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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 954

02/16/2015 Authored by Schomacker, Davids, Mack, Atkins, Hoppe and others
The bill was read for the first time and referred to the Committee on Aging and Long-Term Care Policy
03/12/2015 Adoption of Report: Re-referred to the Committee on Commerce and Regulatory Reform
03/19/2015 Adoption of Report: Placed on the General Register
Read Second Time
04/22/2015 Referred to the Chief Clerk for Comparison with S. F. No. 997
04/23/2015 Postponed Indefinitely

A bill for an act

relating to insurance; long-term care; reducing the minimum permitted inflation protection for a long-term care insurance partnership policy; continuing to permit other types of inflation protection; amending Minnesota Statutes 2014, section 62S.23, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2014, section 62S.23, subdivision 1, is amended to read:

Subdivision 1. **Inflation protection feature.** (a) No insurer may offer a long-term care insurance policy unless the insurer also offers to the policyholder, in addition to any other inflation protection, the option to purchase a policy that provides for benefit levels to increase with benefit maximums or reasonable durations which are meaningful to account for reasonably anticipated increases in the costs of long-term care services covered by the policy. In addition to other options that may be offered, insurers must offer to each policyholder, at the time of purchase, the option to purchase a policy with an inflation protection feature no less favorable than one of the following:

(1) increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five percent;

(2) guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status so long as the option for the previous period has not been declined. The amount of the additional benefit shall be no less than the difference between the existing policy benefit and that benefit compounded annually at a rate of at least five percent for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made; or

(3) covers a specified percentage of actual or reasonable charges and does not include a maximum specified indemnity amount or limit.

(b) A long-term care partnership policy must provide the inflation protection described in this subdivision. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy must provide compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy must provide some level of inflation protection; and

(3) has attained the age of 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Inflation protection for a long-term care partnership policy may not be less than ~~three~~ one percent per year or a rate based on changes in the Consumer Price Index. The commissioner, however, may approve other types of inflation protection that comply with this section and further the goals of the partnership program.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to coverage sold on or after that date.