

SENIOR ISSUES (B) TASK FORCE

Senior Issues (B) Task Force Aug. 12, 2025, Minutes

Senior Issues (B) Task Force June 10, 2025, Minutes (Attachment One)

Draft Pending Adoption

Draft: 8/20/25

Senior Issues (B) Task Force
Minneapolis, Minnesota
August 12, 2025

The Senior Issues (B) Task Force met in Minneapolis, MN, Aug. 12, 2025. The following Task Force members participated: Ned Gaines, Chair (NV); Jon Godfread represented by Chrystal Bartuska, Vice Chair (ND); Heather Carpenter represented by Sarah Bailey (AK); Maria Ailor represented by Gio Espinosa (AZ); Ricardo Lara represented by Ahmad Kamil (CA); Trinidad Navarro represented by Jessica R. Luff (DE); Michael Yaworsky represented by Bryan Peters (FL); Scott Saiki represented by Kathleen Nakasone (HI); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Shannon Hohl (ID); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Craig Van Aalst (KS); Sharon P. Clark represented by Shaun Orme (KY); Michael T. Caljouw represented by Kevin Beagan (MA); Marie Grant represented by Mary Kwei (MD); Anita G. Fox represented by Renee Campbell (MI); Grace Arnold represented by Fred Andersen (MN); Mike Chaney represented by Bob Williams (MS); Mike Causey represented by Robert Croom and David Yetter (NC); Eric Dunning represented by Martin Swanson (NE); Justin Zimmerman (NJ); TK Keen (OR); Michael Humphreys represented by Dave Yanick (PA); Alexander S. Adams Vega represented by Glory Montalvo (PR); Larry D. Deiter represented by Jill Kruger (SD); Cassie Brown represented by Almanzan Latif (TX); Jon Pike represented by Ryan Jubber and Tomasz Serbinowski (UT); Scott A. White represented by Julie Blauvelt (VA); Kaj Samson represented by Karla Nussli (VT); Patty Kuderer represented by Andrew Davis (WA); Nathan Houdek represented by Darcy Paskey (WI); Allan L. McVey represented by Joylynn Fix (WV); and Jeff Rude (WY). Also participating was Ron Henderson (LA).

1. Adopted its June 10 Minutes

The Task Force met June 10 and took the following action: 1) adopted its Spring National Meeting minutes; 2) discussed long-term care (LTC) riders on life insurance products and variable plans; and 3) discussed state initiatives on LTC financing.

Van Aalst made a motion, seconded by Kruger, to adopt the Task Force's June 10 minutes (Attachment One). The motion passed unanimously.

2. Discussed the Medicare Advantage/ Medigap/ SEP Issue

Bartuska said her State Health Insurance Assistance Program (SHIP) office is in North Dakota's department of insurance (DOI) and handles open enrollment and related matters for Medicare. She asked if other states have their SHIP offices within the DOI.

Seip said she discussed last year's open enrollment issues with her SHIP director. There were regular problems with the Medicare Plan Finder, as some ZIP codes were not recognized by the Plan Finder. There were also changes that allowed only one person to be logged into a client's Plan Finder account, which was problematic, as the SHIP staff wanted the client to be able to log in with them so that they could help the client make decisions for their needs. Also, the Plan Finder does not include LTC pharmacies, which is an issue for consumers who get their prescriptions from an LTC pharmacy.

Additionally, the Centers for Medicare & Medicaid Services (CMS) is requiring an email address to enroll in the Plan Finder during this year's open enrollment. For many seniors, consumers in rural areas, and consumers with weak or non-existent internet connections, this requirement is not feasible and is a serious concern. She said she wished CMS was available at the meeting to learn about these concerns.

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Hohl said Idaho has overall concerns with the direction of the Medicare Advantage programs, including insurance companies pulling out of areas or reducing their footprint, as well as the growth in the market and the number of seniors moving in that direction. Many issues arise when an insurance plan pulls out of an area, and there is a Special Enrollment Period (SEP) or network issues. Idaho's SHIP office is also in its DOI, and it is the front line for consumers and does a great job. She hopes there can be a future dialogue with CMS about the issues states have been experiencing.

Swanson said Nebraska's SHIP office is also in their DOI, and it helped over 43,000 Nebraskans last year. He said he is concerned about the state's grants, whether they will be fully funded, and the administration of those grants. He is also concerned about the future. Last year, a hospital decided not to renew its plan contracts with Medicare Advantage carriers, which caused a massive ripple effect through the state. He said he is disappointed CMS is not present to hear these concerns, but he hopes CMS will respond quicker than last year, when they waited six months for a response from them on what the state should do. States are on the front line of consumer complaints and calls, despite states not having jurisdiction over MA plans.

