

December 13th, 2024

Jane M. Koenigsman,
FLMI Sr. Manager II, Life & Health Financial Analysis
NAIC Financial Regulatory Services
1100 Walnut St, Ste 1000 Kansas City, MO 64106-2197

Re: Exposure Draft of the Long-Term Care Insurance Multistate Rate Review Framework

Dear Ms. Koenigsman,

Alabama appreciates the opportunity to comment on the revisions to the Long-Term Care Insurance Multistate Rate Review Framework, including the proposed single LTCI MSA rate review approach and modifications to the cost-sharing formula.

We appreciate all the work done in developing the MSA Framework. We support the proposed single approach with the cost-sharing formula that was exposed, but with an additional level of cost-sharing. We propose increasing the haircut for the portion of the (blended) cumulative rate increase between 300% and 400% from the 20% in the exposure draft to 60%.

We currently have a cost-sharing formula that has been used in MSA filing to determine rate increases. In the formula that was exposed, it is our understanding that in an attempt to reduce the level of rate increases at higher attained ages/durations the haircut was increased from 50% to 80% for the share of the (blended) cumulative rate increases in excess of 400%. Additionally, to offset this increase, the haircut was reduced to 20% for the portion of the (blended) cumulative rate increase between 100% and 400%. Previously the haircuts were 35% and 50% of the (blended) cumulative rate increase between 100% and 150%, and between 150% and 400%, respectively.

We support the intent behind these changes but believe an additional level of haircut will provide a better balance in the cost-sharing. As such, we propose increasing the haircut from the 20% in the exposure draft to 60% for the portion of the (blended) cumulative rate increase between 300% and 400%.

Sincerely,

Sanjeev Chaudhuri
Chief Actuary, Alabama Department of Insurance

cc: Paul Lombardo, Fred Andersen

Exhibit I

The current, exposed and our proposed cost-sharing factors are given below:

Current

The cumulative-since-issue, weighted if-knew / makeup premium-based increase is reduced by:

- i. No haircut for the first 15%.
- ii. 10% haircut for the portion of cumulative rate increase between 15% and 50%.
- iii. 25% haircut for the portion of cumulative rate increase between 50% and 100%.
- iv. 35% haircut for the portion of cumulative rate increase between 100% and 150%.
- v. 50% haircut for the portion of the cumulative rate increase in excess of 150%.

Exposed

The cumulative-since-issue, weighted if-knew / makeup premium-based increase is reduced by:

- i. 5% haircut for the first 100%.
- ii. 20% haircut for the portion of cumulative rate increase between 100% and 400%.
- iii. 80% haircut for the portion of the cumulative rate increase in excess of 400%.

Our proposal

The cumulative-since-issue, weighted if-knew / makeup premium-based increase is reduced by:

- i. 5% haircut for the first 100%.
- ii. 20% haircut for the portion of cumulative rate increase between 100% and 300%.
- iii. 60% haircut for the portion of cumulative rate increase between 300% and 400%.
- iv. 80% haircut for the portion of the cumulative rate increase in excess of 400%.

Exhibit II

The effects of the different cost-sharing options are given below:

<u>Blended cum. rate inc.</u>	<u>Final cumulative rate increase</u>		
	<u>Current</u>	<u>Exposed</u>	<u>Proposed</u>
15%	15%	14%	14%
50%	47%	48%	48%
100%	84%	95%	95%
150%	117%	135%	135%
200%	142%	175%	175%
250%	167%	215%	215%
300%	192%	255%	255%
350%	217%	295%	275%
400%	242%	335%	295%
576%	330%	370%	330%
712%	398%	397%	357%
1000%	542%	455%	415%
2000%	1042%	655%	615%
3000%	1542%	855%	815%
4000%	2042%	1055%	1015%