



House of Representatives

General Assembly

File No. 359

February Session, 2016

Substitute House Bill No. 5521

House of Representatives, March 31, 2016

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING SHORT-TERM CARE INSURANCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-469 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2016*):

3 As used in this title, unless the context otherwise requires or a
4 different meaning is specifically prescribed, "health insurance" policy
5 means insurance providing benefits due to illness or injury, resulting
6 in loss of life, loss of earnings, or expenses incurred, and includes the
7 following types of coverage: (1) Basic hospital expense coverage; (2)
8 basic medical-surgical expense coverage; (3) hospital confinement
9 indemnity coverage; (4) major medical expense coverage; (5) disability
10 income protection coverage; (6) accident only coverage; (7) [long term]
11 long-term care coverage; (8) specified accident coverage; (9) Medicare
12 supplement coverage; (10) limited benefit health coverage; (11)
13 hospital or medical service plan contract; (12) hospital and medical
14 coverage provided to subscribers of a health care center; (13) specified
15 disease coverage; (14) TriCare supplement coverage; (15) travel health

16 coverage; [and] (16) single service ancillary health coverage, including,
17 but not limited to, dental, vision or prescription drug coverage; and
18 (17) short-term care coverage.

19 Sec. 2. (NEW) (*Effective October 1, 2016*) (a) As used in this section,
20 "short-term care policy" means any individual health insurance policy
21 delivered or issued for delivery to any resident of this state that is
22 designed to provide, within the terms and conditions of the policy,
23 benefits on an expense-incurred, indemnity or prepaid basis for
24 necessary care or treatment of an injury, illness or loss of functional
25 capacity provided by a certified or licensed health care provider in a
26 setting other than an acute care hospital, for a period not exceeding
27 three hundred days. "Short-term care policy" does not include any
28 such policy that is offered primarily to provide basic Medicare
29 supplement coverage, basic medical-surgical expense coverage,
30 hospital confinement indemnity coverage, major medical expense
31 coverage, disability income protection coverage, accident only
32 coverage, specified accident coverage or limited benefit health
33 coverage.

34 (b) (1) No short-term care policy shall be delivered or issued for
35 delivery to any resident in this state, nor shall any application, rider or
36 endorsement be used in connection with such policy, until a copy of
37 the form thereof and of the classification of risks and the premium
38 rates have been filed with the Insurance Commissioner. The
39 commissioner shall adopt regulations, in accordance with the
40 provisions of chapter 54 of the general statutes, to establish a
41 procedure for reviewing such policies. The commissioner shall
42 disapprove the use of such form at any time if the form does not
43 conform to the requirements of law, or if the form contains a provision
44 or provisions that are unfair or deceptive or that encourage
45 misrepresentation of the policy. The commissioner shall notify, in
46 writing, the insurer that has filed any such form of the commissioner's
47 disapproval, specifying the reasons for disapproval, and ordering that
48 no such insurer shall deliver or issue for delivery to any person in this
49 state a policy on or containing such form. The provisions of section

50 38a-19 of the general statutes shall apply to such orders.

51 (2) No rate filed under the provisions of subdivision (1) of this
52 subsection shall be effective until it has been approved by the
53 commissioner in accordance with regulations adopted pursuant to this
54 subsection. The commissioner shall adopt regulations, in accordance
55 with the provisions of chapter 54 of the general statutes, to prescribe
56 standards to ensure that such rates shall not be excessive, inadequate
57 or unfairly discriminatory. The commissioner may disapprove such
58 rate if it fails to comply with such standards.

59 (c) (1) No insurance company, fraternal benefit society, hospital
60 service corporation, medical service corporation or health care center
61 may deliver or issue for delivery any short-term care policy without
62 providing, at the time of solicitation or application for purchase or sale
63 of such coverage, full and fair written disclosure of the benefits and
64 limitations of the policy.

65 (2) The applicant shall sign an acknowledgment at the time of
66 application for such policy that the company, society, corporation or
67 center has provided the written disclosure required under this
68 subsection to the applicant. If the method of application does not allow
69 for such signature at the time of application, the applicant shall sign
70 such acknowledgment not later than at the time of delivery of such
71 policy.

72 (3) Except for a short-term care policy for which no applicable
73 premium rate revision or rate schedule increases can be made, such
74 disclosure shall include:

75 (A) A statement in not less than twelve-point bold face type that the
76 policy does not provide long-term care insurance coverage and is not a
77 long-term care insurance policy or a Connecticut Partnership for Long-
78 Term Care insurance policy;

79 (B) A statement that the policy may be subject to rate increases in
80 the future;

81 (C) An explanation of potential future premium rate revisions and
82 the policyholder's option in the event of a premium rate revision; and

83 (D) The premium rate or rate schedule applicable to the applicant
84 that will be in effect until such company, society, corporation or center
85 files a request with the commissioner for a revision to such premium
86 rate or rate schedule.

87 (d) (1) No insurance company, fraternal benefit society, hospital
88 service corporation, medical service corporation or health care center
89 delivering, issuing for delivery, renewing, continuing or amending any
90 short-term care policy in this state may refuse to accept, or refuse to
91 make reimbursement pursuant to, a claim for benefits submitted by or
92 prepared with the assistance of a managed residential community, as
93 defined in section 19a-693 of the general statutes, in accordance with
94 subdivision (7) of subsection (a) of section 19a-694 of the general
95 statutes, solely because such claim for benefits was submitted by or
96 prepared with the assistance of a managed residential community.