Henderson said he echoes Swanson's comments and is concerned about the money for SHIPs and what happens next. He said there is no clarity from CMS on the criteria and qualifications for an SEP. There are agents involuntarily switching seniors into plans that do not benefit them and deny access to their doctors. Many of these agents are out-of-state and they harass these seniors into these plans. The Louisiana SHIP staff spend 60% to 70% of their time re-enrolling seniors back into their original plans, and Henderson would like CMS to take stronger action against these agents. Louisiana's SHIP is 100% funded through federal grants and its funding is a serious concern. They are trying to plan for the contingency of no funding but this is a big issue for Louisiana.

Fixx said West Virginia shares the same concerns. The state's SHIP office is not in their DOI but the email and grants problems are of particular concern. She said it is asinine that a senior may have to ask a relative, child, or neighbor for help to get an email address. She also expressed frustration about CMS not being present at the meeting especially as they can attend all the other meetings but not this one.

Harry Ting (Health Consumer Advocate) said that an email address is required for a Medicare account, but it is not a requirement for the Plan Finder. He said he has been asked to speak on behalf of Bonnie Burns (California Health Advocates—CHA), who was unable to be present. He said Burns is disappointed with CMS for not responding with clarification on the regulations regarding consumers who are enrolled in an MA plan and do not wish to remain in that plan because there has been a provider network change. The regulations state that CMS has the discretion to allow a consumer to enroll in Medicare Supplement (Medigap) with a guaranteed issue (GI) in those circumstances, but there is no clarity on when CMS would do that.

Deborah Darcy (American Kidney Fund—AKF) said dialysis centers are not included in MA's network adequacy standards. If someone needs to change dialysis centers, they might face difficulties. It is important to get guidance and clarity from CMS on when they can opt in or return to Medicare, especially if they are eligible for a Medigap plan and are under 65 years old.

Seip said she would like the comments made at the meeting to be sent to CMS. Acting Commissioner Gaines asked if the Task Force would be open to sending a letter expressing the Task Force's concerns and questions. Commissioner Zimmerman made a motion, seconded by Hohl, to send a letter to the CMS. The motion passed unanimously.

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3. Heard a Presentation from the ACLI and Compact on LTC Riders on Life Insurance Products and Variable Plans

Jan Graeber (American Council of Life Insurers—ACLI) said every day, 10,000 Americans turn 65, and nearly 70% of them will need some type of LTC at some point in their lives. This is not a temporary trend. The senior population is growing fast, from 58 million in 2022 to 82 million by 2025, which is a 47% increase. Costs associated with an LTC event are rapidly increasing as well, with assisted living costing approximately \$70,000 a year, and a private room in a nursing home costing approximately \$130,000 a year. The average LTC event will last about three years. These costs are substantial enough to drain retirement savings and leave families with tough decisions to make.

Graeber said most Americans are planning around the wrong assumptions. About 60% believe that Medicare will cover LTC when it will not, and 59% are counting on Medicaid to cover, but do not realize that they have to spend down their assets first, and then, by the time they learn that, it is often too late. About 77% of people want to age at home, yet many realistically cannot, as about 40% say their homes are not accessible, and nearly half cannot afford to make those modifications.

Graeber said the private market plays a big role, and last year alone, carriers paid out more than \$10 billion in LTC claims. Private long-term-care insurance (LTCI) matters not just to benefit families; it also benefits public programs like Medicaid. For every person who buys a private LTC policy, it is potentially one less person relying on Medicaid to cover their costs, which allows Medicaid to focus on those without resources, making a substantial impact. Current private LTCI policyholders are expected to save Medicaid about \$14 billion over the next 10 years, so encouraging private coverage helps families and protects public programs and taxpayer dollars.

Graeber said life and annuity products, commonly called combination products, are products that have LTC benefits as part of a life insurance policy, whether it be whole life, universal life, variable universal life, term life, or an annuity, either fixed or indexed. These products start with a familiar life or annuity contract, and then they add on the ability to use part or, in some cases, more than the base contract value to pay for LTC services, which appeals to consumers who want both the traditional life and annuity benefits and then the added security of LTC coverage in one package.

Graeber said a true LTC combination product must comply with the NAIC *Long-Term Care Insurance Model Act* (#640) and the *Long-Term Care Insurance Model Regulation* (#641), including definitions, benefit triggers, disclosure requirements, and policyholder rights. They also must meet IRS §7702B standards to qualify for favorable tax treatment and be marketed and advertised as covering LTC.

