



SHORT-TERM CARE INSURANCE

By: Alex Reger, Legislative Analyst II

SHORT-TERM CARE INSURANCE

Short-term care insurance generally covers home care, assisted living, and other services that help individuals perform activities of daily living (ADLs) for a period of less than a year. Examples of ADLs include bathing, dressing, and personal hygiene.

Although there may be some overlap between services covered by health insurance and short-term care insurance, short-term care insurance is not considered comprehensive health insurance and does not cover many of the benefits associated with health insurance.

ISSUE

This report answers several questions about short-term care insurance in Connecticut. The specific questions and answers follow.

Does Connecticut Law Allow Short-Term Care Insurance?

Connecticut statutes do not explicitly recognize short-term care policies in either the health insurance definitions ([CGS § 38a-469](#)) or the long-term care insurance definitions ([CGS §§ 38a-501 & 38a-528](#)).

According to the Connecticut Insurance Department (CID), short-term care policies are prohibited under the long-term care policy statutes. [CGS §§ 38a-501 & 38a-528](#) define long-term care insurance as insurance that provides necessary care or treatment of an injury, illness, or loss of functional capacity in a setting other than an acute care hospital, for at least a year

after an elimination period (i.e., the length of time between the injury and when the insurer will pay benefits).

CID interprets these statutes as prohibiting policies, including short-term care policies, which provide the same type of coverage (e.g. help with activities of daily living) with benefit terms of less than a year. A CID official said short-term care policies would need to meet the minimum requirements of the long-term care provisions.

What is the Legislative History of Short-Term Care Insurance in Connecticut?

It appears the legislature did not contemplate short-term care policies when it enacted the long-term care statutes. Legislators did not discuss short-term care insurance when debating the long-term care legislation, which defined long-term care insurance as policies offering at least a year of benefits.

PA 86-49 created the long-term care definition and exempted such policies from the loss-ratios required for health insurance policies sold to Medicare-eligible individuals. Legislators expected the lower loss-ratio to allow insurers to profitably offer long-term care policies. (A "loss-ratio" is the amount of benefits paid as a percentage of the annual premium.)

Has Connecticut Ever Allowed Short-Term Care Insurance?

To the best of CID's knowledge, short-term care insurance has not been allowed in Connecticut since the long-term care statutes were enacted.

Could the Connecticut Legislature Allow Short-Term Care Policies?

Yes. The legislature would need to amend the long-term care statutes to allow for policies with shorter benefit durations or create a parallel statute defining short-term care insurance policies and authorizing their issuance.

Do Other States Allow Short-Term Care Policies to Be Sold?

Several states appear to allow short-term care insurance policies to be sold, but we were unable to find a definitive list. According to news articles, such as this one from [Forbes](#), short-term care insurance is a niche, but growing, market.

We contacted both the National Conference of State Legislatures and the National Association of Insurance Commissioners (NAIC), but neither was able to provide a list of states that specifically offer, regulate, or prohibit short-term care policies.

NAIC also defines long-term care insurance as providing coverage for at least a year, and considers policies with a shorter benefit duration as limited benefit health plans. However, limited benefit health plans include a wide variety of insurance, and not just short-term care coverage. NAIC has information on states that have adopted limited benefit health plan legislation, but it is not specific to short-term care policies.

According to a [presentation](#) by the Milliman company, some states regulate short-term care insurance as supplemental insurance and subject such policies to state-specific loss-ratio requirements. (Milliman is an actuarial and related services company.)

RESOURCES

The following resources are listed in the order in which they appear in the report.

Forbes, *Not Interested in Long-Term Care Insurance? How About Short-Term Care Insurance?* <http://www.forbes.com/sites/howardgleckman/2013/03/18/not-interested-in-long-term-care-insurance-how-about-short-term-care-insurance/>, last visited July 31, 2015.

Long Term Care Insurance Conference, *Current LTC Alternatives: Short Term Care and Combination Products*, http://iltciconf.org/2014/index_htm_files/01-CurrentAlt.pdf, last visited July 31, 2015.

AR:bs