

House Research Act Summary

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TOPIC: Long-term care insurance

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Overview

This act involves long-term care insurance, which may be purchased to cover nursing home and home care costs. The act also involves the Minnesota Life and Health Insurance Guaranty Association (MLHIGA), which is an organization of life and health insurers established in state law to provide protection to Minnesota residents who have life or health insurance policies issued by insurance companies that later become insolvent. All life and health insurance companies in the Minnesota market are required by state law to be members of MLHIGA, which is required to assess its insurance company members to cover the costs involved. This act clarifies that long-term care insurance is covered by MLHIGA, on the same basis as other types of health insurance. The protections provided by MLHIGA are to pay or arrange payment of benefits that the insolvent insurance company would have paid and to arrange for substitute coverage for the future. State law sets a limit of \$300,000 (plus adjustment for inflation since 1992) on MLHIGA's obligations for health coverage for any individual.

- 1 **Health insurance.** Adds long-term care insurance to a definition of "health insurance." The effect is to clarify that Minnesota residents covered by long-term care insurance are protected by the Minnesota Life and Health Insurance Guaranty Association (MLHIGA), if the insurance company that issued the policy becomes insolvent. This clarifies that long-term care insurance is a type of health insurance covered by MLHIGA.
- 2 **Effective date.** Provides an immediate effective date.