HB 303

# Department of Legislative Services

Maryland General Assembly
2021 Session

## FISCAL AND POLICY NOTE
## First Reader

House Bill 303 (Delegate Stewart)
Health and Government Operations

---

**Long-Term Care Insurance - Prohibition on Premium Increases (Long Term Stability for Seniors Act)**

---

This bill prohibits a carrier from increasing a premium for long-term care insurance issued to an insured or entered into by a contract holder who is age 85 or older.

## Fiscal Summary

**State Effect:** Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2022 from the $125 rate and form filing fee. Any expenditures related to review of filings and enforcement can be absorbed within existing MIA budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** Chapter 672 of 2017 prohibits a carrier from charging a premium to an insured under a long-term care policy or contract or changing the premium charged before the premium rate or rate change has been filed with and approved by the Maryland Insurance Commissioner. The Commissioner must provide specified information about long-term care insurance premium rates on the MIA website.

The Commissioner must disapprove or modify a proposed premium rate filing if, based on actuarial analysis and reasonable assumptions, the rate appears to be inadequate, unfairly discriminatory, or excessive in relation to benefits. In determining whether to disapprove or modify a premium rate filing, the Commissioner must consider (1) past and prospective loss experience inside and outside of the State; (2) underwriting practice and judgment;

(3) a reasonable margin for reserve needs; (4) past and prospective expenses, nationally and in Maryland; and (5) any other relevant factors. Each decision or finding of the Commissioner about premium rates is subject to judicial review.

Although there is no rate cap in statute, under Maryland regulations, a carrier may not raise long-term care insurance premiums by more than 15% in any 12-month period. However, an increase can be in excess of 15% if the carrier demonstrates that the utilization of policy benefits is greatly in excess of the expected rate.

## Additional Information

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of Aging; Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 2021
rh/ljm

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510