

SENATE BILL REPORT

HB 1441

As of March 18, 2013

Title: An act relating to long-term care insurance.

Brief Description: Addressing long-term care insurance.

Sponsors: Representatives Van De Wege, Morrell, Jinkins, Cody and Bergquist; by request of Insurance Commissioner.

Brief History: Passed House: 3/04/13, 98-0.

Committee Activity: Health Care: 3/18/13.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: Washington State first passed the Long-Term Care Insurance Act in 1986. In 2008, the Legislature created new Long-Term Care Insurance Standards based on model language developed by the National Association of Insurance Commissioners (NAIC). The new long-term care insurance statute provided enhanced consumer protections for policies sold after January 2009, allowed policies to meet Internal Revenue Code requirements for tax qualified plans, and allowed life insurance contracts with long-term care insurance riders and long-term care partnership policies. Adoption of NAIC model language facilitates interstate cooperation and commercial transactions that cross state boundaries and allows certain products to be filed through an interstate compact.

NAIC has recently revised their long term care insurance model regulations, and they included standards for prompt payment of clean claims. Insurers must pay claims within 30 business days of receipt if the claim is a clean claim, or send written notice acknowledging the date of receipt of the claim with additional required information. The model regulation defines a clean claim as a claim that has no defect or impropriety, including any lack of required substantiating documentation, such as satisfactory evidence of expenses incurred; or has particular circumstances requiring special treatment that prevent timely payment from being made on the claim.

Summary of Bill: All long-term care insurance policies sold after January 2009 must make claim denials within 30 days of receipt of the written request, instead of 60 days. The Insurance Commissioner must adopt rules with prompt payment requirements for long-term

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care insurance. The rules must include a definition of a claim and a clean claim. In developing the rules, the Commissioner must consider the prompt payment requirements developed by NAIC.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is agency-request legislation and it is an exact replica of the Senate bill that passed the Senate 49-0. It requires carriers to pay clean claims or deny them in a timely fashion. When a family is facing challenges with long-term care services the last thing they need is to fight over timely claims payment for the services. This is an important consumer protection. We fully support NAIC model language, it is vetted with the nation's long-term care carriers and they support it.

Persons Testifying: PRO: Mary Childers, Office of Insurance Commissioner; Ingrid McDonald, Assn. of American Retired Persons of WA; Mel Sorensen, America's Health Insurance Plans, American Council of Life Insurers.