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SENATE BILL 6421

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State of Washington

53rd Legislature

1994 Regular Session

By Senators Moyer, Wojahn, Winsley, Pelz, Haugen, Loveland, Hochstatter, M. Rasmussen, Morton, Prentice, Prince, Sheldon, Quigley, Deccio, L. Smith, Bluechel, Sellar and Oke

Read first time 01/21/94. Referred to Committee on Health & Human Services.

1 AN ACT Relating to long-term care insurance; adding a new section  
2 to chapter 48.84 RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that the citizens of  
5 Washington state are concerned about the costs of long-term care. A  
6 significant amount of long-term care costs are provided at public  
7 expense, adding to the costs of the health care system. Many  
8 individuals are driven to poverty, depleting their assets to pay for  
9 long-term care.

10 One method of providing for adequate long-term care is the purchase  
11 of private long-term care insurance coverage. In recent years, many  
12 insurance products have been developed to provide such coverage.

13 However, consumers wishing to purchase long-term care insurance are  
14 often faced with an array of difficult to understand provisions, and,  
15 in many cases, the policies they purchase may not include the  
16 protection they hoped to achieve.

17 The legislature finds that, in order to conserve public resources  
18 and encourage the accessibility of long-term care insurance, clear,  
19 accurate, and understandable disclosure of the provisions of the

1 policies marketed in Washington state is essential. Informed consumers  
2 can then make optimal choices for themselves.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.84 RCW  
4 to read as follows:

5 (1) The commissioner shall develop, with public input, minimum  
6 standards in rule for a model basic long-term care insurance policy,  
7 with a reasonable number of optional supplemental benefit plans. The  
8 minimum standards of the basic long-term care insurance benefit policy  
9 shall be modeled after the minimum standards in chapter 48.66 RCW for  
10 the standard medicare supplement benefit plans available in this state  
11 under RCW 41.05.195.

12 (2) The minimum standards shall include, without limitation:

13 (a) Clear, accurate, concise, and simple statements for the  
14 consumer about the policy being marketed, including the following  
15 elements:

16 (i) The dollar amount of the daily benefit payable under the  
17 policy, and whether the amount is payable to the policyholder or to  
18 providers.

19 (ii) The policy's deductible or elimination period, in effect  
20 before benefits become payable.

21 (iii) Whether the policy contains inflation protection, and, if so,  
22 how the amount is determined.

23 (iv) Whether the policy includes home health care services, and if  
24 so, what type of home health care is covered.

25 (v) Whether covered home health care includes care in settings  
26 other than the consumer's personal residence, such as adult family  
27 homes or adult day care or other alternatives to skilled nursing  
28 facilities.

29 (vi) Whether the policy has exclusions of coverage for specific  
30 medical conditions, such as Alzheimer's disease, conditions arising  
31 from alcohol abuse or illegal drug use, or suicide attempts.

32 (vii) Whether the policy provides for nonforfeiture of benefits,  
33 and, if so, the additional premium cost if any of the nonforfeiture  
34 provision.

35 (viii) Whether the policy is guaranteed renewable.

36 (b) A description of how the long-term care policy differs from  
37 supplemental medicare, also known as, "medi-gap" insurance.

1 (c) The opportunity for the consumer to designate three nonliable  
2 persons who shall receive written notice if the policy is about to  
3 lapse for nonpayment of premium.

4 (d) The requirement that the person offering the insurance policy  
5 for sale must present, at the point of initial sales contact, an  
6 accurate statement of the most recent objective rating of the insurer's  
7 financial condition, such as Moody's Investors Service, A.M. Best's,  
8 Duff and Phelps, or Standard and Poor's, or other generally accepted,  
9 independent rating, not generated by the insurer itself.

10 (e) In addition to other written disclosure required, the  
11 salesperson must provide the consumer with a copy of the national  
12 association of insurance commissioners "Shopper's Guide," or a similar  
13 book produced by the commissioner, at the same time that any other  
14 written information is provided to the consumer.

15 (3) An accelerated death benefit option shall be included as a  
16 feature in at least three of the long-term care plans approved for  
17 offering in Washington state.

18 (4) The commissioner shall report to the health policy committees  
19 of the senate and house of representatives by December 1, 1994, on the  
20 development of the standards and recommend any statutory changes that  
21 may be necessary to implement the standards.

22 (5) The governor shall seek the federal government's enactment of  
23 long-term care insurance premium deductibility for federal income tax  
24 purposes.

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