

**SENATE BILL REPORT**

**SB 5842**

**AS OF MARCH 2, 1993**

**Brief Description:** Standardizing long-term care insurance.

**SPONSORS:** Senators Moyer, Prentice, Prince, Hochstatter, Quigley, McAuliffe, Erwin, Pelz, Winsley and M. Rasmussen

**SENATE COMMITTEE ON HEALTH & HUMAN SERVICES**

**Staff:** Don Sloma (786-7319)

**Hearing Dates:** March 1, 1993

**BACKGROUND:**

Currently Medicare and most private health insurance policies do not cover nursing home care or other forms of ongoing care for chronic illnesses, known as long-term care. The primary insurance source for such care is provided as a condition of poverty through the federal/state Medicaid program. Medicaid finances some two thirds of all nursing home care in Washington, provides personal care services in the home to thousands of Washington residents, provides hospice and home health services and more.

A small private market in long-term care insurance has developed in recent years. However, it is estimated to finance only about 2 percent of long-term care services provided. Industry members and industry critics give several reasons for the slow growth of the private market in long-term care insurance. Among these is an unwillingness by many to purchase such insurance until it will be needed, complicated conditions and limitations on policies, and relatively high costs when compared with other forms of insurance.

In recent years, a significant private insurance market has developed in the offering of policies which supplement the benefits offered under the federal Medicare program. For a time, the market for these so called "med sups" was troubled by complaints of inappropriate marketing, unneeded complexity and unscrupulous underwriting practices.

In response to these concerns, the federal government required states to adopt rules regulating Medicare supplemental policies to make them more comparable and understandable to consumers.

**SUMMARY:**

The Insurance Commissioner must develop a core long-term care insurance policy with a maximum of nine optional supplemental benefit plans. The package must be modeled after the ten

standard Medicare supplemental benefit plans available in the state.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 18, 1993