

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Insurance coverage for long-term care

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### Overview

This bill seeks to provide more private insurance coverage for long-term care in a variety of ways.

#### Section

- 1**     **Definitions.** Makes all public employees in the state eligible for the long-term care insurance coverage negotiated by the department of employee relations (DOER). Under current law, only state employees are eligible. This coverage is purchased at the employee's expense, with no employer contribution. Expands eligibility to include parents of spouses of eligible employees and to include stepparents of eligible employees and of spouses of eligible employees.
- 2**     **Accelerated benefits.** Permits life insurance policies to pay accelerated benefits (paid before death) to policyholders who need long-term care. Current law is more restrictive on when accelerated benefits may be paid under a life insurance policy.
- 3**     **Extended basic Medicare supplement plan.** Increases the amount of coverage required under the extended basic Medicare supplement plan for at-home recovery services.
- 4**     **Regulatory flexibility.** Gives the commissioner of commerce the authority to waive compliance with a state law for a long-term care insurance policy, if the commissioner finds that necessary to permit marketing of a desirable innovative product. This section applies to the traditional type of long-term care policy, regulated under chapter 62A.
- 5**     **Prohibited limitations.** Adds to the regulation of traditional long-term care policies under chapter 62A, language enacted in chapter 62S, which regulates the newer type of "tax-qualified" long-term care insurance policies. The language prohibits certain exclusions from coverage of home care. Adds the new clause (10), prohibiting exclusions from home care coverage that are based on the type of "home" in which the recipient lives.

6 **Prohibited limitations.** Amends chapter 62S to add the same clause (10) added to chapter 62A in the preceding section. The effect is to make both types of policies subject to the same regulation of home care exclusions.

7 **Regulatory flexibility.** Adds to chapter 62S language identical to that added to chapter 62A in an earlier section of this bill, providing authority for the commissioner to waive requirements if necessary to permit marketing an innovative product.

8 **Reports; potential savings to state from certain long-term care insurance purchase incentives.**

**Subd. 1. Long-term care insurance partnerships.** Provides for a study by the DHS commissioner of the possible savings to the state of enacting a "long-term care partnership" program, similar to those in effect in a few other states. Partnership programs involve the state permitting disregard of assets of persons who buy long-term care insurance and later use up their benefits and need to apply for medical assistance. This is an indirect subsidy to provide an incentive to purchase long-term care insurance.

**Subd. 2. Use of medical assistance funds to subsidize purchase of long-term care insurance.** Provides for a study by the DHS commissioner of the idea of providing a direct subsidy, from state MA funds, for the purchase of long-term care insurance, targeted at persons who would be unlikely to buy it without the subsidy. The goal would be to reduce MA spending in the long run.

**Subd. 3. Nursing facility benefits in Medicare supplement coverage.** Provides for a study by the DHS commissioner of the costs and savings to the state of requiring a nursing facility benefit in Medicare supplement coverage. Requires the commissioner to use an advisory group of stakeholders.

9 **Effective date.** Makes section 1 effective for the 2004 plan year. Makes sections 2 to 7 effective January 1, 2004, and apply to insurance policies issued on or after that date. (The changes would not apply to already-existing policies.) Makes section 8 (the three studies) effective July 1, 2003.