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Senior Issues (B) Task Force
Indianapolis, Indiana
March 24, 2025

The Senior Issues (B) Task Force met in Indianapolis, IN, March 24, 2025. The following Task Force members participated: Scott Kipper, Chair (NV); Jon Godfread represented by Chrystal Bartuska, Vice Chair (ND); Lori K. Wing-Heier represented by Jacob Laufer (AK); Barbara D. Richardson (AZ); Ricardo Lara represented by Ahmad Kamil (CA); Andrew N. Mais represented by Paul Lombardo (CT); Trinidad Navarro represented by Jessica R. Luff (DE); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Weston Trexler (ID); Holly W. Lambert represented by Alex Peck (IN); Vicki Schmidt represented by Julie Holmes (KS); Sharon P. Clark represented by Angi Raley (KY); Michael T. Caljouw represented by Kevin Beagan (MA); Robert L. Carey represented by Marti Hooper (ME); Anita G. Fox represented by Renee Campbell (MI); Angela L. Nelson represented by Jeana Thomas (MO); Mike Chaney represented by Bob Williams (MS); Mike Causey represented by Robert Croom (NC); Eric Dunning represented by Martin Swanson (NE); D.J. Bettencourt represented by Michelle Heaton (NH); Judith L. French represented by Tony Bonofiglio (OH); Andrew R. Stolfi represented by Alex Cheng (OR); Michael Humphreys (PA); Larry D. Deiter represented by Jill Kruger (SD); Jon Pike represented by Tanji J. Northrup (UT); Scott A. White represented by Julie Blauvelt (VA); Patty Kuderer represented by Andrew Davis (WA); Nathan Houdek represented by Christina Keeley (WI); Allan L. McVey represented by Joylynn Fix (WV); and Jeff Rude (WY).

1. Adopted its Feb. 27 Minutes

The Task Force met Feb. 27. During this meeting, the Task Force discussed issues and topics for consideration in 2025. Swanson made a motion, seconded by Commissioner Rude, to adopt the Task Force's Feb. 27 minutes (Attachment One). The motion passed unanimously.

2. Heard an Update from the CIPR on its LTCI RBOs Preference Report

Jeff Czajkowski (Center for Insurance Policy and Research—CIPR) said long-term care insurance (LTCI) policyholders receive rate increases, and oftentimes, they are also presented with choices and trade-offs. He said the NAIC has issued a number of reduced benefit option (RBO) principles and communication checklists to help policyholders. The NAIC has also helped companies find the appropriate way to convey information to policyholders when they are being presented with these trade-offs.

Czajkowski said the CIPR has considered the key regulatory questions surrounding this issue, particularly what policyholders choose when faced with rate increases or RBOs. The CIPR has also explored the factors influencing consumer decisions, their level of understanding of the topic, and their perceptions of RBOs. He also questioned how effective the NAIC principles and checklist are in assisting consumers.

Czajkowski asked Task Force members how they would address these questions and if their departments of insurance (DOIs) have considered them.

Bartuska said in North Dakota, the DOI has required insurance carriers to explain how these option changes impact partnership plans. The DOI requires these companies to include a disclosure or similar communication that encourages the consumer to check with a tax advisor regarding partnership status, as many are unaware that option changes impact this.

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Czajkowski said the CIPR has developed a choice selection experiment via survey. The survey was issued to over 1,100 respondents. The experiment placed the respondents into a hypothetical context of RBO choices, asking them to imagine that they are 80 years old and are receiving a rate increase. They received two types of communications. One communication follows the principles of the checklist, and the other does not. There was also a small qualitative aspect where the survey asked respondents if they have LTCI and if they have received RBOs. In that small subset of the 1,100 respondents, the CIPR conducted interviews and gathered further information on how they considered their choice.

