for his heirs, the insurance payouts give him the freedom to purchase the long-term care of his choice. If he wishes to use the money for home care, he can do so.

The four states that had already implemented Partnerships before Mr. Waxman imposed a ban—New York, Connecticut, Indiana and California—were permitted to proceed and 13 years later their experience suggests that incentives work. According to Michael O'Grady, an assistant secretary at HHS, 180,000 insurance policies have been sold (a faster rate than in non-Partnership states), 2,000 policyholders have received insurance payments, yet only 86 people have gone on Medicaid.

Long-term Care Partnerships are an even better idea now that baby boomers are approaching retirement and every state is looking for ways to slow the growth in Medicaid spending. As part of its proposed reforms, the Bush Administration wants Congress to lift the Waxman ban. Mr. Waxman's office says he remains skeptical, which is not surprising since he is renowned for using his power to make more Americans dependent on government. Many liberals actually want more of the middle class to get hooked on Medicaid because it helps them build support for higher taxes.

Who Pays?

Nursing-home costs are increasingly borne by Medicaid.

	1968	2001
Medicaid	23.7%	47.5%
Out of Pocket	55.9	27.8
Other*	12.3	13.6
Medicare	8.2	11.7
Total	$2.9 billion	$98.9 billion

* In 2001 other expenditures included private health insurance and Veterans Administration spending. In 1968, they were mostly spending by federal, state and local governments.

Source: Centers for Medicare & Medicaid Services

The Administration also wants Congress to update the look-back law, so that the three-year grace period for giving away assets doesn't begin until a senior enters a nursing home or goes on Medicaid. Other measures worth considering include eliminating the home exemption, and requiring seniors who need long-term care to take out reverse mortgages (borrowing against the value of their home) to pay for it.

Ohio is considering a proposal under which the state would claim title to a senior's assets, giving him a zero-interest loan against Medicaid benefits until he is deceased and the assets are used to offset the costs incurred by the state for his care. Seniors who choose cheaper care options would get to keep more assets. This is "the most aggressive effort to control long-term care costs anywhere in the nation," says John Goodman of the National Center for Policy Analysis.

Long-term care accounts for about one-third of federal and state expenditures on Medicaid, to the tune of $100 billion this year. It is the biggest driver of skyrocketing Medicaid costs that are bankrupting many states and localities. Medicaid was created 40 years ago to care for the needy. The rest of us have an obligation to pay for our own care—or to protect our wealth with private insurance.

The New York Times
nytimes.com

July 9, 2005

Medicaid Commission Formed to Tame Program's Growth

By ROBERT PEAR

WASHINGTON, July 8 - The Bush administration named a commission on Friday to find ways to rein in the rapid growth of Medicaid, and it said the panel would be headed by a former governor of Tennessee, where the program has been plagued with fiscal problems for a decade.

The chairman of the new Medicaid Commission, Don Sundquist, a Republican, was governor from 1995 to 2003 and was a Tennessee congressman for 12 years before that. A former governor of Maine, Angus King, an independent, was named vice chairman.

The administration gave the panel eight weeks, until Sept. 1, to come up with recommendations on how to trim Medicaid to "achieve $10 billion in reductions in spending growth during the next five years." In its final report, due at the end of December 2006, the panel is to recommend sweeping changes in Medicaid, possibly including changes in eligibility and benefits, to make the program financially sustainable in the long run.

The administration has been urging Congress to give the states more latitude in deciding who gets benefits and how generous the coverage should be. Critics assert that such an approach would shred the safety net of comprehensive coverage that millions of low-income Americans now count on.

Medicaid insures more than 50 million people, including many children and nursing home residents. The program's cost, which exceeds $320 billion a year, is shared by the federal governments and the states.

In a telephone interview, Mr. Sundquist said, "We are trying to come together in a bipartisan effort to improve Medicaid, not destroy it."

Michael O. Leavitt, secretary of health and human services, named 11 other people to serve as voting members of the panel. They include:

Nancy V. Atkins, the Medicaid director of West Virginia, who is chairwoman of the National Association of State Medicaid Directors; Melanie M. Bella, a former Medicaid director in Indiana; Robert B. Helms, director of health policy studies at the American Enterprise Institute; S. Anthony McCann, secretary of health and mental hygiene in Maryland; and Grace-Marie Turner, president of the Galen Institute, a research center that advocates health policies based on free market principles.

