

Draft: March 7, 2018

New model [Limited Long -Term Care Insurance Model Act]

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endorsement delivered to the insured by a health, hospital, or medical service corporation, fraternal benefit society, or any similar organization.

Drafting Note: This Act is intended to apply to the specified group and individual policies, contracts, and certificates whether issued by insurers; fraternal benefit societies; nonprofit health, hospital, and medical service corporations; health plans; health maintenance organizations or any similar organization. In order to include such organizations, each state should identify them in accordance with its statutory terminology or by specific statutory citation. Depending on the state's insurance department jurisdiction and other factors, separate legislation may be required. In any event, the legislation should provide that the particular terminology used by these plans and organizations may be substituted for, or added to, the following terms: FRUUHVSRRQLQJ WHUPV XVHG LQ WKLV \$FW 7KH WHUP "UHJXODWLRQV" UHOHV DV PD\ EH DSSURSULDWH XQGHU VWDWH ODZ

7KH GHILQHQFH of "limited long-term care" shall allow a maximum flexibility in the design of a limited long-term care insurance policy are met. The Act is intended to permit limited long-term care insurance policies to cover

- (1) Be cancelled, ~~nonrenewed~~ or otherwise terminated on the grounds of the age, gender or the deterioration of the mental or physical health of the insured individual or certificate holder;
- (2) Contain a provision establishing a new waiting period in the event existing coverage is converted to or replaced by a new or other form within the same company, except with respect to an increase in benefits voluntarily selected by the insured individual or ~~policy~~holder; or
- (3) Provide coverage for skilled nursing care only or provide significantly more coverage for skilled care in a facility than coverage for lower levels of care.

B. Preexisting condition.

- (1) No ~~short-term~~ limited long-term care insurance policy or certificate other than a policy or certificate thereunder issued to a group as defined in Section 4E(1) shall use a definition of ³ SUHH [LVWLQJ FRQGLWLRQ´ WKDW LPredixing condition means FAWLYH condition for which medical advice or treatment was recommended by, or received from a provider of health care services, within six (6) months preceding the effective date of coverage of an insured person.
- (2) No ~~short-term~~ limited long-term care insurance policy or certificate other than a policy or certificate thereunder issued to a group as defined in Section 4E(1) may exclude coverage for a loss or confinement that is the result of a preexisting condition unless the loss or confinement begins within six (6) months following the effective date of coverage of an insured person.
- (3) The commissioner may extend the limitation periods set forth in Sections 6C(1) and (2) above as to specific age group categories in specific policy forms ~~up to~~ ^{provided} that the extension is in the best interest of the public.
- (4) ^{7 KH GHILQLWLRQ RI 3 SUHH [LVWLQJ FRQGLWLRQ´ GRHV QRW} form designed to elicit the complete health history of an applicant, and, on the ~~basis of~~ ^{RQ WKDW DSSOLFDWLRQ IURP XQGHUZULWLQJ LQ DFFRUG} standards. Unless otherwise provided in the policy or certificate, a preexisting condition, regardless of whether it is disclosed on the ~~application~~ ^{application} need not be covered until the waiting period described in Section 6C(2) expires. ~~Short-term~~ limited long-term care insurance policy or certificate may exclude or use waivers or riders of any kind to exclude, limit or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions beyond the waiting period described in Section 6C(2).

C. Prior hospitalization/institutionalization.

- (1) No ~~short-term~~ limited long-term care insurance policy may be delivered ~~issued~~ for delivery in this state if the policy:
 - (a) Conditions eligibility for any benefits on a prior hospitalization requirement;
 - (b) Conditions eligibility for benefits provided in an institutional care setting on the receipt of a higher level of ~~institutional~~ care; or
 - (c) Conditions eligibility for any benefits other than waiver of premium, ~~post~~ confinement, postacute care or recuperative benefits on a prior institutionalization requirement.
- (2) A ~~short-term~~ limited long-term care insurance policy or rider shall not condition eligibility for non-institutional benefits on the prior or continuing receipt of skilled care services.

D. The commissioner may adopt regulations establishing loss ratio standards for limited long-term care insurance policies provided that a specific reference to limited long-term care insurance policies is contained in the regulation.