Brenda J. Cude (University of Georgia) said about three years ago, CIPR conducted qualitative interviews with financial planners were conducted, asking the planners what happens when they have clients who receive these letters. She said these clients are not typical long-term care (LTC) policyholders, and most do not have financial planners. The financial planners said the clients understood that their premium was increasing, but they did not know what it entailed. Cude said that unless these consumers had a previous rate increase, they probably had not thought about an increase for many years, and they could have assumed their rates would never change. The financial planners reported that their clients were confused and angry when they received these notices. It is important to remember that these consumers purchased their policy to provide financial security later in life, and now the policy they bought to give them security is creating insecurity.

Cude expanded on the experiment that Czajkowski described. It was designed with people who fit the demographics—all of the respondents were at least 55 years old and two-thirds were at least 65 years old. The survey found that about 120 people had LTCI policies. When the respondents saw one of two letters informing them of a rate increase (these letters were created for this research and not actual letters), 28% chose to pay the higher premium, and 25% chose to reduce the daily or monthly benefit. This same pattern held for those with LTCI, and those without LTC coverage. This result is consistent with previous LTCI reports. Cude said respondents were more likely to accept the premium increase if they were asked to assume a prior rate increase; thought the letter was clear; answered more of the financial knowledge questions correctly; thought they would need LTC in the future; had more positive attitudes about their choices; and thought they had more behavioral control about their LTCI choices. The findings show that participants were less likely to accept the premium increase if they were female.

Cude said the results show that respondents who perceive themselves as more likely to need LTC in the future, have a more positive attitude, and feel confident are also more likely to accept a premium increase. Additionally, greater financial knowledge may contribute to a better understanding of their financial situation and how to navigate it moving forward. Cude said that she has considered why women are less likely to access a premium increase and concluded that they may plan to rely more on family than men would and that women may believe they have longer to plan.

Cude emphasized the value of using plain, simpler language with minimal jargon and acknowledged that this is not easy to do. Communications regarding these policies need to be held to a higher standard than those used for general insurance purposes. She said people find tables particularly helpful, especially those that use numbers to illustrate impacts. She said that people want detailed information and that there is a great need for more education on the topic. She said that Bonnie Burns (California Health Advocates—CHA) distributed an educational resource that her organization uses to educate consumers. Since research suggests women may approach this issue differently, gender-specific communications might be appropriate to better engage and inform female policyholders.

Brenda Rourke (CIPR) said the next step for CIPR is to release the final report and continue to engage with the Task Force in conjunction with its 2025 charges. She said the CIPR developed potential research questions based on today's presentation and the 2022 report. These include examining how modifications to the language used in

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the letter might impact perceptions of choice clarity and whether factors like plain language and reading level would be effective. Rourke asked how these changes might impact consumers' decision-making or their perception of the letter's clarity. She also questioned whether using a similar design to the previous experiment would be effective. She also raised the idea of whether all rate increase letters should include values for each option. After evaluating letters submitted from various states and some from the NAIC archives, CIPR found that many do not include these values. She suggested that presenting the financial impact of each choice might be necessary.

Director Richardson said that while there was reference to a pervasive sense of urgency, she did not see how that concern is addressed in the changes discussed. She said that it would be valuable to explore ways to incorporate this element, as policyholders have only a limited amount of time to decide which option to choose. She also expressed concerns regarding references to the exact amount of future rate increases. She clarified that the figures being cited represent only the current rate increase requested by the company and warned against including too many numbers, as this may not be the last rate increase policyholders face. She questioned how much of a warning should be given about potential future increases and whether informing policyholders of the possibility of additional hikes might influence their decision-making.

Czajkowski said regarding the urgency issue, one advantage of using this type of methodology is the ability to adjust various factors to study their effects. For example, different groups could receive letters with varying response deadlines, with one group having 30 days to respond and another 60 days, to examine how that time frame would impact their choices. He noted that urgency could also be conveyed in other ways and highlighted the value of research in testing different approaches to understand how they shape decision-making.

