



# NATIONAL MEETING SUMMER 2022

Date: 7/19/22

2022 Summer National Meeting  
Portland, Oregon

## LONG-TERM CARE INSURANCE (EX) TASK FORCE

Friday, August 12, 2022

12:00 – 1:00 p.m.

Oregon Convention Center—Oregon Ballroom 201-204—Level 2

### ROLL CALL

Scott A. White, Chair	Virginia	Mike Chaney	Mississippi
Michael Conway, Vice Chair	Colorado	Chlora Lindley-Myers	Missouri
Mark Fowler	Alabama	Troy Downing	Montana
Lori K. Wing-Heier	Alaska	Eric Dunning	Nebraska
Evan G. Daniels	Arizona	Barbara D. Richardson	Nevada
Alan McClain	Arkansas	Marlene Caride	New Jersey
Ricardo Lara	California	Russell Toal	New Mexico
Andrew N. Mais	Connecticut	Mike Causey	North Carolina
Trinidad Navarro	Delaware	Judith L. French	Ohio
Karima M. Woods	District of Columbia	Glen Mulready	Oklahoma
David Altmaier	Florida	Andrew R. Stolfi	Oregon
Colin M. Hayashida	Hawaii	Michael Humphreys	Pennsylvania
Dean L. Cameron	Idaho	Elizabeth Kelleher Dwyer	Rhode Island
Dana Popish Severinghaus	Illinois	Michael Wise	South Carolina
Amy L. Beard	Indiana	Larry D. Deiter	South Dakota
Doug Ommen	Iowa	Carter Lawrence	Tennessee
Vicki Schmidt	Kansas	Cassie Brown	Texas
Sharon P. Clark	Kentucky	Jon Pike	Utah
James J. Donelon	Louisiana	Kevin Gaffney	Vermont
Timothy N. Schott	Maine	Mike Kreidler	Washington
Kathleen A. Birrane	Maryland	Allan L. McVey	West Virginia
Gary D. Anderson	Massachusetts	Nathan Houdek	Wisconsin
Anita G. Fox	Michigan	Jeff Rude	Wyoming
Grace Arnold	Minnesota		

NAIC Support Staff: Jane Koenigsman/Jeffrey C. Johnston

### AGENDA

1. Consider Adoption of its Spring National Meeting Minutes  
—Commissioner Scott A. White (VA)

Attachment One

2. Receive a Report on the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework) Implementation Plans  
—*Commissioner Michael Conway (CO)*
3. Receive a Report on Long-Term Care Insurance (LTCI) Financial Solvency and Industry Trends—*Fred Andersen (MN)*
4. Receive a Report on the Development of the Multistate Actuarial (MSA) Associate Program—*Fred Andersen (MN)*
5. Hear a Presentation on a Center for Insurance Policy and Research (CIPR) Project on Reduced Benefit Options (RBOs)—*Brenda J. Cude (University of Georgia) and Bonnie Burns (California Health Advocates)*
6. Discuss Any Other Matters Brought Before the Task Force  
—*Commissioner Scott A. White (VA)*
7. Adjournment

Attachment Two

## Draft Pending Adoption

Draft: 4/12/22

### Long-Term Care Insurance (EX) Task Force Kansas City, Missouri April 6, 2022

The Long-Term Care Insurance (EX) Task Force met in Kansas City, MO, April 6, 2022. The following Task Force members participated: Scott A. White, Chair (VA); Michael Conway, Vice Chair (CO); Lori K. Wing-Heier represented by Anna Latham (AK); Jim L. Ridling represented by Jimmy Gunn (AL); Evan G. Daniels (AZ); Ricardo Lara represented by Susan Bernard (CA); Andrew N. Mais (CT); Karima M. Woods represented by Philip Barlow (DC); Trinidad Navarro represented by Tanisha Merced (DE); David Altmaier represented by John Reilly (FL); Colin M. Hayashida (HI); Doug Ommen (IA); Dean L. Cameron (ID); Dana Popish Severinghaus (IL); Amy L. Beard represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Sharon P. Clark represented by Rob Roberts (KY); James J. Donelon (LA); Gary D. Anderson (MA); Timothy N. Schott (ME); Anita G. Fox represented by Karen Dennis (MI); Grace Arnold represented and Fred Andersen (MN); Chlora Lindley-Myers represented by Jo LeDuc (MO); Mike Chaney (MS); Troy Downing represented by Kati McGrath Ellis (MT); Mike Causey represented by Jackie Obusek (NC); Eric Dunning (NE); Barbara D. Richardson represented by David Cassetty (NV); Judith L. French represented by Laura Miller (OH); Glen Mulready represented by Eli Snowbarger (OK); Andrew R. Stolfi (OR); Michael Humphreys (PA); Elizabeth Kelleher Dwyer (RI); Raymond G. Farmer (SC); Larry D. Deiter represented by Jill Kruger (SD); Carter Lawrence represented by Stephanie Cope (TN); Cassie Brown represented by Chris Herrick (TX); Jon Pike (UT); Michael S. Pieciak represented by Kevin Gaffney (VT); Mike Kreidler (WA); Nathan Houdek (WI); and Allan L. McVey (WV).