Ms. Turner recently described Medicaid as a "wasteful, dysfunctional program." In an interview Friday, she said: "Medicaid pays doctors so little that most doctors cannot afford to see many Medicaid patients. So people wind up going to hospital emergency rooms, where care is much more expensive."

The voting members of the panel also include three current or former Bush administration officials.

Democrats said they were disappointed in Mr. Leavitt's selections. Representative Henry A. Waxman of California, who has written much of the current Medicaid law, said, "Today's announcement confirms that the purpose of the commission is to rubber-stamp the administration's failed Medicaid policies."

Mr. Sundquist's view of Medicaid is shaped by his experience with TennCare, which was formerly one of the nation's most generous Medicaid programs. Under a federal waiver granted in 1993, Tennessee covered many people who would not otherwise have been eligible for Medicaid. In his second term, Mr. Sundquist made several decisions that allowed costs to spin out of control, and the state legislature rejected his proposal for a state income tax.

In 2002, Mr. Sundquist's administration removed nearly 200,000 people from the Medicaid rolls. A federal judge found that the state had not accurately determined who was eligible for benefits. The judge then ordered a review that enabled 50,000 people to regain coverage.

Mr. Leavitt named 15 nonvoting members of the commission who will provide advice.

DeNARDIS, Lawrence Joseph, 1938-

DeNARDIS, Lawrence Joseph, a Representative from Connecticut; born in New Haven, Conn., March 18, 1938; attended the public schools; B.A., Holy Cross College, Worcester, Mass., 1960; M.A., New York University, 1964 and Ph.D., 1968; served in the United States Naval Reserve, lieutenant, 1960-1963; associate professor, Albertus Magnus College, New Haven, Conn., 1964-1979; President, Connecticut Conference of Independent Colleges, 1979-1980; served in the Connecticut State senate, 1970-1979; delegate, Connecticut State Republican conventions, 1966-1982; delegate, Republican National Conventions, 1976 and 1980; elected as a Republican to the Ninety-seventh Congress (January 3, 1981-January 3, 1983); unsuccessful candidate for reelection in 1982 to the Ninety-eighth Congress and for election in 1984 to the Ninety-ninth Congress; visiting professor of government, Connecticut College, New London, 1983-1984; assistant secretary, Department of Health and Human Services, 1985-1987; guest scholar, Woodrow Wilson International Center, Washington, D.C., 1987; resident of Hamden, Conn., and Washington, D.C.

UNIVERSITY OF
NEW HAVEN

Office of the President

Lawrence J. DeNardis, Ph.D.
President Emeritus

October 21, 2004

Mr. Marc S. Ryan
Secretary
Office of Policy and Management
State of Connecticut
450 Capitol Avenue, MS#55SEC
Hartford, CT 06134-1441

Dear Marc:

Congratulations on your new position in the healthcare field in Florida. I am very pleased for you, as are your friends at the University of New Haven.

You have done a superb job as the State's Chief Budget Officer by all accounts. Your accomplishments, particularly in the wake of extremely difficult challenges, have been extraordinary.

I think you will find the enclosed report - *Business Plan for Medicaid Recovery* - to be of great interest. It was prepared by Terry Gilbert (45 Park Terrace, West Haven, CT, telephone # 203/934-4678) and others experienced in the insurance industry. It contends that there is a potential to recover over $1.6 billion (over 10 years) in insurance premiums from Medicaid recipients in Connecticut if they are required to transfer ownership of their policies to the State upon eligibility for our Medicaid program (the report indicates that $128 billion over 10 years can be recovered nationally). I believe this can be required by Connecticut without Federal approval, or worse case, with a waiver from HHS.

If this is feasible, it would help with the biennial budget you are now preparing and could be a significant factor in the following years.

Let me make it clear that I have no involvement with this group/proposal other than to pass this study on to you for review by you and your staff.