Cude acknowledged that this is a complex issue but questioned if other policyholders for different types of insurance products would receive the same level of notice, for example, if their homeowners insurance was getting canceled. She said policyholders do need time to think, but that urgency is not just about a deadline but also about the tone of the letter. Since this is a critical decision, the communication must be designed carefully, as anxiety can negatively impact decision-making. She said policyholders also need to know about potential future rate increases but asked how to effectively communicate that uncertainty without relying solely on specific numbers.

Commissioner Humphreys said he looks forward to seeing the final report. In Pennsylvania, data gathered from policyholder responses mirrors the findings in the CIPR report, particularly regarding how many policyholders are willing to pay the increased premium regardless of where it ultimately ends up. He said providing more numerical information generally helps policyholders make immediate decisions, even while recognizing that future rate adjustments may occur. He pointed out that many of those making these decisions are in their 70s and 80s, meaning the financial impact in the coming years is particularly significant for them in terms of cost and benefits.

3. Heard a Presentation from the Academy on its Issue Brief

Steve Schoonveld (GCG) asked Task Force members to fill in the blanks to two questions, "The state of LTC is..." and "In five years, the state of LTC is..." He said the future for LTCI involves an enormous collective of state regulators; legislators; Congress; the U.S. government, including the U.S. Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS); public programs, including Medicare and Medicaid; insurance companies; employers; care providers; advisors; brokers; and consumers. He said there is no denying that there is an LTCI crisis, and all of these entities must do their part to address it.

Schoonveld said the upcoming year will be active. At the Intercompany Long Term Care Insurance Conference Association (ILTCI) Conference in early March, a preview of "Caregiving," an upcoming documentary series by the

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Public Broadcasting Service (PBS), was shown. Also, Rep. Tom Suozzi (D-NY), along with Rep. John Moolenaar (R-MI), will be reintroducing the Well-Being Insurance for Seniors to be at Home (WISH) Act, which would create a federal catastrophic LTCI program that provides financial support for disabled seniors while fostering a more vibrant private sector insurance market.

Schoonveld said regarding opportunities to manage LTCI, most carriers today actively monitor experience and request rate increases in a timely manner. One of the benefits of the multistate actuarial (MSA) process and recent discussions has been the emphasis on addressing these issues promptly rather than waiting too long, which could result in either missed opportunities or more excessive rate increases. Carriers have fraud, waste, and abuse programs in place to ensure that claims are appropriate. Additionally, they aim to support policyholders before they file claims, as well as assist family caregivers in preventing high-intensity claims. He acknowledged that these efforts are difficult due to current regulations and tax code limitations.

Schoonveld said that recent high-volume reinsurance deals on in-force blocks have been substantial. However, most of the entities assuming the risk are not directly taking on morbidity risk. Instead, that risk is often carved out of these deals and transferred to a third party. He said many carriers with significant in-force blocks are no longer actively selling traditional LTC policies. Instead, they are focusing on hybrid products, short-term care, or smaller benefit solutions. He suggested that with a broader range of product options, a deeper understanding of the market, and the development of state or federal programs that support supplemental products, more carriers could return to the LTC market. However, he said that concerns over the in-force block are limiting opportunities for new entrants, as they also restrict innovation in the sector.

Schoonveld said in the Academy's Feb. 13 webinar, participants were asked what factors would have the biggest impact on future LTC markets. About 50% of the webinar attendees were from state DOIs and federal agencies. He said 62% responded that state or federal LTC/long-term services and supports (LTSS) programs as having the biggest impact. The next two highest-ranked answers were equally tax incentives for LTC insurance products and a limited Medicare home health care benefit. The lowest-ranked answer was the entry of new carriers into the LTC insurance market. He said he is encouraged by the growth of life insurance policies with LTC riders. These products are beginning to reach middle-income consumers, providing them with a retirement benefit through permanent life insurance that includes an LTC rider. However, the segment of this market is still small.