#### 1. Adopted its 2021 Fall National Meeting Minutes

Commissioner McVey made a motion, seconded by Commissioner Kreidler, to adopt the Task Force's Dec. 12, 2021, minutes (*see NAIC Proceedings – Fall 2021, Long-Term Care Insurance (EX) Task Force*). The motion passed unanimously.

#### 2. Received the Report on the Implementation Plans for the LTCI MSA Framework

Commissioner White said the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework) is expected to be adopted during the Executive (EX) Committee and Plenary meeting on April 8. Upon adoption, the Task Force have given itself until September to work through implementation issues and have the Multistate Actuarial (MSA) Process operational.

Commissioner Conway said there are three categories of tasks planned for the implementation of the LTCI MSA Framework.

Commissioner Conway said NAIC staff-level tasks include: 1) identifying if any technical updates need to be made to the NAIC's System for Electronic Rates & Forms Filings (SERFF) application; 2) adding the MSA; and 3) differentiating MSA filings. He said NAIC staff have begun to work on drafting filing instructions for insurers and any legal forms and disclaimers, as noted in the LTCI MSA Framework. Closer to implementation, a web page will be set up to house the instructions, checklists, and any other forms for insurers.

As part of the implementation process, instructions for the MSA Team will be developed to document such things as communication channels, review controls, and process instructions to aid MSA Team members. This documentation may take longer to complete as the MSA Team gains more experience with MSA reviews. Mr. Andersen and members of the MSA Team are developing the new MSA Associate Program.

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Commissioner Conway said the second category of implementation topics is focused on items that may require consideration by the Long-Term Care Insurance Multistate Rate Review (EX) Subgroup or the Task Force. The Subgroup may be asked to review and approve any forms or instructions, as deemed necessary. The Subgroup and the Task Force will develop a plan to promote the MSA Process to both insurers and state insurance regulators to encourage use of the program, which will be critical to the future success of this program and achieving the goals of the Task Force. He said while the LTCI MSA Framework outlines on a high-level basis the development of a process for feedback to the Subgroup and Task Force for future evaluation of the program, this feedback process will need to be further developed. This will include identifying data points and how that data will be collected. For example, feedback requested from participating insurers versus feedback from state insurance regulators. Based on the feedback and the experience of the MSA Team in conducting reviews, the Subgroup will address any future updates that may be necessary to the LTCI MSA Framework.

Commissioner Conway said two topics would be Executive (EX) Committee level consideration. The first item to address would be if additional NAIC full-time employees are needed to facilitate the MSA Process. The second item would be if filing fees should be charged to the insurer for use of the MSA. This is noted as a “to be determined” topic in the LTCI MSA Framework; however, this is expected to be a long-term consideration and not an immediate consideration.

### 3. Heard From the ACLI on Participation in the MSA Process

Jan M. Graeber (American Council of Life Insurers—ACLI) said the ACLI has a strong desire for the MSA Process to work, but there needs to be balance from both insurers and state insurance regulators. She said general reactions from member companies that participated in the MSA Pilot Program are mixed and vary by insurer. Feedback differs between insurers that participated early in the pilot compared to those that participated later. Ms. Graeber said the process changed the conversation, and states seem to be more informed on the issues and challenges of long-term care insurance (LTCI). The process of developing the LTCI MSA Framework seemed to spread knowledge and awareness. However, it has not moved the needle on consistency of the approved amount of rate increase across states. Even states that were supportive of the process did not forego their own methodology, making companies feel as though the MSA Process was just another step added to the review. Ms. Graeber said she feels this could be overcome if states and insurers are willing to participate and rely on the results of the recommendation.

Ms. Graeber said knowing where states stand will be essential for insurers to be willing to use the process. There is not a mechanism that is meant to encourage states to participate and be accountable. As a starting point, the ACLI would encourage state insurance commissioners to affirmatively express whether they support the MSA Process and the results of the rate review recommendation. If commissioners are supportive, they should ensure they communicate that message to their staff that perform the necessary review. Member companies that participated in the MSA Pilot Program have indicated that this may not have been the case.