Graeber said there are different types of LTC combination products. There is the LTC acceleration rider, which allows the insured to access part of the life insurance death benefit to pay for qualified LTC expenses and reduces the death benefit and/or cash value dollar for dollar. Key considerations are that they are simple in structure, lower in cost, and the LTC use directly reduces the death benefit for beneficiaries. Another type is the LTC acceleration and extension of benefits rider, which provides benefits beyond the acceleration of the death benefit, typically creating a separate pool of LTC benefits. Key considerations are higher premium costs and more LTC protection. A third type is an annuity with an LTC rider, which enhances withdrawals from a fixed or indexed annuity when LTC criteria are met (e.g., doubles/triples monthly income for a set period). Key considerations are that they leverage retirement assets for care needs, and the LTC benefit is limited by account value.

Regarding transparency and consumer understanding, these products must comply with Model #640 and Model Act #641. The policy summary is given at delivery and must explain how the LTC benefits interact with life/annuity components, including benefit amounts, duration, exclusions, inflation options, effects on other policy rights, costs, and current/projected LTC benefits. There is monthly reporting during the LTC benefit payment. If LTC

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benefits are paid via death benefit acceleration, it must provide a monthly report showing benefits paid, costs or changes, changes to policy values, and remaining LTC benefits.

Graeber said LIMRA has a report based on 2024 numbers that breaks down the market share by multiple categories. She said indexed universal life (IUL) products represent the largest share of policies sold by market share by number of policies, followed by term life, whole life, variable universal life, and fixed IUL. IUL generates the largest share of total premium by market share of total premium, followed by fixed IUL, whole life, and variable universal life, contributing mid-range amounts, and term life representing the smallest share. Recurring premium products make up most of the market, with single premium products representing only a small share, and among policies with LTC benefits, acceleration riders make up the largest share, with extension of benefits riders representing a smaller portion.

Karen Schutter (Interstate Insurance Product Regulation Commission—Compact) said she will discuss these products in the context of the Compact because a structure was created that clearly defines an LTC rider versus a life-type rider and how the Compact's standards apply to that.

Schutter said the Compact started in 2004, began operation in 2006, and approved the first product in 2007. She said 46 states, Puerto Rico, and the District of Columbia have joined the Compact, and it is a statutory agreement that a state's legislature adopts and its governor signs. It is an agreement to come together to develop and adopt detailed uniform standards in the following product lines: life insurance, annuities, disability income, and LTC insurance. Once those standards are adopted, product companies will submit those products to the Compact, and there is a thorough review by not only a form reviewer but also an actuary to make sure they meet every aspect of the applicable uniform standards.

Schutter said the LTC standards were developed in 2010 and include not only standards for the policy but forms to go with the policy, like the LTC worksheet and some other forms, like the Health Insurance Portability and Accountability Act (HIPAA), the policy, the outline of coverage, rates, and advertising. The Compact has very detailed standards on the advertising of these products, and the Compact reviews those for compliance. There is an opportunity to opt out of standards, and the most opt-outs are in LTC. Arizona lifted its opt-out in this legislative session, and Hawaii and Nevada have done so in previous years, so there are eight states that have opted out.

Schutter said there has always been a standard in the life product line for the acceleration of benefits, which is not considered LTC. This standard includes many of the same triggers as an LTC rider, such as chronic illness, cognitive impairment, and the inability to perform activities of daily living (ADLs). However, it must have no restrictions on the use of the acceleration and must always offer a lump sum option. Additionally, neither the benefit nor eligibility can be conditioned upon receipt of LTC, and it cannot be advertised as LTC. If any of these conditions are not met, it is automatically classified under LTC.

The Compact looks at two types of LTC riders. On the life insurance side, the death benefit is used dollar for dollar to pay for the LTC benefit. On the annuity side, the account value is used dollar for dollar to pay for LTC. There is also a continuation or extension of benefit rider. When the acceleration is used up, this optional rider allows more benefits to kick in for LTC. The Compact views these as stand-alone LTC products and reviews and approves rates accordingly. Although the premium is higher, the rates are lower than traditional LTC because it is assumed that the benefits will not kick in for a while, as there will be other benefits to pay for LTC through the acceleration.

The Compact's standards are based on rate stability. Every year, there needs to be an annual certification, not just on the traditional rate schedule, but also on the rate schedules that come with this continuation or extension of benefit riders. This ensures that the dollar-for-dollar rates remain adequate. Additionally, there is annual reporting

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to certify the rates, and every three years, there is reporting on those extensions of benefits. The Compact must review the actuarial information.

Schutter said the Compact carefully reviews the advertising that is associated with the dollar-for-dollar as well as the extension of benefits (EOB) riders. An insurance company must file advertising with the Compact for anything that is LTC, which then goes through a review of about 40 different provisions, as it applies to how the benefits, losses, and premiums can be described in that advertising. An annual report is published to states, which provides an update on traditional products, as well as an assessment and detailed listing of the dollar-for-dollar that have been approved for life, annuity, and EOBs.

