July 14, 2025

Kevin Dyke, Chair of Health Actuarial Task Force
Ryan Jubber, Vice Chair, Health Actuarial Task Force

Dear Chair Dyke and Vice Chair Jubber:

As indicated in the call notice of the NAIC Health Actuarial (B) Task Force (HATF) scheduled for Monday, July 14th, HATF plans to "discuss and consider adoption of the Alternative Proposal for revised cost-sharing factors associated with the MSA Framework's Single LTCI Multistate Rate Review Approach". While the meeting notice did not include a formal request for comments, we are sharing the following input ahead of the upcoming call. Given the significance of the proposal and its potential impact, we believe it is important to provide our perspective for the record.

- The MSRR framework has not met its intended goal. The framework was developed in response to the NAIC Long-Term Care (EX) Task Force's charge to create a consistent and transparent national approach for reviewing LTC rates that results in rates that are grounded in sound actuarial principles. This proposal moves away from those core values and introduces arbitrary adjustments, bringing back the very challenges the MSRR was originally designed to address.

- The process leading to the development of the MSRR framework has generally lacked clarity, transparency, and coordination. The extent to which states will adopt and consistently apply the framework remains uncertain and continues to raise important questions about its effectiveness.

- Over the past 5 years, ACLI and AHIP have offered alternatives, raised concerns, and asked questions, most of which have not been fully addressed. Even among regulators, the votes show a lack of consensus on various aspects of the MSSR framework.

- Adding cost-sharing may sound reasonable on the surface, but it's not backed by actuarial principles. It amounts to a cap on rate increases, which undermines the very purpose of MSRR.

- We've seen similar debates play out more than a decade ago. Efforts to cap rate increases at that time contributed to outcomes resulting from one major insolvency, where thousands of policyholders lost coverage.

- Protecting consumers isn't about keeping premiums low in the short term. It's about making sure the coverage they've paid for is there when they need it. If companies can't collect the rates needed to support claims, policyholders could end up with reduced benefits or none at all.

We appreciate the considerable time and effort that has gone into developing this proposal. We offer our comments in the spirit of continued constructive engagement.

Sincerely,

Jan Graeber
Senior Actuary, ACLI

Amanda Herrington
Executive Director, AHIP

cc: Ray Nelson, AHIP's Consulting Actuary