

Commissioner Jessica Altman  
Chairman, NAIC LTCI Reduced Benefit Options (EX) Subgroup  
Pennsylvania Insurance Department

November 4, 2021

Dear Commissioner Altman,

The American Council of Life Insurers (ACLI)<sup>i</sup> and the American Association of Health Insurance Plans (AHIP)<sup>ii</sup> appreciate the opportunity to comment on the second draft of the “Issues Related to LTC Wellness Benefits,” exposed by the NAIC Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup on October 5, 2021.

ACLI/AHIP continue to support the Subgroup’s work to explore the offering of innovative wellness benefit programs as part of long-term care insurance (LTCI). By discussing the issues and opportunities associated with wellness programs in LTCI, we learn how these benefits may contribute to policyholder health and strengthen the LTCI market.

#### OBJECTIVE

ACLI/AHIP request that the newly added objective statement be revised to reflect the document’s stated purpose in the Background section to work “together to explore some of these claim cost-reducing innovations.” Thus, we recommend the objective statement read, “The objective of this paper is to foster dialogue amongst regulators, insurance companies, and interested parties regarding issues related to innovative long-term care wellness programs.” Fostering discussion that supports insurance companies in developing pilot wellness programs should be the aim of this document, as opposed to increasing “clarity,” which could stifle innovation. As we have previously asserted, LTCI wellness initiatives are in their infancy and will require significant development and testing. Insurers are encouraged to develop wellness initiatives when the regulatory environment facilitates exploration, innovation, and targeted pilot programs.

With the goal of contributing to the discussion on wellness programs in LTCI, our comments on the second draft are as follows.

#### BACKGROUND

We appreciate the addition of “pre-insurance-claim” to describe the wellness interventions discussed in the document. The true value of wellness interventions comes in providing them pre-claim when they are most effective.

And while we recognize the Subgroup’s stated goal to address rate increases and solvency concerns with wellness programs, we continue to feel it is important that this discussion

document emphasize what should be wellness programs' primary goal, and that is the maintained or improved health and independence of policyholders. Whether or not wellness programs affect rate increases or solvency concerns remains to be seen. They are likely to be one of many factors, including necessary and actuarially justified rate increases, that strengthen the LTCI marketplace overall. Wellness programs should not be pursued as a “cure” to industry issues. What we can reasonably pursue, however, is the improved wellness of LTCI policyholders.

### PREVENTION OF UNFAIR DISCRIMINATION RELATED TO EXTRA-CONTRACTUAL BENEFITS AND COSTS

ACLI/AHIP affirm the importance of avoiding unfair discrimination when offering LTCI wellness benefits. We also believe it is possible navigate discrimination concerns when targeting wellness programs to cohorts of similarly situated insureds. Our original comments asserted that certain wellness “programs may be most effective and most utilized if focused on those insureds with a particular condition, age range, or sex. Targeted wellness programs could more effectively reduce claims costs and maximize the health of policyholders.” The ability to target wellness programs, while avoiding unfair discrimination, is key to encouraging LTC insurers to implement wellness programs. Insurers are unlikely to attempt a wellness program if they cannot first experiment with a small, targeted pilot program before scaling up.

While we agree with efforts to better support underserved markets, we disagree with the newly added language in this section that suggests “selection for pilots should consider including a wide range of individuals from various geographic, economic, social, marital, age, racial, and ethnic populations to ensure meaningful data is collected.” While a broad range of characteristics might be appropriate for many benefit programs, it is not appropriate in all instances, particularly pilot programs. Often, meaningful data is best collected and analyzed when it is targeted. Certain benefits are also likely to be more effective at improving wellness if targeted.

The LTCI industry needs assurance from regulators that focusing wellness benefits on a cohort of similarly situated policyholders successfully navigates unfair discrimination requirements. Regulatory guidance on how to classify policyholders for a targeted wellness program is unnecessary and would hamper industry efforts to innovate.

### REGULATORY ROLE IN APPROVING OR EVALUATING LTC WELLNESS APPROACHES

We welcome the edits made to this section that both express a goal to avoid unconstructive regulatory and filing burdens and, also, remove the suggestion that receiving an actuarially justified rate increase be contingent on an insurer’s innovation efforts.

To reiterate, ACLI/AHIP believe that tying wellness benefit programs to rate increases is inappropriate for a few reasons. First, a rate increase request for an individual block of business may not have an associated wellness program. Second, wellness programs might only be offered to new customers. Third, wellness programs are primarily structured to improve

wellness, not address actuarially justified rate increases. Fourth, it could lead to inequities between companies with varying participation levels in the wellness realm. And fifth, the data needed to justify a correlation between wellness programs and rate increases, will, if such a correlation exists, take time to gather and analyze.

**CONCLUSION**

ACLI/AHIP affirm their commitment to continuous collaboration with regulators and other interested parties in developing the thinking about wellness programs in LTCI. Thank you for the opportunity to provide these comments. ACLI/AHIP look forward to discussing our comments with you soon.

Sincerely,



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Senior Actuary, ACLI



Susan Coronel  
Executive Director, Product Policy, AHIP

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<sup>i</sup> 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.

<sup>ii</sup> 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.