Vermont Comments

# LTC (EX) Multi-state Actuarial Rate Review Framework

On p. 14, in appendix D, Principles for Reduced Benefit Options (RBO) Associated with LTCI Rate Increases, it reads:

*Exploration of innovation, particularly where an outcome of improved health and lower claim costs are possible:*

*• Regulators and interested parties should continue to study the idea of offerings being made by insurers including potentially being tied to rate increases, e.g., providing hand railings for fall prevention in high-risk homes, and identifying the pros and cons of such an approach.*

Rate increases for long-term care policies typically add thousands of dollars to the annual premium paid for the policy.  These types of rate increases are significant and may be a hardship to elderly consumers on fixed incomes.  Consumers may not be able to consider their own best interest in the face of a significant change to annual expenses. Any offer associated with a rate action, and which involves the collection of data through artificial intelligence should clearly explain how information will be collected and used to avoid profiting and potential discriminator actions on behalf of the insurer. Also, any offer to an insured tied to rate increases should be supported with data showing why and how the rate impact is directly correlated to the offer.

Consider this example:

* A consumer on a fixed income receives notice that long-term care premiums will increase by $3,000 annually.
* That consumer now faces $3,000 of new expenses.
* If the consumer checks a box, they will receive a smart device that will collect data from their home and computer.
* If they select this option, they will not have to pay any rate increase.

The consumer may not be in the position to act in their own best interest and may not be able to consider these options carefully for several reasons. First, the consumer may not fully understand the technology proposed, the data to be collected, and the privacy implications. Second, the consumer may not realize that there may be several other options to modify their policy and reduce premiums besides accepting the new technology option. The technology option may seem like the only choice available. ​

The MSA subgroup should consider keeping the wellness program offers separate from implementation of large rate increases (greater than 10%).  Then, there would be no question ​that the consumer was coerced, rather than persuaded, to take part in any wellness program.