



Office of Insurance Regulation

Senior Protection Bill (HB 947) Relating to Long-Term Care Insurance

The Senior Protection Bill (HB 947) provides marketplace reforms that make Long-Term Care Insurance (LTCI) affordable, available, and marketable for all interested parties – seniors and their families, insurance companies and the State of Florida.

The benefits to consumers include:

- Protection of their personal assets in an amount equal to the benefits provided by their policy from Medicaid spend-down requirements.
- Peace of mind that they seek in making a LTCI purchase.
 - Seniors will know that their insurer did a thorough job of reviewing their application and that they will be protected from post-claim underwriting or any frivolous allegations of fraud when they apply for benefits. If there are any questions about the information contained in an application, the insurers will investigate before issuing the policy, and up to two years after issuance. This ensures that the senior will be mentally competent, and his or her agent and any medical providers will be available, to answer questions about the application and medical records. Many times, a senior loses the ability to retrieve original medical evaluations and records if the insurer waits 15 or more years until the time of claim to raise any questions about the application.
 - Under current law, if an insurance company merely alleges fraud, a senior may be denied benefits under their policy until a legal settlement is reached (often, seniors and their families settle for a lesser benefit than they originally purchased in their policy).
 - Seniors and their families will know they are protected from excessive rate increases in the future that result from an insurer choosing to close a block of business and send it into a rating “death spiral.” A number of insurers have asked for annual rate increases in excess 50 percent on policyholders.
 - Seniors will know that, in the event of justifiable rate increases, they will have options to reduce benefits or cancel their policy but at least walk away with a paid up policy equal to the amount of premiums that they have already paid. This is already available to seniors that purchased an LTCI policy after March 2003; however, at that time, no law was passed to include the same protections to policies already in force.

The benefits to the companies include:

- Confidence in the LTCI market, restoring it to the level that it had achieved prior to the recent large rate increases and other market problems encountered in recent years. This legislation was under development for two years and was the result of a study and public hearing conducted by the Office of Insurance Regulation.
- Inclusion of the Partnership Program and the benefits of additional financial security that it provides to consumers will result in increased marketability of LTC policies.

Finally, the bill provides benefits to the state:

- Encourages more Floridians to purchase LTCI protection and reduces the financial dependency on the State of Florida. Nursing home coverage costs are becoming an increasingly larger share of the overall Medicaid program costs. The legislation prohibits the practices that have damaged the market and provides increased benefits and protection under the Partnership Program.