Seip asked for clarification on the name of the product that has more LTC benefits than dollar-for-dollar. Graeber said it is referred to as an acceleration plus extension of benefits. Yanick asked what the true cost is to the insurer for these accelerated death benefit LTC riders. Graeber said the true cost is reflective, and there is usually an additional premium charge, which takes into account that the death benefit might be paid earlier for LTC expenses, so it depends on all the different product policy features, but that is the cost of paying out the death benefit earlier. Yanick asked if it is basically the interest lost on having to pay out the benefit sooner. Graeber said it is not just interest because there are a lot of different assumptions that go into calculating the charge. The impact, unknown, and unpredictability are less than in stand-alone LTC.

Yanick said that he observes loss ratio exhibits pricing up to 40%. He asked about what is considered to be claims for that purpose, as the average benefit these types of products provide is only a fraction of what they will actually need to pay on a daily or monthly basis in today's dollars, not to mention 30 to 40 years from now. Schutter said it is her observation that there are not many traditional LTC products out there, and these riders are available to fill in a gap for consumers who want to use their retirement products as a hedge against LTC. Graeber said she could not speak to what should be a reasonable loss ratio or what should be included within that calculation. She said she is unsure how companies are pricing loss ratio.

Serbinowski said if the person qualifies for LTC, then there is no requirement for LTC loss ratio for initial rates or life insurance, which may not have been crucial during the original review. However, if a rate increase is needed, there may be potential disagreement with the insurer on how to demonstrate compliance with loss ratios.

Hohl asked how much the market is moving in this direction, as there are fewer traditional LTC options available, and whether there is growth in the market share for these riders. Graeber said there is a big shift from stand-alone products to combination products. Much of the shift happened when Washington passed the WA Cares Fund, which specified that in order to obtain an exemption, a consumer must have their own LTC. Schutter said the Compact has seen very few traditional LTC products, especially in the last 10 years, but it has approved over 100 riders during that time. Serbinowski said the LIMRA report shows more than 80% are combination products, and approximately 15% are stand-alone products.

Commissioner Gaines said when Washington was implementing the WA Cares Fund, the vast majority of the products sold were not true hybrids but were accelerated death life policies instead because the numbers did not match what was actually shown as the number of sold policies. Graeber asked if they were true LTC acceleration riders because she believes that in order to get the exemption under WA Cares, it had to be a true LTC product. Commissioner Gaines said that was the way the law was written, but no one at WA Cares knew what qualified as a true LTC, so they approved everything, so those with the exemption do not actually have a true LTC product.

Bartuska asked where we are going to be in 10/15/20 years with these products. In North Dakota, these products are seen as life products with riders; therefore, in the System for Electronic Rate and Form Filing (SERFF), they are filed as life and annuity products, and then the rider portion is approved by other LTC staff

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members. She said she has heard about rate increases on these products and asked actuaries what will happen to these life products in 15 to 20 years as rates continue to increase. She stated that the current situation with the rate increases for traditional stand-alone LTC rates is challenging.

Serbinowski responded, saying it is unclear and that, originally, most of these products were noncancelable, but then were guaranteed to be renewable. Some products have been noncancelable that were deficient, and rates cannot be raised. He said that another important consideration is whether the products are correctly priced. Rate increases may not be observed because of the combination of a product with regulated rates and a product without regulated rates. He explained that in the case of universal life, there have been class action losses in the past due to carriers guaranteeing high interest rates, which then dropped, leaving them unable to take any action. He noted that one could increase mortality charges, as the contract allows for increases, not just limited to poor mortality rates. When an LTC rider is attached to a universal life policy, interest rates may be lowered, or the cost of insurance (COI) charges may increase. Even if the LTC rider is causing adverse experience on the product, adjustments to the life insurance fees may be chosen because they do not require regulatory filing.

Graeber said they do not expect to see the type of rate increases seen on the legacy products from the 1980s and 1990s because the company knows it will pay out the death benefit regardless. It is a matter of when, so there is not as much uncertainty as there is with traditional LTC.

Yetter said he sees a lot of these riders and asked about the restoration of benefit riders and why that was not mentioned. He clarified that the restoration of benefit rider is where one has an acceleration of benefit, and if the life insurance money runs out, there is an extension of benefit, but then there is a third rider, which is the restoration of benefit. Meaning, if anything is paid out, the insurance company immediately reimburses the life policy, so technically, you have a stand-alone life policy and a stand-alone LTC policy. He said he is raising this question because the companies his office sees are getting very creative, and his office views that with the additional riders, it is a stand-alone LTC policy, and there are situations where that benefit would disappear.

