

HOUSE BILL No. 1558

DIGEST OF INTRODUCED BILL

Citations Affected: IC 12-15-39.6; IC 27-8-12.

Synopsis: Long term care insurance. Specifies that a life insurance policy or rider with an accelerated death benefit for long term care coverage is long term care insurance for purposes of the asset disregard for Medicaid eligibility under the long term care partnership program.

Effective: July 1, 2013.

Carbaugh

January 22, 2013, read first time and referred to Committee on Insurance.

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First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1558



A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 12-15-39.6-3 IS AMENDED TO READ AS
- 2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 3. (a) As used in this
- 3 chapter, "long term care insurance" means insurance coverage for at
- 4 least twelve (12) consecutive months for each covered person on an
- 5 expense incurred, indemnity, or prepaid basis for one (1) or more
- 6 necessary long term care services provided in a setting other than an
- 7 acute care wing of a hospital.
- 8 (b) The term does not include payment:
- 9 (1) of coinsurance, deductibles, or premiums for other insurance
- 10 policies;
- 11 (2) for services covered by other insurance policies; or
- 12 (3) for services covered by Parts A and B of the Medicare
- 13 program (42 U.S.C. 1395 et seq.).
- 14 **(c) The term includes coverage under a life insurance policy or**
- 15 **rider with an accelerated death benefit that is specifically available**
- 16 **to pay for long term care.**
- 17 SECTION 2. IC 12-15-39.6-8 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 8. An individual who
2 is: ~~either:~~

3 (1) the beneficiary of a qualified long term care policy approved
4 by the department of insurance; ~~or~~

5 (2) enrolled in a health maintenance organization that both
6 provides long term care services and meets the requirements
7 under sections 4 and 5 of this chapter; ~~or~~

8 **(3) covered under a life insurance policy or rider with an**
9 **accelerated death benefit that is specifically available to pay**
10 **for long term care;**

11 is eligible for assistance under the Medicaid program using the asset
12 disregard under section 10 of this chapter.

13 SECTION 3. IC 12-15-39.6-10 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. (a) As used in this
15 section, "asset disregard" means one (1) of the following:

16 (1) A one dollar (\$1) increase in the amount of assets an
17 individual who:

18 (A) purchases a qualified long term care policy; and

19 (B) meets the requirements under section 8 of this chapter;
20 may retain under IC 12-15-3 for each one dollar (\$1) of benefit
21 paid out under the individual's long term care policy for long term
22 care services.

23 (2) The total assets an individual owns and may retain under
24 IC 12-15-3 and still qualify for benefits under IC 12-15 at the time
25 the individual applies for benefits if the individual:

26 (A) is the beneficiary of a qualified long term care policy that:

27 **(i) if the qualified long term care policy is not described**
28 **in section 3(c) of this chapter, provides maximum benefits**
29 **at time of purchase of at least one hundred forty thousand**
30 **dollars (\$140,000) and includes a provision under which the**
31 **daily benefit increases by at least five percent (5%) per year,**
32 **compounded at least annually; and**

33 **(ii) if the qualified long term care policy is described in**
34 **section 3(c) of this chapter, provides maximum benefits**
35 **at time of purchase of at least two hundred fifty**
36 **thousand dollars (\$250,000);**

37 (B) meets the requirements under section 8 of this chapter; and

38 (C) has exhausted the benefits of the qualified long term care
39 policy.

40 (b) When the office determines whether an individual is eligible for
41 Medicaid under IC 12-15-3, the office shall make an asset disregard
42 adjustment for any individual who purchases a qualified long term care

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1 policy. The asset disregard must be available after benefits of the long
 2 term care policy have been applied to the cost of long term care as
 3 required under this chapter.

4 (c) The qualified long term care policy an individual must purchase
 5 to be eligible for the asset disregard under subsection (a)(2) must have:

6 **(1) if the qualified long term care policy is not described in**
 7 **section 3(c) of this chapter**, maximum benefits at time of
 8 purchase equal to at least one hundred forty thousand dollars
 9 (\$140,000), plus five percent (5%) interest compounded annually
 10 beginning January 1, 1999; **and**

11 **(2) if the qualified long term care policy is described in section**
 12 **3(c) of this chapter**, maximum benefits at time of purchase
 13 equal to at least two hundred fifty thousand dollars
 14 **(\$250,000).**

15 SECTION 4. IC 27-8-12-5 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. (a) As used in this
 17 chapter, "long term care insurance policy" means an insurance policy
 18 providing coverage for at least twelve (12) consecutive months for each
 19 covered person on an expense incurred, indemnity, prepaid, or other
 20 basis for one (1) or more necessary diagnostic, preventive, therapeutic,
 21 rehabilitative, maintenance, or personal care services provided in a
 22 setting other than an acute care wing of a hospital.

23 (b) The term includes the following:

24 (1) A policy advertised, marketed, or offered as long term care
 25 insurance.

26 (2) A group or individual annuity, a life insurance policy, or riders
 27 that provide directly or supplement long term care insurance.

28 (3) A policy or rider that provides for payment of benefits based
 29 upon cognitive impairment or the loss of functional capacity.

30 **(4) A life insurance policy or rider with an accelerated death**
 31 **benefit that is specifically available for coverage of long term**
 32 **care.**

33 (c) The term does not include the following:

34 (1) An insurance policy that is offered primarily to provide basic
 35 hospital expense coverage, basic medical-surgical expense
 36 coverage, hospital confinement indemnity coverage, major
 37 medical expense coverage, disability income protection coverage,
 38 accident only coverage, specified disease or specified accident
 39 coverage, comprehensive coverage, catastrophic coverage, or
 40 limited benefit health coverage.

41 (2) A life insurance policy that accelerates the death benefit
 42 specifically for terminal illness, a medical condition requiring

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1 extraordinary medical intervention, or a permanent institutional
 2 confinement, and that provides the option of a lump sum payment
 3 for those benefits and in which neither the benefits nor the
 4 eligibility for the benefits is conditioned upon the receipt of long
 5 term care.

6 (3) An insurance policy that is offered primarily to provide basic
 7 Medicare supplemental coverage (as defined under IC 27-8-13).

8 SECTION 5. IC 27-8-12-7.1, AS AMENDED BY P.L.141-2006,
 9 SECTION 109, IS AMENDED TO READ AS FOLLOWS
 10 [EFFECTIVE JULY 1, 2013]: Sec. 7.1. (a) The department of
 11 insurance shall adopt rules under IC 4-22-2 that establish standards for
 12 the qualification of a long term care policy under IC 12-15-39.6.

13 (b) The rules **adopted under this section** must include the
 14 following:

15 (1) The standards adopted under section 7 of this chapter.

16 (2) The requirement that an insurer or other person who issues a
 17 qualified long term care policy must at a minimum offer to each
 18 policyholder or prospective policyholder a policy that provides
 19 both:

20 (A) long term care facility coverage; and

21 (B) home and community care coverage.

22 (3) A provision that an insurer or other person who complies with
 23 subdivision (2) may elect to also offer a qualified long term care
 24 policy that provides only long term care facility coverage.

25 (4) The submission of data by insurers that will allow the
 26 department of insurance, the office of Medicaid policy and
 27 planning, and the division of aging to administer the Indiana long
 28 term care program under IC 12-15-39.6.

29 (5) Other standards needed to administer the Indiana long term
 30 care program.

31 (c) **The rules adopted under this section must not include a**
 32 **requirement that a long term care insurance policy described in**
 33 **section 5(b)(4) of this chapter include a benefit that periodically**
 34 **changes based on a certain percentage rate.**

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