Schoonveld said that in five years, all the baby boomers will be over the age of 65, but far too many have not adequately planned for their potential LTC needs. While carriers have been successful in providing coverage within small pockets of the market, the industry has struggled to reach a broader audience, particularly among baby boomers. There are existing mechanisms for covering LTC/LTSS, including Medicare, Medicaid, and Washington State's WA Cares program. Additionally, 12 states offer paid family medical leave, with another seven states considering similar programs. He said these are key sources of LTC support and funding.

Schoonveld also mentioned ongoing legislative and policy discussions, such as the WISH Act in Congress and a Brookings Institute proposal outlining a potential Medicare LTSS benefit for home health care. He highlighted further state-level initiatives, including efforts in California, Massachusetts, Minnesota, and New York, as well as in several other states. He emphasized the need to evaluate whether this patchwork of programs effectively supports the middle-income population. He posed critical questions: Is the current system working? What gaps still exist? And most importantly, what steps can be taken to ensure that the next generation has a clear plan for addressing their long-term care needs?

Schoonveld encouraged a closer look at where funding sources for LTC are being purchased today. In the year 2000, 700,000 stand-alone LTC policies were sold, along with a couple hundred policies through the federal LTC program and numerous group LTC plans. In 2000, many people were also buying compact disks (CDs), which are

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items likely stored away and forgotten. Similarly, LTC policies sold in 2000 are essentially the same as those being sold today, raising important questions about innovation in the industry. While there have been efforts to evolve the model, such as the introduction of hybrid products and regulatory adjustments to reduce risk, the core structure has remained largely unchanged. A key advantage of hybrid products is that they mitigate some of the risks associated with mortality and policy lapses, potentially making coverage more affordable. Additionally, these products do not experience rate increases, which can be a major concern with traditional LTC policies.

Schoonveld said there is a need for collaboration between the industry and regulators to improve the future state of LTC, particularly as the last of the baby boomer generation reaches age 65. While programs such as WA Cares exist and the WISH Act is under discussion, there are significant opportunities to explore supplemental coverages for these products, but there needs to be collaboration and not segmentation. He noted regulatory challenges, explaining that the WA Cares product could not be filed in most states, except maybe Utah under a short-limited duration model. However, even there, the duration may be too short to qualify. As a result, alternative regulatory approaches, such as using the health code, may need to be considered. He referred to a previous discussion with the Task Force at a national meeting, where he emphasized that older adults and their families need assistance navigating care, not just when they meet the threshold of needing help with two out of six activities of daily living (ADLs), but as soon as they are diagnosed with a chronic illness. This is the No. 1 concern among those surveyed. While families may be able to manage mild episodes of LTC needs, they need help navigating care, and he believes LTCI policies and the regulations governing them should be structured to provide that support.

4. Heard a Presentation from CAIF on LTCI fraud

Michelle Rafeld (Coalition Against Insurance Fraud—CAIF) said the coalition is the nation's only alliance uniting consumer groups, government organizations, and insurers to fight insurance fraud through education, advocacy, and research. Prior to joining CAIF, she was the assistant director of fraud and enforcement for the Ohio Department of Insurance and, for a period of time, served on the Senior Issues (B) Task Force. Rafeld said she wanted to bring to the Task Force's attention the issue of LTC fraud and individuals trying to proactively prevent, detect, and investigate those attempting to defraud LTC insurers and insurers offering an LTC benefit as part of another insurance product. Her goal is to raise awareness of the growing threat of LTC fraud, which carries significant financial consequences for insurers and, more importantly, U.S. consumers.