Best wishes,

Lawrence J. DeNardis
President Emeritus

Enclosure
Copy – Terry Gilbert

www.newhaven.edu 300 Orange Avenue • West Haven, Connecticut, USA 06516-1999

...DISTRICT, CONNECTICUT

...E ON WAYS AND MEANS
SUBCOMMITTEE:
...UMAN RESOURCES
CHAIRMAN
HEALTH

Congress of the United States
House of Representatives
Washington, DC 20515–0706

WASHINGTON, DC 20515–0706
TELEPHONE: (202) ...-4470

NEW BRITAIN OFFICE:
480 MYRTLE STREET—SUITE 200
NEW BRITAIN, CT 06052
TELEPHONE: (860) 223-8412

April 9, 2002

Mr. Terry Gilbert
156 Forest Street
Hamden CT 06518

Dear Terry:

I want to give you an update on your proposal regarding the assignment of life insurance policies by Medicaid beneficiaries.

Since we spoke, I had my staff follow up to determine how extensive are the legislative changes needed to put this program in place. This is not within the jurisdiction of my Ways and Means Subcommittee on Health, so I spoke with Chairman Tauzin of the Energy and Commerce Committee. I am having my staff work with his Medicaid staff to develop your idea. A copy of my letter to him is enclosed.

Thank you once again for bringing this to my attention. I believe it is an excellent source of additional revenue for state Medicaid programs.

Very truly yours,

Nancy

Nancy L. Johnson
Member of Congress

I'll keep on this, Terry. Thanks for your help.

NANCY L. JOHNSON
5TH DISTRICT, CONNECTICUT

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEES:
HUMAN RESOURCES
CHAIRMAN
HEALTH

Congress of the United States
House of Representatives
Washington, DC 20515–0706

WASHINGTON OFFICE:
2113 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0706
TELEPHONE: (202) 225-4476

NEW BRITAIN OFFICE:
480 MYRTLE STREET—SUITE 200
NEW BRITAIN, CT 06053
TELEPHONE: (860) 223-8412

April 5, 2002

The Honorable Billy Tauzin
Chairman
Committee on Energy and Commerce
2125 Rayburn
Washington DC 20515

Dear Billy:

I am following up on the proposal you and I discussed that would help states recoup some of their Medicaid costs. One of my constituents alerted me to the fact that many seniors who apply for Medicaid sell their life insurance policies for cash surrender value–which is well below face value–in order to meet program income and asset requirements. We should instead allow states to take an assignment of the policies and collect the proceeds to defray the costs of medical care received by the Medicaid recipient while eligible for benefits.

I urge you to explore this approach as a way for states to offset skyrocketing Medicaid expenditures, particularly those for long-term care. I would like to work with you as lead on this proposal and would like to be an original co-sponsor of any legislation needed to eliminate the programmatic barriers that are outlined in the attached letter from HCFA (now CMS). I have also included correspondence from the Connecticut Medicaid agency that reflects their approval of and willingness to adopt this approach, as well as correspondence from my constituent who has worked on this issue for many years and brings tremendous experience to the matter.

I am aware that there are many issues to be resolved before this change can become effective, which is one of the reasons I want to work with your Committee and rely on your expertise. Susan Christensen on my staff is available and would like to work closely with your staff on this issue.

I look forward to working with you on this and other ways we can provide relief to states that are strapped for funds to meet their Medicaid obligations.

Very truly yours,

Nancy

Nancy L. Johnson
Member of Congress

faxed to sub 8-22
to NJ 8-22

ONE HUNDRED SEVENTH CONGRESS

U.S. House of Representatives

Committee on Energy and Commerce

Washington, DC 20515–6115

W.J. "BILLY" TAUZIN, LOUISIANA,
CHAIRMAN

AUG 22 2002

August 16, 2002

The Honorable Nancy L. Johnson
Member of Congress
United States House of Representatives
2113 Rayburn House Office Bldg.
Washington, DC 20515

Dear Chairwoman Johnson:

Thank you for your recent letter relating to the assignment of life insurance policies to states to help them defray the costs of providing medical care to Medicaid recipients.

I have instructed my staff to follow with the appropriate personnel at the Centers for Medicare and Medicaid Services (CMS) to review the issue and the proposal described in your letter. The Energy & Commerce Committee is already planning to pursue several different Medicaid initiatives in the fall, including exploring the utilization of funds to pay for Disproportionate Share Hospitals, the use of Medicaid waivers and reforming how Medicaid pays for prescription drugs.

As you know, many states are presently encountering significant difficulties in fully funding their Medicaid programs. The proposal described in your letter holds the potential to significantly assist these states with their budgetary issues. Upon completion of the review of the proposal, we will follow up with you and your staff to further discuss what might be done on this proposal this year.

