
Health Care & Wellness Committee

HB 2449

Brief Description: Addressing long-term care insurance price transparency.

Sponsors: Representatives Jenkins, Appleton, Tarleton, Wylie, Roberts, Goodman, Morrell, Tharinger, Cody and Freeman.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Requires issuers of long-term care policies to provide notice of premium rate increases.
--

Hearing Date: 1/30/14

Staff: Alexa Silver (786-7190).

Background:

Long-term care insurance is an insurance policy, contract, or rider that provides coverage for at least 12 consecutive months for the covered person. It covers services such as home health care, nursing home care, and care in an assisted living facility.

In 2008 Washington enacted long-term care insurance legislation based on a model act developed by the National Association of Insurance Commissioners. Separate laws apply to long-term care insurance sold before and after January 1, 2009.

Rules adopted by the Office of the Insurance Commissioner (OIC) regulate premium rate schedule increases for policies issued on or after January 1, 2009. The rules require that an issuer provide applicants with certain information about rate increases at the time of application or enrollment, as well as 45 days prior to implementation of a rate increase.

In addition, the rules require that an issuer provide a notice of a premium rate schedule increase to the OIC at least 30 days before notifying policyholders. After a rate increase is implemented, the issuer must file annual updated projections for review by the OIC. If the OIC finds that the

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

actual experience following a rate increase does not adequately match the projected experience, it may require the issuer to implement a premium rate schedule adjustment. An issuer with a persistent practice of filing inadequate initial premium rates may be prohibited from offering similar coverage.

Summary of Bill:

An issuer of a long-term care policy must provide notice of an upcoming premium rate schedule increase to policyholders and certificate holders at least 45 days prior to implementation. The notice must include:

- an explanation of the premium rate revision and the policyholder's or certificate holder's options;
- a general explanation for applying a premium rate or rate schedule, including a description of when the adjustment will be effective;
- information regarding each premium rate increase, including the policy forms for which the rate has been increased, the calendar year for the changes, the amount or percent of each increase, and explanatory information related to the increase; and
- the issuer's contact information.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.