

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 503*

Short Title: Long-Term Care Insurance.

(Public)

Sponsors: Senator Johnson of Wake.

Referred to: Insurance.

March 20, 1989

A BILL TO BE ENTITLED

AN ACT TO IMPROVE COVERAGE UNDER LONG-TERM CARE INSURANCE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-543(4) reads as rewritten:

"(4) 'Long-term care insurance' means any policy, rider, or certificate advertised, marketed, offered, or designed to provide coverage for not less than 12 consecutive months for each covered person on an expense incurred, indemnity, prepaid, or other basis, for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital. 'Long-term care insurance' includes group and individual ~~policies~~ insurance whether issued by insurers, fraternal benefit societies, nonprofit health, hospital, and medical service corporations, prepaid health plans, health maintenance organizations, or any similar organization. 'Long-term care insurance' does not include ~~any policy~~ insurance that is offered primarily to provide basic Medicare supplement coverage, basic hospital expense coverage, basic medical-surgical expense coverage, hospital confinement indemnity coverage, major medical expense coverage, disability income protection coverage, accident only coverage, specified disease or specified accident coverage, or limited benefit health coverage."

Sec. 2. G.S. 58-545(b) is amended by adding a new subdivision to read:

"(3) Provide coverage for skilled nursing care only or provide significantly more coverage for skilled care in a facility than coverage for lower levels of care."

Sec. 3. G.S. 58-545(c) reads as rewritten:

"(c) ~~Pre-existing~~ Preexisting condition:

- 1 (1) No long-term care insurance, other than that issued to groups defined
2 in G.S. 58-543(3)a., policy or certificate shall use a definition of 'pre-
3 existing-preexisting condition' that is more restrictive than the
4 following: ~~pre-existing~~ 'Preexisting condition' means ~~the existence of~~
5 ~~symptoms that would cause an ordinarily prudent person to seek diagnosis,~~
6 ~~care or treatment, or a condition for which medical advice or treatment~~
7 ~~was recommended by, or received from a provider of health care~~
8 ~~services, within the following limitation periods:~~
9 a. ~~Six months preceding the effective date of coverage of an~~
10 ~~insured person who is 65 years of age or older on the effective~~
11 ~~date of coverage; or~~
12 b. ~~Twenty-four months preceding the effective date of coverage of~~
13 ~~an insured person who is under age 65 on the effective date of~~
14 ~~coverage. six months preceding the effective date of coverage~~
15 ~~of an insured person.~~
- 16 (2) No long-term care insurance ~~policy may other than that issued to~~
17 ~~groups defined in G.S. 58-543(3)a. shall exclude coverage for a loss or~~
18 ~~confinement that is the result of a pre-existing-preexisting condition~~
19 ~~unless such loss or confinement begins with the following periods:~~
20 a. ~~Six months following the effective date of coverage of an~~
21 ~~insured person who is 65 years of age or older on the effective~~
22 ~~date of coverage; or~~
23 b. ~~Twenty-four months following the effective date of coverage of~~
24 ~~an insured person who is under 65 on the effective date of~~
25 ~~coverage within six months following the effective date of~~
26 ~~coverage of an insured person.~~
- 27 (3) The Commissioner may extend the limitation periods set forth in
28 subdivisions (c)(1) and (2) of this section as to specific age group
29 categories in specific policy forms upon findings that the extension is
30 in the best interest of the public.
- 31 (4) The definition of ~~'pre-existing-preexisting condition'~~
32 ~~does not prohibit an insurer from using an application form designed to elicit the~~
33 ~~complete health history of an applicant, and, on the basis of the~~
34 ~~answers on that application, from underwriting in accordance with that~~
35 ~~insurer's established underwriting standards."~~

36 Sec. 4. G.S. 58-545(d) reads as rewritten:

37 "(d) ~~No long term care insurance policy that provides benefits only following~~
38 ~~Prior hospitalization or institutionalization: shall condition such benefits upon~~
39 ~~admission to a facility for the same or related conditions within a period of less than 30~~
40 ~~days after discharge from the institution~~

- 41 (1) Effective September 1, 1989, no long-term care insurance may be
42 delivered or issued for delivery in this State if it:
43 a. Conditions eligibility for any benefits on a prior hospitalization
44 requirement; or

- 1 b. Conditions eligibility for benefits provided in an institutional
2 care setting on the receipt of a higher level of institutional care.
3 (2) Effective September 1, 1989, any long-term care insurance containing
4 any limitations or conditions for eligibility other than those prohibited
5 by law shall describe in a separate paragraph of the policy, rider, or
6 certificate, to be entitled 'Limitations or Conditions on Eligibility for
7 Benefits', the limitations or conditions, including any required number
8 of days of confinement.
9 (3) Long-term care insurance that contains a benefit advertised, marketed,
10 or offered as home health care or a home care benefit may not
11 condition receipt of benefits on a prior institutionalization requirement.
12 (4) Long-term care insurance that conditions eligibility for noninstitutional
13 benefits on the prior receipt of institutional care shall not require a
14 prior institutional stay of more than 30 days for which benefits are
15 paid."

16 Sec. 5. G.S. 58-545(f) reads as rewritten:

17 "(f) An individual long-term care insurance policyholder has the right to return
18 the policy within ~~40~~30 days of its delivery and to have the premium refunded if, after
19 examination of the policy, the policyholder is not satisfied for any reason. Individual
20 long-term care insurance policies shall have a notice prominently printed on the first
21 page of the policy or attached thereto stating in substance that unless the policyholder
22 has received benefits under the policy, the policyholder has the right to return the policy
23 within ~~40~~30 days of its delivery and to have the premium refunded if, after examination
24 of the policy, the policyholder is not satisfied for any reason."

25 Sec. 6. G.S. 58-546(a)(11) reads as rewritten:

26 "(11) 'Intermediate care facility' shall be defined in accordance with the
27 terms of ~~G.S. 131E-176(14)~~G.S. 131E-176(14b)."

28 Sec. 7. G.S. 58-456 is amended by adding a new subsection to read:

29 "(c) All long-term care insurance must be filed with and approved by the
30 Commissioner before it can be used in this State; and is subject to the provisions of
31 Article 33 of this Chapter."

32 Sec. 8. This act applies to all new and renewal long-term care insurance
33 policies, riders, and certificates that are delivered or issued for delivery in this State on
34 and after the effective date of this act.

35 Sec. 9. This act shall become effective September 1, 1989.