

CHAPTER 742

H.B. No. 2662

AN ACT

relating to standards for long-term care insurance policies.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 3, Article 3.70–12, Insurance Code, is amended to read as follows:

Sec. 3. MINIMUM STANDARDS FOR LONG-TERM CARE INSURANCE. (a) The State Board of Insurance by rule shall establish specific standards for provisions of long-term care insurance policies and standards for full and fair disclosure setting forth the manner, content, and required disclosures for the marketing and sale of long-term care insurance policies. Those standards are in addition to and in accordance with applicable laws of this state, including Subchapter G of Chapter 3 of this code, applicable federal law, and any rules, regulations, and standards required by federal law.

(b) The standards established under Subsection (a) of this section shall cover the following:

- (1) terms of renewability;
- (2) initial and subsequent conditions of eligibility;
- (3) nonduplication of coverage;
- (4) coverage of dependents;
- (5) preexisting conditions;
- (6) termination of insurance;
- (7) continuation or conversion;
- (8) probationary periods;
- (9) benefit limitations, exceptions, and reductions;
- (10) elimination periods;
- (11) requirements for replacement;
- (12) recurrent conditions;
- (13) definitions of terms; and
- (14) inflation protection.

(c) The standards established under Subsection (a) of this section may:

- (1) establish standard claim forms;
- (2) establish standard benefits for:
 - (A) skilled nursing care;
 - (B) intermediate nursing care;
 - (C) custodial care; and
 - (D) home health care;
- (3) require coverage for skilled nursing care, intermediate nursing care, and custodial care to facilitate comparison among long-term care insurance products;
- (4) require insurers to offer coverage for home health care benefits;
- (5) require that premium rates may not be raised for a covered individual unless either the covered individual requests and receives a change of benefits or the increase is made for all members of the class to which the individual has been assigned by the insurer; or

(6) require an insurer to pay for services covered by the policy that are rendered by any institution licensed to provide those services under Chapter 242, Health and Safety Code.

(d) [(b)] Any rules issued by the State Board of Insurance under this section shall include requirements no less favorable than the minimum standards of benefits for long-term care insurance adopted in any model laws or regulations relating to minimum standards for benefits for long-term care insurance and mandated by federal law.

(e) [(e)] In addition to other provisions of this section, a long-term care insurance policy or certificate subject to this article may not contain a provision which denies a claim for losses incurred more than six months from the effective date of coverage for a preexisting condition. A policy may not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within six months before the effective date of coverage. The State Board of Insurance by rule may provide for additional reasonable regulation of preexisting conditions consistent with this section. That authority includes the authority to extend the limitations periods set forth in this section as to specific age group categories in specific policy forms, based on the board's first finding that such an extension is in the best interest of the public.

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 11, 1993, by a non-record vote; the House concurred in Senate amendments to H.B. No. 2662 on May 27, 1993, by a non-record vote; passed by the Senate, with amendments, on May 25, 1993: Yeas 31, Nays 0.

Approved June 16, 1993.

Effective Aug. 30, 1993, 90 days after date of adjournment.