E. Right of Return

(1) Short-term limited long-term care insurance applicants shall have the right to return the policy, certificate or rider to the company or an agent/insurance producer of the company within thirty (30) days of its receipt and to have the premium refunded if, after examination of the policy, certificate or rider, the applicant is not satisfied for any reason.

(2) Short-term limited long-term care insurance policies, certificates and riders shall have a notice prominently printed on the first page or attached thereto including specific instructions to accomplish a return. This requirement shall not apply to certificates issued pursuant to a policy issued to a group defined in Section 4E(1) of this Act. The following language or language substantially similar shall be included:

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it to the company if you decide not to keep it. You do not have to tell the company why you are returning it. If you decide not to keep it, simply return it to the company at its administrative office. Or you may return it to the agent/insurance producer that you bought it from. You must return it within 30 days of the day you first received it. The company will refund the full amount of any premium paid within 30 days after it receives the returned policy, certificate or rider. The premium refund will be sent directly to the person who paid it. The policy, certificate or rider will
EH YRLG DV LI LW KDG QHYHU EHHQ LVVXHG

F. Outline of Coverage

(1) An outline of coverage shall be delivered to a prospective applicant for short-term limited long-term care insurance at the time of initial solicitation through means that prominently direct the attention of the recipient to the document and its purpose.

(a) The commissioner shall prescribe a standard format, including style, arrangement and overall appearance, and the content of an outline of coverage.

(b) In the case of agent solicitations, an agent shall deliver the outline of coverage prior to the presentation of an application or enrollment form.

(c) In the case of direct response solicitations, the outline of coverage shall be presented in conjunction with any application or enrollment form.

(d) In the case of a policy issued to a group defined in Section 4E(1) of this Act, an outline of coverage shall not be required to be delivered, provided that information described in Section 6F(2)(a) through (h) is contained in other materials relating to enrollment. Upon request, these other materials shall be made available to the commissioner.

Drafting Note: States may wish to review specific filing requirements as they pertain to the outline of coverage and these other materials.

(2) The outline of coverage shall include:

(a) A description of the principal benefits and coverage provided under the policy;

(b) A description of the eligibility triggers for benefits and how those triggers are met;

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insurer may rescind ~~short-term~~ limited long-term care insurance policy or certificate or deny an otherwise valid ~~short-term~~ limited long-term care insurance claim upon a showing of misrepresentation that is both material to the acceptance for coverage ~~age~~

training as set forth in Subsection B.

- (4) The training requirements of Subsection B may be approved as continuing education courses under [insert reference to applicable state law or regulation].

B. (1) The training required by Subsection A shall be no less than:

- i. An additional one (1) hour of ~~one~~ ~~time~~ training for an individual who has completed the required training for ~~long~~ ~~term~~ care insurance.
- ii. completion of four (4) hours of ~~one~~ ~~time~~ training for an individual who does not sell longterm care insurance.
- iii. and ongoing training of four (4) hours every 24 months for an individual that does not sell long termcare insurance , or an additional one (1) hour every 24 months for an individual who has completed the ongoing training requirement for long term care.

- (2) The training required under Paragraph (1) shall consist of topics related to similarities and differences between ~~long~~ ~~term~~ care and ~~short~~ ~~term~~ ~~limited~~ ~~long~~ ~~term~~ care insurance, and topics related to longterm care services and providers. Training materials shall include:

- (a) State and federal regulations and requirements and the relationship between qualified state ~~long~~ ~~term~~ care insurance Partnership programs and other public and private coverage of ~~long~~ ~~term~~ care services, including ~~Medicaid~~;
- (b) Alternatives to the purchase of private ~~short~~ ~~term~~ ~~limited~~ ~~long~~ ~~term~~ care insurance;
- (c) The effect of inflation on benefits and the importance of inflation protection; and
- (d) Consumer suitability standards and guidelines.

- (3) The training required by this Section shall not include training that is insurer or company product

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Drafting Note: Each state should examine its statutory authority to promulgate regulations and revise this section accordingly so that sufficient rulemaking authority is present and that unnecessary duplication of unfair practice provisions does not occur.

The commissioner may adopt regulations regarding standards for full and fair disclosure that set forth the manner, content and required disclosures. Such disclosures may include but