1989

Session Law 89-239

Florida Senate & House of Representatives

89-239

BILL HISTORY

S 1317 GENERAL BILL by Weinstein (Similar CS/H 1143)
Long-Term Care Insurance Act; (SEE ALSO: CS/CS/H 1002) provides that act shall not apply to certain renewal policies; permits underwriting within policy-holder-sponsored, noncontributory groups; increases maximum elimination period. Amends 627.9403,.9405,.9407. Effective Date: 06/28/89.

04/11/89	SENATE	Filed
04/19/89	SENATE	Introduced, referred to Insurance -SJ 183
04/28/89	SENATE	Extension of time granted Committee Insurance
05/11/89	SENATE	On Committee agenda—Insurance, 05/15/89, 2:00 pm, Room-A-(LL-37)
05/12/89	SENATE	Extension of time granted Committee Insurance
05/15/89	SENATE	Comm. Report: Favorable by Insurance, placed on Calendar -SJ 380
05/25/89	SENATE	Placed on Special Order Calendar -SJ 449; Amendment pending -SJ 464; Amendment withdrawn; Passed; YEAS 40 NAYS 0 -SJ 467
05/26/89	HOUSE	In Messages
06/01/89	HOUSE	Received, placed on Calendar -HJ 1073; Read second time; Read third time; Passed; YEAS 108 NAYS 1 -HJ 1073
06/01/89		Ordered enrolled -SJ 691
06/12/89		Signed by Officers and presented to Governor
06/28/89		Became Law without Governor's Signature; Chapter No. 89-239

NOTES: Above bill history from Division of Legislative Information's *FINAL LEGISLATIVE BILL INFORMATION, 1989 SESSIONS*. Staff Analyses for bills amended beyond final committee action may not be in accordance with the enacted law. Journal page numbers (HJ & SJ) refer to daily Journals and may not be the same as final bound Journals.

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REVISED: ________ BILL NO. SB 1317

DATE: May 10, 1989 Page 1

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Andrews KA	Fort JF	1. INS	Favorable
2.		2.	
3.		3.	
4.		4.	

SUBJECT:

Long-Term Care
Insurance Act

BILL NO. AND SPONSOR:

SB 1317 by
Senator Weinstein

I. SUMMARY:

A. Present Situation:

The Long-Term Care Insurance Act was created in 1988 by part XIX of chapter 627, F.S., 1988 Supplement. The purpose of the act was to establish standards for long-term care insurance, promote its availability, protect consumers from unfair trade practices, and facilitate flexibility and innovation in the development of coverage.

The provisions of the act apply to long-term care insurance policies issued for delivery in Florida and to policies issued for delivery outside Florida as provided for in section 627.9406, F.S., 1988 Supplement. Policies marketed as both long-term care and Medicare supplement policies must meet the requirements of the Long-Term Care Insurance Act and of the Florida Medicare Supplement Reform Act, sections 627.671-627.675, F.S. To the extent the requirements of these acts are inconsistent, insurance policies are subject to the requirements which are more favorable to the policyholder.

The provisions of the act do not apply to a continuing care contract issued pursuant to chapter 651, F.S.

Long-term care insurance is defined as insurance which is advertised, marketed, offered, or designed to provide coverage for necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital.

In addition, the act prohibits the issuance of a long-term care policy to specified groups unless all members of the group, or all of any class, are declared eligible and acceptable to the insurer at the time of issuance of the policy.

With regard to restrictions, no long-term insurance policy may contain an elimination period in excess of 120 days. "Elimination period" is defined as the number of days at the beginning of a period of confinement for which no benefits are payable.

B. Effect of Proposed Changes:

This bill would provide that the act does not apply to guaranteed renewable policies issued prior to October 1, 1988. This change would ensure that the act does not apply to pre-existing policies when renewed after the effective date of the act.

The bill would also allow an insurer to issue a long-term care policy to a group without declaring eligible or acceptable all members of the group if the policyholder is sponsoring the policy without contributing premiums to it.

And finally, the bill would change the maximum elimination period for long-term care insurance policies from 120 days to 180 days.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

Insurance companies who issued guaranteed renewable long-term care policies prior to October 1, 1988, could be favorably impacted as such companies would not be required to conform those policies to the act's requirements upon renewal.

If insurers would otherwise be able to pass on any increased costs resulting from the 1988 act to insureds, such consumers could be favorably impacted by avoiding a possible rate increase or cancellation.

For consumers electing the longer elimination period of 180 days, the impact of this bill could result in a lower current rate and a higher out-of-pocket expense when the covered long-term care is utilized.