97 (2) Each insurance company, fraternal benefit society, hospital
98 service corporation, medical service corporation or health care center
99 delivering, issuing for delivery, renewing, continuing or amending any
100 short-term care policy in this state shall, upon receipt of a written
101 authorization executed by the insured, (A) disclose information to a
102 managed residential community for the purpose of determining such
103 insured's eligibility for an insurance benefit or payment, and (B)
104 provide a copy of the initial acceptance or declination of a claim for
105 benefits to the managed residential community at the same time such
106 acceptance or declination is made to the insured.

107 (e) The commissioner shall adopt regulations, in accordance with
108 the provisions of chapter 54 of the general statutes, to implement the
109 provisions of this section. Such regulations shall include, but need not
110 be limited to, (1) the permissible loss ratio for a short-term care policy,
111 if any, (2) the permissible exclusionary periods for coverage under a
112 short-term care policy, if any, (3) the circumstances under which a
113 short-term care policy will be renewable, and (4) the benefits payable

114 under a short-term care policy in relation to other insurance coverage
115 that provides benefits to the insured.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	38a-469
Sec. 2	October 1, 2016	New section

Statement of Legislative Commissioners:

In Section 2(b)(1), "individual" was deleted and "person" was changed to "resident", for internal consistency, and "does not comply with" was changed to "does not conform to" for accuracy; in Section 2(d)(1), "refuse to accept or make reimbursement pursuant to a claim" was changed to "refuse to accept, or refuse to make reimbursement pursuant to, a claim" for clarity; in Section 2(e), "such policy" was changed to "a short-term care policy" for clarity; and in Section 2(e)(4), "coverage of the insured" was changed to "coverage that provides benefits to the insured" for clarity.

INS *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill adds short term care insurance as a new type of health insurance coverage and requires the Insurance Commissioner to adopt regulations concerning short term care insurance policies. It is anticipated that the Insurance Department will be able to accomplish this with existing expertise, resulting in no fiscal impact to the Department.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**HB 5521*****AN ACT CONCERNING SHORT-TERM CARE INSURANCE.*****SUMMARY:**

This bill establishes “short-term care insurance” as a new type of insurance providing certain health benefits for 300 or fewer days and prohibits such policies from being issued or delivered unless they have been filed and approved by the insurance commissioner. The bill also requires the commissioner to adopt regulations determining, among other things, a short-term care insurance policy review process and permissible loss ratio.

The bill establishes disclosure requirements for insurers, fraternal benefit societies, hospital service corporations, medical service corporations, and health care centers issuing or delivering short-term care insurance policies in Connecticut. It also prohibits these entities from refusing to accept or reimburse claims submitted by, or prepared with the help of, a managed residential community solely because the community submits or prepares the claim. Such issuing entities must, upon an insured’s written request, also (1) disclose to an insured’s managed care community his or her coverage eligibility and (2) provide the community with a copy of an initial claim acceptance or declination at the same time they provide one to the insured.

The bill also makes a conforming change.

EFFECTIVE DATE: October 1, 2016

SHORT-TERM CARE INSURANCE FILING REQUIREMENTS***Short-Term Care Insurance Policies***

Under the bill, short-term care insurance policies are individual health insurance policies that provide 300 or fewer days of coverage,

on an expense-incurred, indemnity, or prepaid basis, for necessary care or treatment of an injury, illness, or loss of functional capacity provided by a certified or licensed health care provider in a setting other than an acute care hospital. Short-term care policies exclude policies primarily covering Medicare supplements, basic medical-surgical expenses, hospital confinement indemnities, major medical expenses, disability income protection, accidents only, specified accidents, or limited benefits.

Submission

The bill requires insurers to file copies of short-term care insurance policy forms, risk classifications, and premium rates with the insurance commissioner before delivering or issuing them to Connecticut residents. Under the bill, the commissioner must adopt regulations that establish a short-term care policy review procedure.

Commissioner Approval of Rate Filings

The commissioner must approve rates before they take effect. Under the bill, she (1) must adopt regulations ensuring rates are not excessive, inadequate, or unfairly discriminatory and (2) may disapprove rates that fail to meet these standards.

Commissioner Disapproval of Forms

The commissioner must reject any forms which (1) do not comply with law, (2) contain unfair or deceptive provisions, or (3) contain provisions that misrepresent the policy. ("Form" is a term of art that include policies, riders, and endorsements.) In such cases, the commissioner must notify the insurer in writing, specifying the reasons for her disapproval and ordering that no short-term care insurer deliver or issue a Connecticut policy on or containing the disapproved form.

Any insurer disagreeing with the commissioner may request a hearing under existing insurance provisions.

Required Disclosure

The bill requires insurers and certain other issuing entities to provide, at the time an individual is solicited or applies to purchase a policy, a full and fair written disclosure of the policy's benefits and limitations. The bill prohibits these entities from issuing or delivering a short-term care policy without first providing this disclosure.

Except for short-term care policies without premium rate revisions or rate schedule increases, the disclosure must include:

1. a statement, in at least 12-point bold face type, that the policy does not provide long-term care insurance coverage and is not a long-term care insurance policy or a Connecticut Partnership for Long-Term Care insurance policy;
2. a statement that the policy may be subject to future rate increases;
3. an explanation of potential future premium rate revisions and what the policyholder's options are in such an event; and
4. the premium rate or rate schedule applicable to the applicant, until a request is filed with the commissioner for a premium rate or rate schedule revision.

Applicants must sign an acknowledgment, at the time of application, that the insurer or other issuing entity has disclosed this information. If the application method does not allow for a signature, the applicant must sign an acknowledgement before the policy is delivered.

Regulations

The commissioner is required to adopt regulations for short-term care insurance policies, including:

1. permissible loss ratios;
2. permissible exclusionary periods;

3. circumstances when a policy is renewable; and
4. the benefits payable in relation to an insured's other insurance coverage.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/17/2016)