Ms. Graeber said the ACLI is supportive of the MSA Associate Program and encourages the Task Force to leverage expertise of the ACLI actuaries to help educate junior-level staff on LTCI.

Ms. Graeber said there is recognition of the issues that occurred with LTCI when it was originally priced; i.e., insurers have filed for rate increases for these products, and now policyholders must grapple with rates that are very different from what they expected. Policyholders may not have recognized at the beginning how much the benefit pools would grow or the value of those benefit pools. Ms. Graeber said policyholders may have benefit pools more than \$500,000 to \$750,000, where the premium paid is small. This is not sustainable and in conflict with the fundamental insurance principle that premiums need to be reasonable in relationship to the underlying

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benefit. The ACLI thinks it is time to ensure that actuarially justified rates are approved so policyholders can make informed decisions and meaningful coverage. Ms. Graeber said insurers need predictably and sufficiently of the MSA recommendation. A question would be what method will be applied to the filing and what criteria is being used to evaluate which methodology is applied. Ms. Graeber said the ACLI recommends engaging in a dialogue on the issues and questions that need to be addressed. This may help further refine the current process so insurers will have greater insight into how the process will work, and state insurance regulators will have a better sense of the level of industry engagement. Ms. Graeber said she believes most insurers are willing to submit to a consistent process but are reluctant to waive their understanding of how the process works in exchange for a potentially more efficient process. She said the problem of LTCI needs collective, long-term solutions.

Commissioner Conway asked if ACLI members believe the MSA Process has more certainty than the current state-by-state review. Ms. Graeber said the answer is no. When insurers were going to an individual state, they knew what to expect from that state. Even though the LTCI MSA Framework outlines the two methodologies, there is a blend of methodologies applied or one methodology over another. Insurers will file what they believe is an actuarially justified rate increase. To the extent that there are adjustments or blending, the insurer needs to understand and be able to take those adjustments and blending into account when developing longer-term objectives. She said member insurers said there were status updates given during the review process. However, there needs to be more dialogue between the reviewer and the insurer that submitted the filing to ensure both understand how the information and data in the filing is being interpreted.

Commissioner White said the Task Force is in the MSA Pilot Project stage and will continue to take insurer and stakeholder feedback to improve the MSA Process, so everyone has more comfort with the MSA Process moving forward.

### 4. Heard an Update on LTCI Industry Trends

Mr. Andersen said there are two teams of state insurance regulators. One group looks at rates. A second group is a subset of the Valuation Analysis (E) Working Group that reviews insurers' *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51) filings to focus on reserves and solvency. This group communicates findings to NAIC leadership, domestic state insurance departments, and other NAIC groups. Two trends have been reviewed this year: 1) cost-of-care inflation trends, which have been observed over the past five years and are now a credible trend. This affects policies with 5% inflation protected benefits. Some insurers have strengthened benefit utilization assumptions, which is the amount of actual daily benefit spent on care; and 2) the impact of COVID-19, which was thought to be short-term. Mr. Andersen said this will continue to be studied, specifically if there is a shift from facility care to home care.

### 5. Received a Report on the MSA Associate Program

Commissioner White said the MSA Associate Program is intended to develop and sustain the LTCI MSA Framework by filling the MSA Team with a diverse pool of qualified actuaries. It is understood that as actuaries retire or leave state regulatory roles, there is a need to be prepared to fill the positions on the MSA Team when that occurs and to get fresh perspectives from other actuaries.

Mr. Andersen said the strength of state regulatory knowledge on LTCI is important to both state insurance departments and industry. The MSA Associate Program has many opportunities, including having more state insurance department actuaries become part of the MSA Process and adding to the general educational level on LTCI actuarial issues. It also allows the current MSA Team to learn from actuaries in other states. Mr. Andersen said 16 state actuaries from various states have signed up for the program. He said an initial introductory call was held to discuss backgrounds and how the group can get engaged in the MSA Process and educational

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opportunities. He said state actuaries or other staff involved in LTCI wishing to join can reach out to him or NAIC staff.

**6. Disbanded the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup**

Commissioner White said at the 2021 Fall National Meeting, the Task Force adopted two work products from the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup. The Subgroup was given 2022 charges if the 2021 work of the Subgroup was not completed before the end of the year. However, the charges of the Subgroup were completed in 2021, and there are currently no tasks that require the Subgroup's attention. If new related topics arise in the future in this area, the Task Force can consider re-establishing a Subgroup.