B. Government:

None.

III. COMMENTS:

None.

IV. AMENDMENTS:

None.

SB 1317

Senate Bill 1317 (Chapter 89-   ) provides that the Long-Term Care Insurance Act does not apply to guaranteed renewable policies issued prior to October 1, 1988. This change would ensure that the act does not apply to preexisting policies when renewed after the effective date of the act. The bill also allows an insurer to issue a long-term care policy to a group without declaring eligible or acceptable all members of the group if the policyholder is sponsoring the policy without contributing premiums to it.

And finally, the bill changes the maximum elimination period for long-term care insurance policies from 120 days to 180 days.

AS PASSED BY THE 1989 LEGISLATURE

STORAGE NAME: S1317-f.inj
DATE: June 30, 1989

HOUSE OF REPRESENTATIVES
INSURANCE COMMITTEE
FINAL STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: SB 1317

RELATING TO: The Long-Term Care Insurance Act

SPONSOR(S): Senator Weinstein

EFFECTIVE DATE: Upon becoming law

DATE BECAME LAW: June 28, 1989

CHAPTER #: 89-239, Laws of Florida

COMPANION BILL(S): Similar to CS\HB 1143

OTHER COMMITTEES OF REFERENCE: (1) None

(2)

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I. SUMMARY:

This bill revises portions of the 1988 Long-Term Care Insurance Act, Chapter 627 Part XIX (Act).

A. PRESENT SITUATION:

The 1988 Act was based on the NAIC Model Act of 1987. The purpose of the Act was to establish standards for long-term care insurance, promote its availability, protect consumers from unfair trade practices, and facilitate flexibility and innovation in the development of coverage. The provisions of the Act apply to all long-term care policies issued for delivery in Florida, as well as to policies issued for delivery in other states (excepting those states where similar standards for long-term care policies apply). Policies marketed as both long-term care and medicare supplement policies must meet the requirements of the Long-Term Care Insurance Act and of the Florida Medicare Supplement Reform Act. To the extent the requirements of these acts are inconsistent, insurance policies are subject to the requirements which are more favorable to the policyholder.

Long-term care insurance is defined as insurance marketed or offered to provide coverage for at least two years for necessary diagnostic, preventative, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital.

B. EFFECT OF PROPOSED CHANGES:

(see section-by-section analysis)

C. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 627.9403 to exempt guaranteed renewable policies issued prior to October 1, 1988 from the provisions of the Act (Chapter 627 Part XIX).

Section 2 amends s. 627.9405 (2) to allow an insurer to issue a group long-term care policy to a group without declaring or accepting all members of the group if the policyholder (i.e., employer) is sponsoring the policy without contributing premiums.

Currently, long-term care policies may be issued to a group only if all members or classes of members are declared eligible and acceptable to the insurer at the time of issuance of the policy.

Section 3 amends s. 627.9407 to lengthen the maximum elimination period for long-term care insurance policies from 120 days to 180 days. "Elimination period" means the number of days at the beginning of the period of confinement for which no benefits are payable.

II. <u>FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:</u>

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring or First Year Start-Up Effects:</u>

None

2. <u>Recurring or Annualized Continuation Effects:</u>

None

3. <u>Long Run Effects Other Than Normal Growth:</u>

None

4. <u>Appropriations Consequences:</u>

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. <u>Non-recurring or First Year Start-Up Effects:</u>

None

2. <u>Recurring or Annualized Continuation Effects:</u>

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Guaranteed renewable long-term care policies sold prior to October 1, 1988 which do not meet the minimum standards of current law could continue to be renewed.

2. Direct Private Sector Benefits:

With respect to guaranteed renewable long-term care policies sold prior to October 1, 1988, insurance companies would not be responsible for covering additional benefits mandated by the 1988 Act.

3. Effects on Competition, Private Enterprise, and Employment Markets:

None

D. FISCAL COMMENTS:

None

III. LONG RANGE CONSEQUENCES:

SB 1317 comports with the State Comprehensive Plan in that it helps ensure the availability of necessary health services while seeking to contain health care costs. (s. 187.201 (6)(b)2.).

IV. COMMENTS:

This bill does not relate to the specific mission of the committee.

V. SIGNATURES:

SUBSTANTIVE COMMITTEE:
Prepared by: Sharon N. Jacobs

Sharon N. Jacobs

Staff Director: John Guthrie

John Guthrie

SECOND COMMITTEE OF REFERENCE:
Prepared by:

Staff Director:

APPROPRIATIONS:
Prepared by:

Staff Director:

STANDARD FORM 1/89