

NAIC Adopts New Long-Term Care Insurance Consumer Protections

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ST. LOUIS (Sept. 12, 2006) – The Health Insurance and Managed Care (B) Committee of the National Association of Insurance Commissioners (NAIC) adopted several revisions to the Long Term Care Model Act and Regulation during its Fall National Meeting in St. Louis, including provisions that will increase access to care and allow insurance consumers more flexibility in managing the cost of their coverage.

The model act includes a new section on producer training, which requires producers to complete a one-time, eight-hour training course before selling long-term care insurance products and an ongoing, four-hour training requirement from that point on. The training will cover long-term care insurance, as well as information about Partnership programs and their relationship to the Medicaid program.

The amended NAIC model act and regulation also address how state insurance departments can fulfill their responsibility under the Federal Deficit Reduction Act to provide assurance that a producer who sells a partnership policy demonstrates an understanding of such policies and their relationship to public and private coverage of long-term care.

“The market for long-term care insurance is rapidly growing and changing,” said NAIC Vice President and Kansas Insurance Commissioner Sandy Praeger. “As regulators, we are working to make sure consumers have confidence in the policies they are buying.”

The amendments ensure that long-term care insurance policies would pay for services in facilities in other states, even if the facilities are licensed or registered in a different way from those in the state in which the policy was sold.

Carriers often require the long-term care facilities they reimburse to be licensed or registered to ensure the highest quality of care for their beneficiaries. This requirement has, at times, resulted in nonpayment to facilities in other states because they are not properly certified. The modification to the model act will allow carriers to protect their beneficiaries, without the unintended consequences.

The adopted amendments also will provide consumers with more options when new services or providers become available in the market and greater flexibility to reduce coverage in order to make premiums more affordable. These key improvements give consumers more control over their coverage.

The Long-Term Care (B) Working Group continues to review both the NAIC Long Term Care Insurance Model Act and Regulation to improve consumer protections and options.

About the NAIC

Headquartered in Kansas City, Missouri, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and the five U.S. territories. The NAIC’s overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, the NAIC is the oldest association of state officials. For more than 135 years, state-based insurance supervision has served the needs of consumers, industry and the business of insurance at-large by ensuring hands-on, frontline protection for consumers, while providing insurers the uniform platforms and coordinated systems they need to compete effectively in an ever-changing marketplace. For more information, visit NAIC on the Web at: http://www.naic.org/press_home.htm

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