



## SHORT-TERM CARE INSURANCE: STATE COMPARISON

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### SHORT-TERM CARE INSURANCE

Short-term care (STC) insurance regulation is relatively new in New England, New Jersey, New York, and Pennsylvania. As a result, some states have limited or no experience with STC filings.

Although services covered by health insurance and STC insurance may overlap, 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 compares regulatory approaches to short-term care (STC) insurance in surrounding states.

### SUMMARY

STC insurance generally covers home care, assisted living, and other services that help individuals perform activities of daily living, such as bathing, dressing, and personal hygiene. These are the same services covered by long-term care (LTC) insurance, but STC policies generally cover a shorter benefit period, typically less than one year.

There are no uniform standards for STC insurance. As a result, the same policy may be regulated differently depending on the state. For example, a policy with an 11-month benefit period would be allowed under limited benefit provisions in Maine but prohibited under LTC provisions in New Jersey.

Two of the states we reviewed - Maine and New Hampshire - allow insurance policies with a benefit period of less than one year and regulate them as limited benefit health insurance policies. (Limited benefit health insurance policies generally offer reduced coverage and are less regulated than comprehensive insurance policies.)

Massachusetts, New Jersey, New York, and Rhode Island prohibit STC insurance policies because they provide substantially similar benefits to LTC insurance but do not meet the minimum LTC insurance criteria, including minimum benefit periods.

Pennsylvania and Vermont are considering allowing STC policies to be sold in the state.

## **STC INSURANCE POLICIES**

We were unable to find a definitive list of all states allowing STC policies to be sold. 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 considers policies with benefit periods shorter than one year limited benefit health plans. However, limited benefit health plans include a wide variety of insurance and not just STC coverage. NAIC has information on states that have adopted limited benefit health plan legislation, but it is not specific to STC policies.

For purposes of this report, we define STC as insurance sold in a specific state providing similar benefits as LTC but that does not meet the minimum LTC benefit period required by the state.

## **STATES THAT ALLOW STC INSURANCE**

### ***Maine***

Maine allows STC insurance policies with an allowable benefit period of 365 days and regulates them as limited benefit health policies (Me. Rev. Stat. Ann. 24-A § 5051). In general, maximum benefit periods are intended to prevent consumers from confusing STC with LTC insurance. According to a Maine Bureau of Insurance official, at least five companies have approved STC insurance filings.

### ***New Hampshire***

According to the New Hampshire Insurance Department, the state regulates STC insurance policies as limited benefit policies. In general, policies must have benefit periods of less than 200 days and meet other statutory and regulatory criteria, including loss-ratio and disclosure requirements (N.H. Rev. Stat. Ann. § 415:6 and N.H. Code Admin. R. Ann. Ins. § 4106). (The 200 day benefit limit is an internal Insurance Department guideline and is not reflected in statute or regulations.)

## STATES THAT PROHIBIT STC INSURANCE

Table 1 lists states that prohibit STC insurance policies. According to insurance officials in each state, STC insurance is generally prohibited on the grounds that policies providing similar benefits to LTC insurance policies must meet the state's minimum LTC insurance requirements, including minimum benefit periods.

**Table 1: States Prohibiting STC Insurance Policies**

<b>State</b>	<b>Minimum LTC Benefit Period (Days)</b>
Massachusetts	730 (211 Mass. Code Regs. 65)
New Jersey	365 (N.J. Admin. Code § 11:4-34)
New York	730 (or 365 for Nursing Home/Home Care Only Policies) (N.Y. Comp. Codes R. & Regs. Tit. 11 §§ 52.12-.13)
Rhode Island	365 (R.I. Gen. Laws § 27-34.2-4)

Source: State Statutes and Regulations

### **Massachusetts**

According to an official at the Consumer Affairs and Business Regulation's Insurance Division, STC insurance policies must meet all the requirements of LTC insurance policies, including the minimum benefit period (730 days) and maximum elimination period (365 days).

### **New Jersey**

According to officials at the New Jersey Department of Banking and Insurance, the last STC insurance product was filed in 1999 as a limited benefit health plan. The filing was denied on the grounds that policies providing the same type of coverage as LTC insurance would need to meet all the statutory requirements of LTC insurance (including a minimum 12-month benefit period).

### **New York**

According to officials at the New York Department of Financial Services (DFS), New York generally does not allow STC or LTC insurance policies with benefit periods of less than two years. However, the state allows LTC insurance policies that cover only nursing home or home care to have one-year benefit periods. Policies providing similar benefits with shorter benefit periods are not generally allowed.

The officials we contacted noted that DFS has waiver authority (e.g., the department may waive some requirements under certain circumstances). Thus, it is

possible the department would approve STC or LTC insurance policies with shorter benefit periods if the department felt it necessary.

### ***Rhode Island***

According to an official at the Rhode Island Department of Business Regulation, which oversees the state's insurance industry, Rhode Island does not have any STC statutes or regulations, and has not received any STC insurance filings. However, the official believes an STC insurance filing would be regulated as LTC insurance and thus would be subject to the state's 12-month minimum benefit period.

## **STATES CONSIDERING SHORT-TERM CARE INSURANCE**

### ***Pennsylvania***

The Pennsylvania Insurance Department has just received notice of an STC product. According to a department official, the department is conducting a legal analysis to see what authority it has to regulate the product. The department will inform us when its review is complete.

### ***Vermont***

Officials at Vermont's Department of Financial Regulation's Insurance Division said they are assessing the state's first STC insurance filing. The division has not yet approved the product but expects that it will (1) conform to the same rating, loss-ratio, and other regulatory requirements as LTC insurance policies (except for benefit and elimination periods) and (2) carry a disclosure that notifies consumers that benefits are limited and may not cover all of an individual's costs. The current policy under discussion has a maximum benefit period of 360 days, which is below the 12-month minimum benefit period required of LTC insurance.

## **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/notinterested-in-long-term-care-insurance-how-about-short-term-care-insurance/>, last visited July 31, 2015.

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