
By: Chairman, Economic Matters Committee (Departmental - Insurance Administration, Maryland)

Introduced and read first time: January 29, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Long-Term Care - Certificate**

3 FOR the purpose of clarifying the definition of long-term care insurance; exempting any
4 certificate issued under an out-of-state employer group contract from the definition
5 of long-term care insurance; defining "out-of-state employer group contract"; and
6 generally relating to certificates of long-term care insurance.

7 BY repealing and reenacting, with amendments,
8 Article 48A - Insurance Code
9 Section 642(d), (g), (i), and (j) and 643(a)
10 Annotated Code of Maryland
11 (1994 Replacement Volume and 1995 Supplement)

12 BY adding to
13 Article 48A - Insurance Code
14 Section 642(i)
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1995 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article 48A - Insurance Code**

20 642.

21 (d) "Certificate" means any certificate issued under a group [or individual]
22 long-term care insurance policy [that has been] IF THE CERTIFICATE IS delivered or
23 issued for delivery in the State and [that] covers persons that reside in the State [or, in
24 the case of group policies issued to employers, persons who work in theState].

25 (g) (1) "Long-term care insurance" means any group or individual insurance
26 policy, contract, CERTIFICATE, or rider issued, delivered, or offered by an insurer that:

27 (i) Is advertised, marketed, offered, or designed to provide coverage
28 for not less than 24 consecutive months for each covered person on an expense incurred,
29 indemnity, prepaid, or insured basis; and

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1 (ii) Provides 1 or more necessary or appropriate diagnostic, preventive,
2 therapeutic, rehabilitative, maintenance, or personal care services provided in a setting
3 other than an acute care unit of a hospital.

4 (2) "Long-term care insurance" includes any product that is advertised,
5 marketed, or offered as long-term care insurance.

6 (3) "Long-term care insurance" does not include any insurance policy,
7 CERTIFICATE, contract, or rider which is offered primarily to provide:

8 (i) Basic Medicare supplement coverage;

9 (ii) Hospital confinement indemnity coverage;

10 (iii) Basic hospital expense or medical surgical expense coverage;

11 (iv) Disability income protection coverage;

12 (v) Accident coverage only;

13 (vi) Specified disease or specified accident coverage; or

14 (vii) Skilled nursing care.

15 (4) "Long-term care insurance" does not include a life insurance policy:

16 (i) That accelerates the death benefit specifically for:

17 1. One or more of the qualifying events of terminal illness;

18 2. A medical condition requiring extraordinary medical
19 intervention; or

20 3. Permanent institutional confinement;

21 (ii) That provides the option of a lump-sum payment for those
22 benefits; or

23 (iii) In which neither benefits nor eligibility for benefits is conditioned
24 on receipt of long-term care.

25 (5) "LONG-TERM CARE INSURANCE" DOES NOT INCLUDE ANY
26 CERTIFICATE ISSUED UNDER AN OUT-OF-STATE EMPLOYER GROUP CONTRACT.

27 (I) "OUT-OF-STATE EMPLOYER GROUP CONTRACT" MEANS A GROUP
28 CONTRACT WHICH:

29 (1) IS ENTERED INTO WITH AN EMPLOYER IN A STATE OTHER THAN
30 MARYLAND; AND

31 (2) IS ISSUED DIRECTLY TO AN EMPLOYER UNDER THE LAWS OF THAT
32 EMPLOYER'S STATE.

33 [(i)] (J) "Preexisting condition" means a condition for which medical advice or
34 treatment was recommended by, or received from, a provider of health care services
35 within 6 months prior to the effective date of coverage of the insured or certificate holder.

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1 [(j)] (K) "Service benefit policy" means a long-term care insurance policy that
2 provides for benefits based on the amount of expenses incurred, rather than on an
3 indemnity basis.

4 643.

5 (a) An insurer may not advertise, market, or offer a policy, CERTIFICATE, or
6 contract IN THE STATE as long-term care insurance or long-term nursing home
7 insurance unless the policy or contract complies with the provisions of this subtitle.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 1996.