

November 22, 2021

Philip Gennace, Chair, NAIC LTCI Model Update (B) Subgroup

Dear Mr. Gennace and Subgroup Members,

The American Council of Life Insurers (ACLI)ⁱ and the American Association of Health Insurance Plans (AHIP)ⁱⁱ appreciate the opportunity to comment Sections 13 through 19 of the Long-Term Care Insurance (LTCI) Model Regulation #641.

With the exception of Section 13.A. (1)-(2), ACLI and AHIP believe that the language currently contained in Sections 13 through 19 remains flexible and compatible with the current long-term care insurance (LTCI) marketplace and that new language is unnecessary. However, as the subgroup continues its review of the remaining sections of the model regulation, we recognize that changes needed to those sections could result in a need to reconsider our position regarding the opening of Sections 13 through 19.

Section 13A states that insurers must offer a policyholder the option to purchase a policy that provides for benefit levels to increase with benefit maximums or reasonable durations which are “meaningful to account for reasonably anticipated increases in the costs of long-term care services covered by the policy”. Subsections (1) and (2) of Section 13A requires that the “increases are compounded annually at a rate not less than five percent (5%).” Based on industry data, an increase of five percent compounded annually does not align with the current LTC insurance marketplace, and results in insurers offering policyholders a product that is more expensive than needed to meet their future needs. Section 13 A (1)-(2) should be opened specifically to update “five percent” to a percentage that more appropriately aligns with “reasonably anticipated increases in the costs of long-term care services covered by the policy.”

As stated in the call notice, the purpose of the review is to determine if the existing language in the model no longer meets the current LTCI marketplace. If someone feels that the language is no longer compatible or flexible, they should provide comment and explain why it is no longer flexible or compatible. To provide meaningful input and feedback on any stakeholder comments, we respectfully request that the subgroup adhere to this process and request that any stakeholder requesting changes provide an explanation as to why the current language is incompatible with or lacks the flexibility needed to meet the current LTCI marketplace.

We look forward to discussing expanding on our comments at the LTCI Model Update (B) Subgroup meeting on Wednesday, December 1st.

Sincerely,



Jan M. Graeber
ACLI Senior Actuary



Ray Nelson
AHIP Consulting Actuary

ⁱ The American Council of Life Insurers advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers' financial and retirement security. Ninety million American families depend on our members for life insurance, annuities, retirement plans, long-term care (LTC) insurance, disability income insurance, reinsurance, dental, vision, and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers' products for peace of mind. ACLI members represent 95 percent of industry assets in the United States.

ⁱⁱ AHIP is the national association whose members provide coverage for health care and related services to hundreds of millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.