62S.17 CONTINUATION OR CONVERSION.

Subdivision 1. **Requirement.** Group long-term care insurance shall provide covered individuals with a basis for continuation or conversion of coverage.

Subd. 2. **Basis for continuation of coverage.** A basis for continuation of coverage policy provision must maintain coverage under the existing group policy when the coverage would otherwise terminate and is subject only to the continued timely payment of premium when due. Group policies which restrict provision of benefits and services to, or contain incentives to use certain providers or facilities, may provide continuation benefits which are substantially equivalent to the benefits of the existing group policy. The commissioner shall make a determination as to the substantial equivalency of benefits and shall take into consideration the differences between managed care and nonmanaged care plans, including provider system arrangements, service availability, benefit levels, and administrative complexity.

Subd. 3. **Basis for conversion of coverage.** A basis for conversion of coverage policy provision must provide that an individual whose coverage under the group policy would otherwise terminate or has been terminated for any reason, including discontinuance of the group policy in its entirety or with respect to an insured class, and who has been continuously insured under the group policy and any group policy which it replaced, for at least six months immediately prior to termination, is entitled to the issuance of a converted policy by the insurer under whose group policy the insured is covered, without evidence of insurability.

Subd. 4. **Converted individual policy.** A converted individual policy of long-term care insurance must provide benefits identical to or benefits determined by the commissioner to be substantially equivalent to or in excess of those provided under the group policy from which conversion is made. Where the group policy from which conversion is made restricts provision of benefits and services to, or contains incentives to use certain providers or facilities, the commissioner, in making a determination as to the substantial equivalency of benefits, shall take into consideration the differences between managed care and nonmanaged care plans, including provider system arrangements, service availability, benefit levels, and administrative complexity.

Subd. 5. **Converted policy application.** Written application for the converted policy must be made and the first premium due, if any, must be paid as directed by the insurer not later than 31 days after termination of coverage under the group policy. The converted policy must be issued effective on the day following the termination of coverage under the group policy, and is renewable annually.

Subd. 6. **Converted policy premium calculation.** Unless the group policy from which conversion is made replaced previous group coverage, the premium for the converted policy is calculated on the basis of the insured's age at inception of coverage under the group policy from which conversion is made. Where the group policy from which conversion is made replaced previous group coverage, the premium for the converted policy is calculated on the basis of the insured's age at inception of coverage under the group policy replaced.

Subd. 7. **Exceptions.** Continuation of coverage or issuance of a converted policy is mandatory, except under the following conditions:

(1) termination of group coverage resulting from an individual's failure to make a required payment of premium or contribution when due; or

(2) replacement group coverage:

(i) is in place not later than 31 days after termination and is effective on the day following the termination of coverage;

(ii) provides benefits identical to or benefits determined by the commissioner to be substantially equivalent to or in excess of those provided by the terminating coverage; and

(iii) premium is calculated in a manner consistent with the requirements of subdivision 6.

Subd. 8. **Reduction in benefits.** Notwithstanding any other provision of this section, a converted policy issued to an individual who at the time of conversion is covered by another long-term care insurance policy which provides benefits on the basis of incurred expenses, may contain a provision which results in a reduction of benefits payable if the benefits provided under the additional coverage, together with the full benefits provided by the converted policy, would result in payment of more than 100 percent of incurred expenses. This provision may only be included in the converted policy if the converted policy also provides for a premium decrease or refund which reflects the reduction in benefits payable.

Subd. 9. **Benefit limit.** A converted policy may provide that the benefits payable under the converted policy, together with the benefits payable under the group policy from which conversion is made, shall not exceed those that would have been payable had the individual's coverage under the group policy remained in effect.

Subd. 10. **Eligibility.** Notwithstanding any other provision of this section, an insured individual whose eligibility for group long-term care coverage is based upon the insured individual's relationship to another person, is entitled to continuation of coverage under the group policy upon termination of the qualifying relationship by death or dissolution of marriage.

Subd. 11. **Managed care plan.** For the purposes of this section, a "managed care plan" is a health care or assisted living arrangement designed to coordinate patient care or control costs through utilization review, case management, or use of specific provider networks.

History: *1997 c 71 art 1 s 17*