Schutter said from the Compact's perspective, it does not have standards for that, so when they see this, it cannot approve it. Serbinowski said the term "restoration of benefits" can be confusing because, for a stand-alone policy, it means something else than for the riders. He said under a stand-alone policy, restoration of benefits generally means one has an episode to use some benefits, recovers, and they are off the benefits for a certain time, and then the benefits are restarted. Yetter said that this is not his understanding. He said that as soon as the money is paid to an LTC benefit, the insurance company immediately reimburses the death benefit. For example, if one has \$100,000 death benefit, they will always have \$100,000 death benefit, whether it is extended or not, or they go beyond the original \$100,000 on the LTC benefit. Graeber said, based on this conversation, these products can be simple, but then they can get complex quickly, and she has not seen all the ins and outs of the restoration of benefit riders on combination products. She said it is worth understanding what regulators are seeing, what types of products are being filed that they have questions or concerns about, and understanding what is out there.

Commissioner Gaines asked if the Task Force would be open to further discussion on this matter at a separate meeting. The Task Force agreed.

4. Heard a Presentation from Minnesota on Legislation to Reduce Barriers for Innovative LTC Product Ideas

Andersen said there are several options for financing LTC. One is saving, another is relying on public programs, and a third option is insurance products. However, there are concerns with the rate and financial volatility of many stand-alone products. He said a hybrid product attached to permanent life or annuities policies can be pricey, but the employer market is encouraging.

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Minnesota has found a need for LTC products tailored to middle-income consumers, especially due to the likely lower reliance on public programs going forward. Minnesota has a program called Own Your Future, which anticipates and plans for the LTC needs of Minnesota residents. The program is a public-private partnership that includes the department of insurance, the department of human services, the insurance industry, providers, consumer advocates, and others. The group has developed product concepts with the help of various experts.

Nikki Peterson (Own Your Future) said the goal of Own Your Future is to make Minnesotans aware of the importance of planning now, identify their personal and financial options to meet their future LTC needs, and take action to address them. The program not only looks at the status of the current system but also at how it will change over time and how the older adult population will impact it.

Peterson said two-thirds of older Minnesotans (over the age of 65) are middle-income and have an annual family income ranging from \$25,000 to \$125,000. These people do not qualify for many programs that could assist with financing their long-term services and support (LTSS) needs. She said by 2035, the number of older Minnesotans is projected to increase, especially those over the age of 85, and if nothing changes, this increase in older adults will dramatically increase the cost of Medicaid LTSS for older Minnesotans.

Peterson said there are some older people who have incomes greater than \$24,999 that receive Medicaid services, but these safety net programs were designed for people earning less than those incomes. The Older Americans Act (OAA) funded services are not guaranteed services, and the amount Minnesota receives from the federal government will not increase as its population increases. The local agencies on aging administer these services, and they target those in greatest economic and social need. Those who benefit from these programs, who are in that \$75,000 to \$100,000 income range, will likely no longer be able to obtain those benefits, and those in the \$50,000 to \$75,000 income range will find it much harder to get benefits.

Peterson said the other options, which are paying out of pocket for care or purchasing a traditional LTC insurance product, are not realistic, and the gap in programs is not unique to Minnesota. She said she has seen a lot of national articles that speak to the same demographic as the “Forgotten Middle.”

Peterson said older Minnesotans aged 75 to 84 are expected to grow by 43% over the next decade, and those over 85 are expected to grow by 34% over that same period. These individuals are more likely to need LTSS and more of those services, and that will result in a dramatic increase in Medicaid payments for LTSS for older Minnesotans. She said the recently passed legislation by Congress, The One Big Beautiful bill, will most likely further impact Medicaid payments for LTSS, as there will be less Medicaid funding in the future. She said that does not mean that the increased need for LTSS will not exist, but rather it will mean older adults and their families will be looking for alternative options for their LTC.

Peterson said Own Your Future was a joint federal and state initiative that began about 20 years ago. Minnesota has some of the highest percentages of residents with traditional LTC coverage in the nation, but it is still low, hovering around 4%. She said one reason might be that there are not many affordable options to offer most people, and once people are educated about the need to plan ahead and understand the importance of planning, there are no affordable solutions for them.

Andersen said that in thinking about types of products that could both help middle-income people plan for LTC needs and address the stress on state Medicaid budgets, one of the concepts developed is called LifeStage. This product would be term life in early product years and transition to LTC benefits in later product years.

The product is found to be affordable because term life is relatively cheap, and also starting to fund LTC at ages 30 to 45 is much cheaper than starting to fund it at ages 55 to 65. The product is more financially stable for both

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the insurer and the consumer because of the lessons learned from the standalone and combo products. It could also be attractive for consumers because people aged 30 to 45 typically seek out term life insurance, and tacking on LTC at that age would not add much to the price.