Commissioner Conway made a motion, seconded by Commissioner McVey, to disband the Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup. The motion passed unanimously.

Bonnie Burns (California Health Advocates) said there needs to be simplification of the consumer notices of rate increases. The notices may be confusing, and consumers may not know which notices to give their attention to. Ms. Burns said consumers believe the only options available to them are the options provided by the insurer. She believes there needs to be regulatory scrutiny of the notices and consumers' reactions to the notices. She said there needs to be attention given to consumers that receive the notices and how they make decisions in their best interest.

Brenda J. Cude (University of Georgia) said she agrees with Ms. Burns. She said she is working on an NAIC Center for Insurance Policy and Research (CIPR) project to gain an understanding of consumer reactions on reduced benefit options (RBOs) and consumers' questions. She said they have talked to financial planners who should have a higher level of understanding than the consumer of RBOs. The financial planners have a better understanding of what the consumers' reactions are, and they have their own questions. That research could contribute to this discussion.

Commissioner White said the Task Force can put this issue on the agenda for the next Task Force meeting to consider where to address the concern.

Having no further business, the Long-Term Care Insurance (EX) Task Force adjourned.

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## August 2022 Presentation to NAIC's Long-Term Care Insurance (LTCI) (EX) Task Force Long-Term Care Insurance Rate Increases and Reduced Benefit Options: Insights from Interviews with Financial Planners

### An NAIC Center for Insurance Research and Policy Research Project<sup>1</sup>

Brenda J. Cude, NAIC Consumer Representative  
Bonnie Burns, NAIC Consumer Representative

- **Introduction**
  - Project of NAIC's Center for Insurance Policy and Research
  - Goal to increase understanding of long-term care insurance (LTCI) policyholders' experience with rate increases and reduced benefit options (RBOs)
  - Sought to fill a research gap as there is very little understanding about how consumers perceive and make these choices
- **NAIC's Reduced Benefit Options Subgroup**
  - Charge: To identify options to provide consumers with choices regarding modifications to LTCI contract benefits where policies are no longer affordable due to rate increases
  - Produced [resources](#) for state insurance regulators
    - Reduced Benefit Options Principles document
    - Reduced Benefit Options Communication Principles document
    - Checklist for Premium Increase Communication
    - Issues Related to LTC Wellness Benefits
- **Background**
  - Many owners of traditional LTCI policies have received rate increase notices, and sometimes more than one. The rate increases often are substantial
  - Policyholders usually can change one or more of the policy benefits to offset the rate increase, at least in part
- **What We Did**
  - 14 interviews with financial planners who have worked with clients who had LTCI policies and had been notified of a rate increase; interviews conducted in October and December 2021 and January 2022
  - Recruited through the Financial Planning Association
  - Most were Certified Financial Planners with 20 or more years of experience in financial planning
  - Represented diverse geographic locations and both urban and rural settings
  - Reviewed transcripts of interviews to identify major themes (primary findings)

<sup>1</sup> Significant contributions to research design, data collection and analysis by Lisa Groshong, formerly CIPR Communication Research Scientist.



- Qualitative research, so not a representative sample of financial planners and cannot generalize findings to all financial planners
- Focus was on standalone long-term care insurance products, not hybrid policies or partnership policies

- **Primary Findings**

- LTCI policyholders experiencing rate increases were:
  - Middle-class consumers of modest means when they bought policies
  - Have less education and income than today's purchasers.
  - Average age is about 75
- The planners described their clients' reactions to a rate increase as typically emotional – frustration and anger
  - Have paid the same premium for years
  - Have little recall of policy benefits
  - Like many Americans, are less financially literate than they should be
- Financial planners' reactions to rate increases
  - Companies should have absorbed more of the cost
  - Regulators should have done more
  - Rate increases were to be expected as the product was underpriced
- Some financial planners were concerned the rate increase notices
  - Created a false sense of urgency
  - Used wording that was an enticement to opt-out of the policy
  - Presented RBOs as though those were the only options to reduce premiums, not examples
  - Wondered if the options presented were in the company's best interest or the client's best interest
- All financial planners interviewed
  - Acknowledged the importance of analyzing the decisions in view of the client's unique personal situation
  - Recommended their clients pay the higher premium and not change the policy
    - *But* many policyholders don't have the income to pay a higher premium. Financial planners' clients have higher incomes and wealth than others
- If a financial planner recommends a RBO, it usually is to drop inflation protection (especially if the client is older) or reduce the daily benefit

- **Major Takeaways**

- LTCI policyholders' reactions are emotional and policyholders are confused. Without counsel, an emotional decision or one based on confusion is unlikely to be a good one – and they might not even make a decision.
- RBOs are often presented as the consumers' only choices instead of as examples of ways they might change their coverage.
- Sources of expert help are limited. Typically the insurance agent who sold the policy isn't available and other professionals can't get information from the insurance company.





