SENATE BILL REPORT
SB 5216

As Passed Senate, March 4, 2013

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

Brief Description: Addressing long-term care insurance.

Sponsors: Senators Rolfes, Bailey, Mullet, Parlette, Keiser, Shin and Conway; by request of Insurance Commissioner.

Brief History:
Committee Activity: Health Care: 2/11/13, 2/21/13 [DP].
Passed Senate: 3/04/13, 49-0.

SENATE COMMITTEE ON HEALTH CARE

Majority Report: Do pass.
Signed by Senators Becker, Chair; Dammeier, Vice Chair; Keiser, Ranking Member; Bailey, Cleveland, Ericksen, Frockt, Parlette and Schlicher.

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.

The NAIC has recently revised their long term care insurance model regulations, and they have 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

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expenses incurred; or 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 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 the 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 on Original Bill: PRO: The Office of the Insurance Commissioner (OIC) receives numerous complaints about long-term care insurance policies, over half of which are about claims problems or claims delays. NAIC created a standard to require payment within 30 days of requesting payment. We do not have a requirement in place for the timely payment of long term care claims today It is a most basic thing to ensure claims are paid and the policy honored. We support efforts to help our family members have their claims paid in a timely way without a long drawn out delay. It is important to note that only seven percent of long-term care costs are covered by insurance policies and there is need for a larger discussion abut long-term care expenses. Both associations that sell long-term care insurance policies support the NAIC model regulation. It is a workable platform and provides the best standard for supporting timely claims payment.

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