



May 4, 2018

Mr. David Torian
Health Policy Analyst and Counsel
National Association of Insurance Commissioners
Via email to dtorian@naic.org

Dear Mr. Torian:

Thank you for the opportunity to comment on the exposure drafts of the NAIC Limited Long-Term Care Insurance Model Act and Model Regulation. Bankers Life is one of the largest writers of what are generally now known as Short-Term Care Insurance policies, and we believe these types of policies can play a large and growing role in helping to provide for nursing home and home health care expenses for middle-income families. We share with the NAIC the goal of ensuring such products continue to be available on a reasonable and consistent basis to meet this need.

As such, on behalf of Bankers Life, I would like to respectfully submit the following comments on the Limited Long-Term Care Insurance Model Act:

1. We believe the name 'Limited Long-Term Care Insurance' for these policies creates significant potential for confusion among many parties, including consumers. Consumers may believe these are a type of 'Long-Term Care Insurance' policy and may qualify for the corresponding favorable Federal and state income tax treatment. The name creates an impression that these are a subset of 'Long-Term Care Insurance' policies when in fact they are a separate class of policies. We believe retaining a name such as 'Short-Term Care Insurance' or another similar term lessens this confusion and aligns better with the way existing policies of this type are known today.
2. In Section 8, the intent was to allow but not require companies to offer an optional non-forfeiture rider. Given this, we believe some of the wording is confusing. For example, if no offer is required, it seems superfluous to direct the commissioner to promulgate regulations specifying the types 'to be offered.' We suggest that only paragraph A is needed in this section, simply stating that these policies may be offered with an optional non-forfeiture rider.
3. In Section 9, the producer training section is carried over on an optional basis from the Long-Term Care Model Act and requires information regarding Partnership programs, Medicaid, and other items that are appropriate for a long-term care insurance policy sale but may not be necessary here given the more limited nature of these policies, which may be sold in some cases as a recovery care policy and not intended to be part of estate or retirement planning. We believe carrying all these items over from the Long-Term Care Model Act may unnecessarily discourage health producers from selling these more limited policies if they do not already sell long-term care insurance. In addition, if the intent of this provision is to be optional, we suggest that the section number be removed, and it be moved to the end of the act, similar to the case for the optional Permitted Compensation Arrangements section in the Model Regulation.

In addition, we have the following comments on the Limited Long-Term Care Insurance Model Regulation:

1. Beginning in Section 5 and throughout the document, the term 'Home health care services' has been changed to 'Home care services.' It is unclear to us why this change was made, as the definition of the term has not changed, and this seems to create potential confusion that 'Home care services' in this context are different from 'Home health care services' in the Long-Term Care Model Regulation. We suggest the term remain unchanged.
2. In Section 6B(2), the exclusion wording of 'Alzheimer's Disease' was changed to 'cognitive impairment.' We believe this change is too broad, as arguably many or all mental disorders could be considered 'cognitive impairments.' We suggest 'organic brain disorders' would be a clearer term that would serve the purpose of expanding the term beyond Alzheimer's Disease but retain the ability to exclude other mental and nervous

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- disorders. Similarly, in Item 12 of the Outline of Coverage in Section 31E, we suggest the term ‘organic brain disorders’ be retained.
3. In Section 12B, the requirement that any home health benefit be at least one half of one year’s coverage for nursing home benefits was retained. Given that this model applies specifically to policies that may have short benefit periods, we believe this should be removed as it unintentionally creates an effective floor of a six-month benefit period.
 4. In Section 15H(2)(a)(i)(I)a, the annual rate certification requirement retains a requirement the rates have provision for moderately adverse experience, which is also referenced in subsection b that follows. While this is appropriate for long-term care insurance where there is no minimum loss ratio at issue, this requirement is incompatible with the minimum loss ratio of 55% referenced in other sections of the document. As all references to moderately adverse experience were explicitly removed from the other rate filing sections, we believe the requirement here was retained as an oversight. Retention of any requirement for margins for moderately adverse experience would require, as is the case for long-term care insurance policies, removal of the minimum loss ratio requirement at issue.
 5. In Section 18, the sole remaining subsection A should be rewritten as it retains a reference to the deleted subsection above. We suggest this section simply state that reserves should conform to the requirements for individual health policies that do not fall into any of the categories already specified in the referenced Health Insurance Reserves Model Regulation, as is the case today.
 6. In Section 23A(2)(b) a ‘discussion with applicants of how the benefits and costs of limited long-term care insurance compare with long-term care insurance’ is required as part of the suitability requirements. We are concerned with this requirement, as some producers may be licensed to sell limited long-term care insurance policies but not long-term care insurance policies, or may not be appointed with an insurer that offers long-term care insurance policies. In these situations, producers may not have access to accurate information about costs and benefits of long-term care insurance policies. We suggest this requirement be removed.
 7. In Section 27, the intent was to allow, but not require, an offer of a non-forfeiture benefit at issue, but retain a requirement for a contingent non-forfeiture benefit at the time of a qualifying rate increase. However, much wording was retained that seems to assume an offer of a non-forfeiture benefit was required at issue, such as restrictions on the types of benefits, and reference to ‘Should the offer made ... be rejected’ as a preface to providing the contingent non-forfeiture benefit. Given that an offer at issue is not required, we suggest this section be rewritten to remove all references to offers at issue and simply state the requirement to provide contingent non-forfeiture at the time of a qualifying rate increase, as that appears to have been the intent.
 8. In Section 28B, the requirement to use all six Katz ADLs was retained. While we are not opposed to this, we do not see a reason that this requirement be retained, as there are no tax-qualification ramifications for these types of policies, and some carriers may wish to have variants on the benefit triggers that may be appropriate for policies that, for example, are designed to focus on post-acute recovery care. We would like to understand the rationale for retaining this requirement.

I would once again like to thank you for the opportunity to provide comments on the proposed Act and Regulation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott L. Goldberg'.

Scott L. Goldberg
President, Bankers Life

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