

MAINE STATE LEGISLATURE

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8/10/11
ROES

L.D. 642

Date: 5/10/11

(Filing No. H-210)

Minority

INSURANCE AND FINANCIAL SERVICES

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 472, L.D. 642, Bill, "An Act To Require Insurance Companies To Reissue Qualifying Long-term Care Partnership Policies"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 24-A MRS §5082 is enacted to read:

§5082. Long-term Care Partnership Program; availability of qualified policies

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible policyholder" means:

(1) An individual who holds a qualified individual policy issued during the notice period by an insurer that actively markets individual partnership policies in this State on or after the effective date of this section and is not receiving benefits or in a waiting period to receive benefits; or

(2) An employer or other group policyholder that holds a qualified group policy issued during the notice period by an insurer that actively markets group partnership policies in this State on or after the effective date of this section.

B. "Long-term Care Partnership Program" means the Long-term Care Partnership Program established in Title 22, section 3174-GG.

C. "Notice period" means the period between July 1, 2004 and the date an insurer begins actively marketing partnership policies in this State.

D. "Partnership policy" means a long-term care insurance policy with an effective date of July 1, 2009 or later that is offered with the intent to meet the requirements of the Long-term Care Partnership Program.

COMMITTEE AMENDMENT

1 E. "Qualified policy" means a long-term care insurance policy that is offered with
2 the intent to meet the requirements of 26 United States Code, Section 7702B(b).

3 2. Notice. The following provisions apply to an insurer that actively markets a
4 partnership policy in this State on or after the effective date of this section. With respect
5 to an employer group, an insurer shall provide any notice required under this section to
6 the employer that is the policyholder of a qualified policy.

7 A. An insurer that actively markets partnership policies in this State as of the
8 effective date of this section shall provide notice to an eligible policyholder that
9 purchased a qualified policy during the notice period that the policyholder may be
10 able to participate in the Long-term Care Partnership Program. The insurer shall
11 initiate the exchange process in accordance with subsection 3 within 12 months of the
12 effective date of this section.

13 B. An insurer that begins to actively market partnership policies in this State after the
14 effective date of this section shall provide notice to an eligible policyholder that
15 purchased a qualified policy during the notice period that the policyholder may be
16 able to participate in the Long-term Care Partnership Program. The insurer shall
17 initiate the exchange process in accordance with subsection 3 within 12 months of the
18 date the insurer begins to market partnership policies in this State.

19 3. Exchange process. An insurer that actively markets partnership policies in this
20 State shall identify those qualified policies issued during the notice period that currently
21 meet all the requirements of the Long-term Care Partnership Program as specified in
22 Bureau of Insurance Bulletin 368 dated January 22, 2010 for use with the Long-term Care
23 Partnership Program and those that do not meet all of the requirements and:

24 A. For those qualified policies that currently meet all of the requirements, issue to
25 each policyholder the Important Notice Regarding Your Policy's Long-term Care
26 Insurance Partnership Status, as prescribed in the Appendix of Bureau of Insurance
27 Bulletin 368 dated January 22, 2010, along with a policy amendment reflecting the
28 effective date of the partnership status; and

29 B. For those qualified policies that do not meet all of the requirements, notify each
30 policyholder that the policy may be eligible for an exchange to a partnership policy.
31 The insurer shall also notify the policyholder that the exchange is subject to
32 underwriting and that the premium for the new policy is based on the policyholder's
33 attained age on the date of the exchange. The policyholder has 60 days from the date
34 of the notice to consider this offer. If the policyholder accepts the offer after 60 days,
35 the insurer is not obligated to process an exchange. If the policyholder requests
36 additional coverage, the additional coverage is also subject to underwriting and the
37 premium for the additional coverage must be based on the policyholder's attained age
38 on the date the changes take effect.

39 4. Applicability. If an insurer does not actively market both individual and group
40 partnership policies in this State, this section applies to that insurer only with respect to
41 the particular market in which the insurer actively markets partnership policies.'

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SUMMARY

This amendment is the minority report of the committee and replaces the bill. The amendment requires an insurer that actively markets long-term care insurance policies that qualify for the Long-term Care Partnership Program pursuant to the Maine Revised Statutes, Title 22, section 3174-GG to provide notice to an individual or employer that purchased a tax-qualified long-term care insurance policy on or after July 1, 2004 but before the date the insurer began actively marketing partnership policies that the individual or employer may be eligible to participate in the Long-term Care Partnership Program. The amendment also requires the insurer to identify whether a policy meets the requirements of the Long-term Care Partnership Program. If a policy meets the requirements, an insurer is required to notify the policyholder and amend the policy's effective date to reflect partnership status. If a policy does not meet all of the requirements, an insurer is required to offer an exchange of the policy and apply its underwriting and rating standards.

FISCAL NOTE REQUIRED
(See attached)



Approved: 04/29/11 *MAC*

125th MAINE LEGISLATURE

LD 642

LR 798(03)

An Act To Require Insurance Companies To Reissue Qualifying Long-term Care Partnership Policies

Fiscal Note for Bill as Amended by Committee Amendment "B"

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Potential future biennium savings - General Fund

Fiscal Detail and Notes

To the extent that provisions in this bill increase participation in the Long-term Care Partnership Program, future year savings in costs for the State's Medicaid program may result. The amount and timing of these savings cannot be determined at this time.