Andersen said that once the concept was developed and analyzed, at least one area lacked clarity, which needed to be addressed before companies would be willing to invest the time to develop the product. The lack of clarity was caused by the LTC benefit being pre-funded with a portion of the premium but not being immediately available until the transition from term life. Statutory language was developed to allow regulatory flexibility in approving combination LTC/life insurance products.

Andersen said that as these types of combination products continue to grow along with the aging population, it might be worth putting together an informal group to consider potential product ideas and determine some pros and cons to potentially revise the standards, including Models #640 and #641, to clarify the approvability of these products. Some of the considerations to examine are allowing flexibility beyond just LTC/life insurance combinations and consideration of the pros and cons of adding clarity on LTC, limited LTC, LTC rider, chronic illness riders, etc., while also enabling a coordination of benefits approach between policies and public programs, such as WA Cares and paid family medical leave. Other considerations to examine could be allowing a pre-claim benefit based on 5%–10% of the benefit pool with a cap for pre-claim supports, such as home modifications, informal caregiver training, and other prevention, as well as expanding those eligible to sell LTC.

Serbinowski asked if non-forfeiture was examined when developing this product. To make the product affordable, there will most likely be a push to not have any non-forfeiture, which would encourage insurers to build in a certain level of lapses. Andersen said there are pros and cons to this concept, and companies can do whatever they want to improve or develop products, but adding non-forfeiture benefits makes it more expensive, pricing out the middle market.

Serbinowski asked if you are selling something to a 40-year-old and trying to resolve the problem of what happens when they are 85, how are you making sure that the product is something they will keep, and how much of a problem did you solve? Andersen said if somebody had a choice between pure term life and term life with a little bit of LTC attached to it, they might be more likely to hold on to that product because they are thinking ahead. One of the issues with LTCL and its affordability is that a lot of people wait until age 60 or 65 to purchase it, and it is much more expensive than for someone who is younger. He suggested forming a group to talk about these types of issues, whether there are barriers, and how to address the middle market issue, which would help in educating people to get into the mindset of planning earlier, so the products are more affordable.

5. Discussed Other Matters

Silvia Yee (Disability Rights Education and Defense Fund—DREDF) said she is speaking on behalf of Burns, who strongly feels the NAIC should conduct a data call to find out the range, scope, and combinations of products being offered to cover LTC expenses, regardless of the name of the product or the designation applied to those benefits.

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

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Senior Issues (B) Task Force
Virtual Meeting
June 10, 2025

The Senior Issues (B) Task Force met June 10, 2025. The following Task Force members participated: Scott Kipper, Chair (NV); Jon Godfread, Vice Chair, represented by Chrystal Bartuska, Vice Chair (ND); Lori K. Wing-Heier represented by Sarah Bailey (AK); Mark Fowler represented by Dusty Smith (AL); Peter M. Fuimaono represented by Elizabeth Perri (AS); Maria Ailor represented by Sterling Gavette (AZ); Ricardo Lara represented by Tyler McKinney (CA); Andrew N. Mais represented by Paul Lombardo (CT); Karima M. Woods represented by Brian Bressman (DC); Trinidad Navarro represented by Jessica R. Luff (DE); Michael Yaworsky represented by Alexis Bakofsky (FL); Jerry Bump represented by Kathleen Nakasone (HI); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Shannon Hohl (ID); Holly W. Lambert represented by Rebecca Vaughan (IN); Vicki Schmidt represented by Craig VanAalst (KS); Sharon P. Clark represented by Stephanie McGaughey-Bowker (KY); Michael T. Caljouw represented by Rebecca Butler (MA); Robert L. Carey represented by Marti Hooper (ME); Anita G. Fox represented by Kathy LeFleur (MI); Grace Arnold represented by Cam Jenkins (MN); Angela L. Nelson represented by Amy Hoyt (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 Roni M. Karnis (NH); Justin Zimmerman represented by Michael Fahncke (NJ); Judith L. French represented by Christina Reeg (OH); Andrew R. Stolfi represented by Lisa Emerson (OR); Michael Humphreys represented by Jim Laverty (PA); Larry D. Deiter represented by Jill Kruger (SD); Cassie Brown represented by Rachel Bowden (TX); Jon Pike represented by Tanji Northrup (UT); Scott A. White represented by Julie Blauvelt (VA); Sandy Bigglestone (VT); Patty Kuderer represented by Andrew Davis (WA); Nathan Houdek represented by Darcy Paskey (WI); Allan L. McVey represented by Joylynn Fix (WV); and Jeff Rude represented by Tana Howard (WY).