Jeff Ferrand (CAIF) said he has been working to raise awareness about LTCI fraud, both within and outside the industry, and outlined three key themes shaping the future of fraud prevention efforts. The first is the need for increased detection. As the aging population grows and insurers continue to improve their fraud detection capabilities, there will be a rise in identified cases of fraud, waste, and abuse. The second is the expansion of non-traditional LTC products, such as hybrid policies and riders. These products introduce new types of LTC claims, increasing the number and diversity of consumers exposed to potential LTC fraud. The third is shifting consumer attitudes toward insurance fraud and how public perception presents a growing challenge. A 2023 CAIF study found that 15% of Americans, roughly 50 million people, do not view insurance fraud as a crime. The study also found that a significant percentage of individuals aged 18 to 44 share this mindset, which complicates fraud prevention efforts. As LTCI utilization increases with an aging population, so will the opportunities for fraud, waste, and abuse.

Ferrand cited projections indicating that LTCI claims payments will peak around 2040 before declining. He said it is a "tsunami-type" rise leading up to 2040 and expressed the urgency of laying the groundwork now to understand and mitigate LTCI fraud risks. The CAIF has examined the cost of fraud, estimating about 5% of all paid LTC claims contain fraudulent elements, which means that by 2040, fraudulent claims could total \$2 billion a year.

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Ferrand acknowledged that fraud exists in all types of insurance but stressed that LTCI fraud is unique because it often targets vulnerable older adults. Many LTC beneficiaries are over 80 years old and rely on caregivers to manage their claims and finances. Cognitive impairments, physical limitations, and social isolation make them easy targets for fraud. Also, while family members and close friends are often the best caregivers, in some cases, they may also be perpetrators of fraud.

Ferrand said common fraud schemes include billing for services not rendered, such as submitting claims for care home visits or therapy sessions that never occurred. He also cited exaggerating care needs, where policyholders are encouraged or coached to claim more extensive assistance than necessary. He said there is also collusion between claimants and providers, which may involve forging signatures, falsifying documents, or misusing benefits unrelated to care. Rafeld said insurance fraud costs the industry \$308.6 billion annually, which translates to approximately \$930 per consumer per year, more than \$3,700 per family per year, and over \$73,000 per consumer over a lifetime.

She said there are challenges in detecting and addressing LTC fraud and stronger strategies are needed. She said key solutions include (1) industry collaboration to share fraud prevention insights and best practices; (2) technology and analytics to monitor providers and detect fraudulent patterns; (3) education and training for insurers, regulators, and law enforcement; (4) greater fraud reporting mechanisms to strengthen enforcement; (5) proactive awareness campaigns to improve fraud detection and prevention; (6) closer collaboration among insurers, regulators, law enforcement, and prosecutors to protect consumers and preserve the integrity of LTC insurance programs.

Commissioner Humphreys said he would like more specific data on LTCI fraud. While some fraud reports rely on self-reporting, he questioned whether fraud related to ADLs was a major issue, as he had not encountered significant fraud in this area. He requested further data to assess the true prevalence of LTC fraud. Rafeld said she was not aware of any specific studies on LTC fraud but said CAIF recently formed an LTC subcommittee under its life and disability task force. She suggested that partnering with the LTC could help assess the current extent of LTC fraud. Ferrand agreed, saying that the industry lacks clear benchmarking data on LTC fraud and said there is the need for standardized metrics to quantify fraud and assess its impact. Commissioner Humphreys said that while fraud prevention is critical, regulators need specific data on LTC fraud before making broad claims. He noted that regulators serve a highly vulnerable population and that while no one supports fraud, LTC fraud is not as widely observed as in other insurance sectors.

5. Discussed Other Matters

Burns said the Task Force must hold meetings on the importance of educating consumers about LTCI benefit options. She said it would be beneficial to explore the gender aspect of RBOs, as highlighted in the CIPR report, which found that women are less likely than men to accept a premium increase. She also suggested further gender-specific communication strategies.

Amy Killelea (NAIC Consumer Representative) said the Task Force should be commended for having held discussions on gender, race, and LGBTQ disparities. However, additional discussion and research on disparities, particularly gender disparities, are needed moving forward.

Having no further business, the Senior Issues (B) Task Force adjourned.

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