Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Catherine Grason, Director of Regulatory Affairs, Maryland Insurance Administration, 200 St. Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2201, or email to insuranceregreview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through April 18, 2016. A public hearing has not been scheduled.

.01 Purpose.

The purpose of this chapter is to establish a limit on the value of incentives offered by carriers in [bona fide] wellness programs.

.02 Scope.

This chapter applies only to the [bona fide] wellness programs as defined in Regulation .03 of this chapter, and Insurance Article, §27-210(h)(1), Annotated Code of Maryland.

.03 Definitions.

A. (text unchanged)

B. Terms Defined.

[(1) "Bona fide wellness program" has the meaning stated in Insurance Article, §15-509, Annotated Code of Maryland.]

[(2)] *(1)* (text unchanged)

(2) "Wellness program" has the meaning stated in Insurance Article, §27-210(h)(1), Annotated Code of Maryland.

.04 Incentive Permitted.

A carrier may offer an incentive for participation in a [bona fide] wellness program if the incentive:

A. Is reasonably related to the [bona fide] wellness program; and

B. (text unchanged)

.05 Value of Incentive Offered.

An incentive offered for participation in a [bona fide] wellness program by a carrier may not have a value that exceeds $500 per year, per individual who is an insured, a subscriber, or a member.

ALFRED W. REDMER, JR.
Insurance Commissioner

Subtitle 14 LONG-TERM CARE

31.14.03 Long-Term Care Partnership

Authority: Insurance Article, §§18-102 and 18-106—18-107; Health-General Article, §15-407; Annotated Code of Maryland

Notice of Proposed Action

[16-080-P]

The Insurance Commissioner proposes to amend Regulation **.05** under **COMAR 31.14.03 Long-Term Care Partnership**.

Statement of Purpose

The purpose of this action is to reduce the minimum inflation protection benefit that is required to be purchased by an applicant who is younger than 61 years of age in order for the policy to meet the requirements of a long-term care partnership policy. Under these amended regulations, an individual who is younger than 61 years of age is required to purchase an inflation protection of at least 1 percent compounded annually, reduced from the prior requirement of at least 3 percent compounded annually. This will reduce the premium for a long-term care partnership policy for individuals under the age of 61 and will permit more individuals to purchase a long-term care partnership policy.

Comparison to Federal Standards

There is a corresponding federal standard to this proposed action, but the proposed action is not more restrictive or stringent.

Estimate of Economic Impact

I. Summary of Economic Impact. The proposed amendments to the regulations will have a minimal impact on the Maryland Insurance Administration, the Department of Health and Mental Hygiene, insurers who sell long-term care partnership insurance policies and to individuals who may be interested in buying a long-term care insurance partnership policy, but could not afford a 3 percent annually compounded inflation protection benefit.

II. Types of Economic Impact.	Revenue (R+/R-) Expenditure (E+/E-)	Magnitude
A. On issuing agency:		
(1) Form filing fees	(R+)	Minimal
(2) Form review expenditures	(E+)	Minimal
B. On other State agencies:		
DHMH	(E-)	Unknown/Minimal
C. On local governments:	NONE	
	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:		
Insurers and insurance producers	(+)	Unknown
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:		
Consumer benefit	(+)	Unknown

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A(1). The Maryland Insurance Administration will receive a filing fee of $125 for each form filed by an insurer to offer an inflation protection benefit to a long-term care partnership policy that is less than the current minimum requirement of 3 percent. This may include amended inflation protection riders and amended applications for long-term care partnership policies. Staff from the Maryland Insurance Administration will be required to review the forms for approval. It is unknown how many forms will be filed, but very few insurers offer long-term care insurance in Maryland, so the expectation is that the revenue received will be minimal.

A(2). Staff from the Maryland Insurance Administration will be required to review amended forms for approval. It is unknown how many forms will be filed, but very few insurers offer long-term care insurance in Maryland, so the expectation is that the increase in expenditures will be minimal.

B. The Department of Health and Mental Hygiene may benefit if more individuals purchase long-term care insurance policies, as these individuals will be less likely to exhaust their assets and qualify for Medicaid since the long-term care insurance policy will initially pay the expenses for long-term care. However, if an individual who purchased a long-term care partnership policy under this amended regulation ends up applying for Medicaid for coverage of long-term care expenses, the amounts that were payable under the long-term care partnership contract will be shielded from the "spend-down" requirements of Medicaid, which may offset any savings.

D. Insurers and insurance producers that sell long-term care partnership insurance policies may be able to sell more policies under these amended regulations, as the cost of the required inflation protection benefit under the amended regulations will be less for consumers under the age of 61 who decide to purchase the minimum level of inflation protection.

F. Consumers will benefit from these amended regulations in that more consumers can afford to purchase a long-term care partnership policy. The long-term care partnership policy will benefit the consumer (as opposed to a long-term care nonpartnership policy) because the amounts payable under the long-term care partnership policy can be used to shield assets from the spend-down requirements of Medicaid, if the individual needs to apply for Medicaid.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Catherine Grason, Director of Regulatory Affairs, Maryland Insurance Administration, 200 Saint Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2201, or email to insuranceregreview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through April 18, 2016. A public hearing has not been scheduled.

.05 Long-Term Care Insurance Policy Requirements for Partnership Policies.

A.—E. (text unchanged)

F. Inflation Protection.

(1) Each partnership policy issued to an individual who is younger than 76 years old shall contain the following minimum inflation protection benefit:

(a) If the applicant, at the time the partnership policy is issued, is younger than 61 years old, the partnership policy shall provide, at a minimum, one of the following:

(i) A [3] *1* percent compound annual inflation protection benefit; or

(ii) (text unchanged)

(b) (text unchanged)

(2)—(5) (text unchanged)

ALFRED W. REDMER, JR.
Insurance Commissioner