1. Adopted its Spring National Meeting Minutes

Swanson made a motion, seconded by VanAalst, to adopt the Task Force's Spring National Meeting (*see NAIC Proceedings – Spring 2025, Senior Issues (B) Task Force*) minutes. The motion passed unanimously.

2. Discussed LTC Riders on Life Insurance Products and Variable Plans

Commissioner Kipper said much of the industry is working to add long-term care (LTC) riders to life insurance products. He said the Task Force would discuss the current and continued viability of these products and whether regulators can make them more viable.

Bonnie Burns (California Health Advocates—CHA) said she is concerned about the transparency of how LTC benefits are integrated into the underlying life insurance products. It is not clear to consumers how the benefits interact with each other, and there needs to be discussion about how consumers are informed about these products, including how the internal costs could change the LTC benefit.

Bartuska asked if states receive complaints on these products, or because they are new to the market, if complaints will not be received for another 10 to 15 years when consumers attempt to obtain benefits under these riders.

Nakasone said Hawaii has been approving these products but agrees with Burns regarding consumers' comprehension of how the LTC benefits would reduce the life insurance portion of the product. In Hawaii, and presumably in other states, when an LTC rider is part of a life insurance product, certain statutes require annual

statements and certain disclosure requirements. Hawaii has not seen complaints yet. Smith said Alabama has not received many complaints on this issue.

Steve Schoonveld (GCG Consultants LLC) said these products have a plethora of rider types, such as care riders on universal life policies or indexed universal life, and even some on whole life policies. There are also chronic illness riders that do not fall under the scrutiny of LTC regulations, and some riders are there for the purpose of addressing care needs. Some give an accelerated death benefit, while some give a discounted death benefit. When a life policy or an annuity policy is filed, the LTC rider must be filed as well if it is a true LTC rider. This is a growing industry and has now reached the middle-income population. The group life with LTC riders offers quite a diverse amount of offerings for consumers to buy through their employer, continue that coverage into retirement, and provide LTC benefits.

Commissioner Kipper asked if there is any industry data on the take-up rate of these offerings. Schoonveld said traditional LTC, short-term care, and chronic illness riders are popular, and the group life with LTC sold at workplaces is ever-growing. He said a benefit of the group life with LTC is that it gives a permanent policy to be used for LTC needs during retirement or for a surviving spouse.

Smith asked if these LTC benefits are only attached to permanent life insurance or are they also attached to terminal. Schoonveld said it is predominantly permanent life insurance policies.

Burns said it would be helpful to know the range of policies that are available and the types of riders. Schoonveld said there are some riders that do not fall under the LTC regulations, but those that are sold as LTC riders and file under the LTC regulation must abide by the entirety of the LTC regulation, which means they have to offer a 5% inflation option, along with other consumer protections. He said one of the benefits of an LTC rider under a life or annuity contract is that it is illustrated.

3. Discussed State Initiatives on LTC Financing

Burns said LTC has become a journey for many Americans as the population ages. Families provide more than \$85 billion a year in unpaid care, and working women provide most of the unpaid care. She said since 2010, 10,000 people have been turning 65 years old, and this trend will continue until the end of 2030. She asked what that means for the future of LTC. The impact on state Medicaid programs will be dramatic, especially as the generations after the baby boomers are also aging.

Burns said there is an inadequate, disparate, and unorganized way of receiving and paying for care, and state Medicaid programs are rapidly feeling the effects of reduced funding, a growing worker shortage, and an increased demand for care. States have become laboratories for investigating and creating disparate strategies to handle the care of their growing population. One state has taken bold steps, others have taken or plan to take other actions, and about 17 states have or are in the process of implementing a plan to address aging, LTC, and long-term support and services (LTSS).

Burns said, as states explore these options, they can benefit from exchanging information on strategies, and the NAIC is the natural venue for these discussions, as it has the expertise, experience, and knowledge about financing this type of care. The need for LTC is growing, and the pace and demand for care and caregivers will rapidly outpace families' abilities to provide care. The NAIC and the Senior Issues (B) Task Force is the best place for the discussion of LTC benefits, cost, and financing, and she urged the Task Force to hold an interim meeting to discuss these important matters. There is unlikely to be a one-size-fits-all solution, and a combination of strategies will be more likely. Consumers will benefit when states have good information about financing LTC and LTSS through various public, personal, and insurance funding streams.

Schoonveld said there are state and federal pursuits in combining public and private LTC solutions, and there are many studies on the topic. He said that Burns mentioned Washington state had implemented a public LTSS/LTC program, and Massachusetts is releasing a study soon that would offer three different types of options, including front-end, catastrophic light, and catastrophic. He said California conducted a study, and Minnesota also conducted a study and now offers three design options. He said the California legislature removed the asset test for Medicaid eligibility, and it has also tested allowing individuals to qualify for Medicaid for not only acute care but also LTC needs earlier.

