

MAINE STATE LEGISLATURE

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(After Deadline)
SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 2490

S.P. 943 In Senate, March 9, 1988
Approved for Introduction by a Majority of the Legislative
Council pursuant to Joint Rule 27.

Reference to the Committee on Banking and Insurance
suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate

Presented by President PRAY of Penobscot.

Cosponsored by Representative CASHMAN of Old Town, Senator
BUSTIN of Kennebec, Senator DOW of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-EIGHT

AN ACT to Improve Services for Maine's
Elderly.

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4 Be it enacted by the People of the State of Maine as
5 follows:

6 Sec. 1. 24-A MRSA §5051, sub-§1, as enacted by
7 PL 1985, c. 648, §12, is amended to read:

8 1. Long-term care policy. "Long-term care

1 policy" means a group or individual policy of health
2 insurance or a subscriber contract of a nonprofit
3 hospital or medical service organization or nonprofit
4 health care plan which is advertised, marketed or
5 designed primarily to provide coverage or services for
6 chronic or terminally ill care in either institutional
7 or community based settings, and which provides
8 benefits for a period of not less than 12 months for
9 each person covered under the policy, on an expense
10 incurred, indemnity or annuity basis, or combination
11 of these, for necessary diagnostic, preventive,
12 therapeutic, rehabilitative or custodial services, as
13 defined by rules adopted by the superintendent under
14 this chapter, in or by a duly licensed home health
15 care provider, intermediate nursing facility or
16 nursing care facility. That term does not include:

17 A. A policy or contract defined as Medicare
18 supplement insurance pursuant to chapter 67;

19 B. A policy or contract issued to one or more
20 employers or labor organizations or of the
21 trustees of a fund established by one or more
22 employers or labor organizations, or combination
23 of both, or for members or former members, or
24 combination of both, of the labor organizations;

25 C. A policy or contract issued to any
26 professional, trade or occupational association
27 for its members, former members or retired members
28 or combination of all members, if the association:

29 (1) Is composed of individuals all of whom
30 are actively engaged in the same profession,
31 trade or occupation;

32 (2) Has been maintained in good faith for
33 purposes other than obtaining insurance; and

34 (3) Has been in existence for at least 2
35 years prior to the date of its initial
36 offering of the policy or plan to its
37 members; and

38 D. Individual policies or contracts issued

1 pursuant to a conversion privilege under a policy
2 or contract of group or individual insurance when
3 that group or individual policy or contract
4 includes provisions which are inconsistent with
5 the requirements of this chapter.

6 Sec. 2. 24-A MRSA §5051, sub-§1-A is enacted to
7 read:

8 1-A. Home health care provider. "Home health
9 care provider" has the same meaning as set out in
10 section 2745, subsection 3.

11 Sec. 3. 24-A MRSA §§5054 and 5055 are enacted
12 to read:

13 §5054. Incentives for insurance companies and
14 consumers

15 1. Reduced premiums tax. Any insurance company
16 choosing to offer an insurance policy for long-term
17 care, which policy is certified by the superintendent
18 as complying with this chapter, shall qualify for the
19 reduced premiums tax on premiums collected or
20 contracted for under Title 36, section 2513.

21 2. Income tax deduction. Any person paying
22 premiums for an insurance policy for long-term care,
23 which policy is certified by the superintendent as
24 complying with this chapter, shall qualify for the
25 income tax deduction provided for in Title 36, section
26 5122.

27 §5055. Form and content of policy

28 1. Examination by superintendent; report. Within
29 a reasonable time of being asked by an insurance
30 company offering a policy for long-term care, the
31 superintendent shall examine the policy to determine
32 compliance with this chapter and issue a written
33 opinion stating the results of the examination. In
34 addition to examining for any other requirements for
35 certification under this chapter, the superintendent
36 shall examine each insurance policy which the
37 superintendent is asked to certify as complying with

1 this chapter to determine whether or not that policy
2 is a group or individual insurance policy which
3 provides benefits for a period of not less than 12
4 months for each person covered under the policy, on an
5 expense incurred, indemnity or annuity basis, or
6 combination of these, for necessary diagnostic,
7 preventive, therapeutic, rehabilitative or custodial
8 services, as defined by regulations adopted by the
9 superintendent under this chapter, in or by a duly
10 licensed home health agency, intermediate nursing
11 facility or nursing care facility. The superintendent
12 shall report the results of the examination as
13 required by this subsection to the First Regular
14 Session of the 114th Legislature by February 15, 1989.

15 2. Coverage for chronic conditions. Policies of
16 insurance for long-term care shall not exclude
17 coverage for chronic conditions closely correlated
18 with the normal aging process.

19 Sec. 4. 36 MRSA §2513, as amended by PL 1985,
20 c. 783, §11, is further amended by adding at the end a
21 new paragraph to read:

22 Notwithstanding this section, for income tax years
23 commencing on or after January 1, 1988, the rate
24 imposed by this section upon all gross direct premiums
25 collected or contracted for on insurance policies for
26 long-term care, as certified by the superintendent as
27 complying with Title 24-A, chapter 68, shall be 1% a
28 year.

29 Sec. 5. 36 MRSA §5122, sub-§2, ¶C, as repealed
30 and replaced by PL 1985, c. 506, Pt. A, §78, is
31 amended to read:

32 C. Social security benefits and tier 1 railroad
33 retirement benefits paid by the United States, to
34 the extent included in federal adjusted gross
35 income; and

36 Sec. 6. 36 MRSA §5122, sub-§2, ¶D, as enacted
37 by PL 1985, c. 506, Pt. A, §78, is amended to read:

38 D. For each of the taxable years ending in 1985

1 through 1987, 1/3 of the amount by which federal
2 adjusted gross income was increased for the
3 taxable year ending in 1984 under subsection 1,
4 paragraph F-; and

5 Sec. 7. 36 MRSA §5122, sub-§2, ¶E is enacted to
6 read:

7 E. For income tax years commencing on or after
8 January 1, 1988, an amount equal to the total
9 premiums spent for insurance policies for
10 long-term care which have been certified by the
11 Superintendent of Insurance as complying with
12 Title 24-A, chapter 68.

13 Sec. 8. Study. The Superintendent of Insurance
14 shall study a means of providing consumer education
15 concerning long-term care insurance. In particular,
16 the superintendent shall study the Senior Health
17 Insurance Benefit Advisors, or SHIBA, programs
18 currently in operation in other states, and shall
19 devise a strategy for implementing a similar SHIBA
20 program in this State. The superintendent shall
21 submit a report, together with any necessary
22 implementing legislation, to the First Regular Session
23 of the 114th Legislature no later than February 1,
24 1989.

25 STATEMENT OF FACT

26 This bill provides tax incentives for insurance
27 companies and individuals who utilize long-term care
28 insurance policies in order to promote those policies
29 as an option to meet the health care needs of the
30 State's elderly population.

31 This bill also requires the Superintendent of
32 Insurance to study the Senior Health Insurance Benefit
33 Advisors, or SHIBA, programs currently in operation in
34 other states, and to devise a strategy for
35 implementing a similar program in this State. The
36 superintendent is to report back to the Legislature at
37 the First Regular Session of the 114th Legislature.

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