Thank you again for sharing this information with me and I will look forward to working with you on this issue.

Sincerely,

Billy Tauzin

W.J. "Billy" Tauzin
Chairman

Connecticut Department of Social Services
Replacing welfare with work.

JOHN G. ROWLAND
Governor

MICHAEL P. STARKOWSKI
Deputy Commissioner

(860) 424-5053 1-800-842-4524 TDD/TYY FAX (860) 424-5057

January 3, 2002

Terrance R. Gilbert, Jr.
Internment Funding Group, Inc.
Sturbridge Commons
Franklin House
250 State Street
North Haven, CT 06473

Dear Mr. Gilbert:

I have been asked by Commissioner Wilson-Coker to respond to your letter dated December 10, 2001 regarding your proposal with respect to Life Insurance and Medicaid (attached).

David Parrella, Director of Medical Care Administration, and Marcus Tilton, Manager of Third Party Liability, did discuss your proposal with Thomas Hamilton at the Center for Medicare and Medicaid Services. We were informed that an 1115 waiver would not be an appropriate vehicle to make such a radical change in policy and that a change in the Social Security Act would be required.

Mr. Hamilton did indicate an interest in pursuing a statutory change and requested additional data from the department to support the estimated savings associated with this policy change. To date we have been unable to provide Mr. Hamilton with the data that he is seeking. If you have any additional information to support the proposal that could be useful, please forward it to Marcus Tilton at this address.

Sincerely,

Michael P. Starkowski
Deputy Commissioner

MPS:dp
Attachment

STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

Patricia A. Wilson-Coker, JD, MSW
COMMISSIONER

TELEPHONE
(860) 424-5008

TDD/TTY
1-800-842-4524

FAX
(860) 424-5129

October 29, 1999

Mr. Terrance R. Gilbert, Jr.
250 State Street
North Haven, CT 06473

Dear Mr. Gilbert:

I am writing in response to your letter of August 29, 1999 to Congresswoman DeLauro concerning the assignment of life insurance policies to the State.

Until the mid 1980's, our department required that individuals aged 65 and over designate their estate as the beneficiary of their life insurance policies. The State was able to recover Medicaid benefits paid on behalf of such individuals because we had a claim against the estate of a Medicaid beneficiary.

However, the Health Care Financing Administration (HCFA) notified us that this practice was contrary to federal law because it imposed additional conditions on Medicaid eligibility. For the same reason, HCFA also required that we stop assigning assets such as insurance policies as a condition of Medicaid eligibility.

Although the Department does like your idea and agrees that it would generate a significant amount of recovery revenues for the State, we do not wish to incur the sanctions that would result due to our failure to comply with federal law.

If there is a change in federal law allowing the practices that you suggest (and that we formerly utilized), we would be happy to meet with you to discuss your ideas in detail.

Sincerely,

Patricia A. Wilson-Coker
Commissioner

PAWC: raa
pc: Jocelyne Watrous
Congresswoman Rosa DeLauro

Confidential

November 4, 2002

Robert W. Fiondella, Chm. & C.E.O.
The Phoenix Companies, Inc.
One American Row
Hartford, CT 06102

Re: Medicaid Recovery

Dear Bob,

I and my associates would like to thank you for taking time out of your valuable schedule to meet with us to discuss our proposal for Medicaid Recovery. We would also like to thank you for providing lunch.

I was very happy to hear of your positive reaction to the proposed cost savings to the Medicaid System utilizing in force life insurance as a means of reducing the overwhelming financial burden of Medicaid. The proposals win, win effect on the insurance industry, the federal and state budgets, the tax payers of the United States and most importantly the Medicaid recipient is a very basic approach. In brief, the simple changes needed for the improvement in Medicaid's long term asset management, will result in BILLIONS of dollars in recovery.

Hopefully you will have given some serious thought to the suggestion of your involvement in helping bring this concept to reality. We have, as a result of your input, contacted Mr. Dave Schupp of Schupp & Grochmal for possible funding and are in the process of scheduling a meeting in the near future. I will inform you of its happening.

Again thank you and I hope to be in touch very soon.

Sincerely,

Terrance R. Gilbert Jr.

Financials

Ten Year Projected Benefits Recovered

National

Connecticut