Schoonveld said Washington offers the WA Cares program, which is financed through a payroll tax, and benefits will be available in the next few years. He said the governor of Washington recently signed into law guidelines for building a supplemental LTC insurance product, and this new product describes a specific supplement to the WA Cares program, but it is not necessarily meant to impact the current LTC insurance market. The program is essentially building a separate product, as the consumer is faced with a variety of options when looking at their LTC needs. Washington offers traditional LTC insurance (LTCI), short-term care, chronic illness riders, life and annuity with LTC riders, group life with LTC offerings within the workplace, and even paid family medical leave. About a dozen other states also offer these products. There are other health products that address LTC needs, and now there is a supplemental LTC policy option.

Schoonveld said the Washington supplemental product could not be designed using the existing LTC regulations, but the state is developing additional regulations for this particular type of policy. Instead of using the existing LTC regulations for this market, it is defined as a separate product with some similarities. He said it will be interesting if carriers will write this type of policy or continue writing the same LTC policies. He said New York and Pennsylvania have been looking at options similar to WA Cares, but little movement has happened.

Schoonveld said the Well-Being Insurance for Seniors to be at Home Act (WISH Act) was reintroduced in Congress and would create a federal catastrophic LTCI program that provides financial support for disabled seniors while fostering a more vibrant private sector insurance market. He said the legislation seeks to save Medicaid dollars and keep older adults and families from impoverishment, with the aim of keeping people at home, where it is cheaper and more effective.

Schoonveld said the WISH Act seeks to enable the private insurance market to provide coverage for the first year of a potential waiting period into the program. He said the idea is to reduce the strain on private insurance long-duration claims. Lifetime policies have hampered the private insurance market in the traditional LTC market, and the WISH Act would remove that lifetime risk from the private insurance market, allowing the market to focus on the first year or two of needs and have an opportunity to keep that person in a safe environment at home.

Schoonveld said a recent Employee Benefit Research Institute (EBRI) study examined employees' awareness of, access to, and perspectives on LTC financing. He said the study found 61% expect their loved ones to rely upon Medicaid for their LTC needs, and 64% would pay an additional state payroll tax during their working years for an LTC benefit, akin to WA Cares. He said the study found that 57% would pay higher Medicare taxes for LTC benefits, 56% would prefer a public/private program to provide an LTC benefit, and 55% would pay higher Social Security taxes.

Schoonveld said that despite all the current state experiments and federal initiatives to reduce the burden on Medicaid and help increase the private insurance market, the important question is what can be done to provide the middle income market with a public-private solution and what needs to be done with insurance regulations to build that market and allow public-private collaborations like in Washington, Massachusetts, and with the WISH Act.

Commissioner Kipper asked whether any studies have explored why survey participants are not participating in the current LTC marketplace, either through a standalone LTC policy or a rider. Schoonveld said many consumers, even those in their mid-50s, view LTC needs as something they do not need to worry about yet, and they also cite other current financial pressures. He said that is why LTC riders on life products do well: the person is dealing with death benefit concerns and their mortality risk at the same time.

Burns said that if consumers are provided with multiple options on an insurance product that they do not understand or are complicated, they will not take action. The risk to states is growing at an unprecedented rate, and something is going to happen. She said that there needs to be a discussion now, and the NAIC is the perfect place for that discussion to happen, as no other entity has the same level of experience. With studies on the topic being conducted across the country, the information that is gathered must be coordinated, and she reiterated that the NAIC is the place to have these discussions.

Commissioner Kipper asked how these public-private programs implemented in states like Washington, California, and Massachusetts work in states like Nevada or North Dakota, where there is not an enormous population and it is somewhat transitory. Schoonveld said there is an opportunity in those states because there is more of a blank slate, with no existing provider networks. He said there may be issues if there are not enough caregivers in rural or less-populated areas, but those are opportunities to develop alternative solutions.

Burns said it would be good to come up with the same solution. There are a variety of solutions out there, but lawmakers have not talked enough about them to know how they might work in a particular state.

Gavette asked whether the lack of available facilities, which drives the cost of care, was addressed in any of the studies. Burns said if you look at the claims data for some companies, most of the benefits are being paid for home/community-based care and less for institutional care. Schoonveld said the existing policies, whether they are LTC riders or traditional LTC, do have alternative plans of care solutions that support informal caregiving and independent caregivers.

Bartuska said the information presented is useful, but it would be a big lift for some states. She said some of these studies would be useful to share with the Task Force, particularly the rural findings.

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