- **Solutions**

- Rate increase letters that provide a clear example of an option and how premium is affected. For instance: *You have options to reduce your new premium. Here is one example.*

<i>If you're comfortable changing your benefits from lifetime coverage to six years of benefits your new premium will be lower. The rest of your benefits will stay the same.</i>	
<i>Your premium today for unlimited benefits</i>	<i>Your premium for 6 years of benefits</i>
<i>\$9,000 annually</i>	<i>\$7,000 annually</i>

*Here is another example.....*

*You can call customer service at 800-000-0000 to ask about other changes you can make to reduce the new premium.*

- Expand the scope of advisors to help consumers who receive LTCI increase notices
  - ✓ Require insurers to allow consumers to authorize release of policy-specific information to their chosen advisor
  - ✓ Consider ways Departments of Insurance can establish relationships and lines of communication with Senior Health Insurance Program (SHIP) agencies. Partner to provide training and standby technical assistance to SHIP counselors
  - ✓ Consider a smart disclosure that, with inputs, could tailor the range of options to those most relevant to the individual's situation

- **Next steps**

- Publication of a CIPR report about project
- Research to seek input directly from consumers

**Bonnie Burns**, NAIC Consumer Representative, [bburns@cahealthadvocates.org](mailto:bburns@cahealthadvocates.org)

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*The [Center for Insurance Policy and Research](#) provides data and education to drive discussion and advance understanding of insurance issues among policymakers, insurance commissioners and other regulators, industry leaders, and academia. It conducts research and provides analysis on important insurance issues. Through this work, the Center drives dialogue and action on today's insurance issues.*

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## Counseling Policyholders on Options to Reduce Premium Increases

Policyholders of long-term care insurance policies may receive a notice from their insurance company when the company will be imposing a premium increase. That notice may include a number of options that can offset some or all of the premium increase by reducing some of the policy benefits. Some notices with offers to reduce benefits may be triggered by the settlement of a class action lawsuit that also includes a change in premium, others may be triggered when an insurance company becomes insolvent and a state guaranty association takes over administration of the failed company.

Each option offered needs to be carefully considered by each policyholder based on their specific needs, their age, their marital status, their current health, the cost of care in their area, and their financial circumstances. Most policyholders, or their families, are likely to need help determining the value and the impact of one or more of the offered options. Policyholders may be given only a couple of options to choose from while others may have as many as 4 or 5 options to consider. Occasionally an option may include a cash benefit. It's possible that a policyholder might combine two or more of the options offered to them to achieve the greatest premium reduction, but a careful review of each option and its consequences should be made first.

When assisting a policyholder or a family member with decisions about reducing benefits to lower premiums it's important to consider their age, gender, marital status, financial situation, their future care needs and local costs of care, and whether additional premium increases are likely in the future. Some notices contain information about future premium increases while others don't.

**For spouses** it's important to consider the impact of these options later if one spouse dies and the other spouse will live on a reduced income insufficient to maintain coverage. In some cases one spouse may need to maintain more benefits than the other because one spouse is older than the other or is in worse health than the other spouse. It's important to remember that spouses may need different amounts of coverage depending on age, health, and future risk of needing care.

**For Partnership products** it's important to know any state minimum benefit requirements to ensure that the daily benefit amount, the policy maximum benefit amount or years of coverage, and any inflation protection are not reduced below the levels required to maintain Partnership status to qualify for asset protection in that state. A notice may include a warning about choosing to reduce benefits or inflation protection below Partnership requirements, but if that warning is not included policyholders should check with the state Partnership program before making any benefit or inflation protection changes to their coverage.

## Common Benefit Reduction Options

**Reduce Or Eliminate Inflation Protection:** In this option a policyholder is given the choice to reduce their inflation protection benefit, or to eliminate it entirely, in return for a reduction in the premium. (An inflation protection benefit increases the policy's daily benefit amount to protect against increases in the cost of care.) While it may make sense at some older ages to reduce or eliminate an inflation protection benefit, it's important to know **if** the daily benefit amount will revert to the dollar amount at the time the policy was purchased. If a policyholder opts to reduce the inflation protection benefit, they might lose all the inflation adjustments that have accrued since they bought the policy. The option to reduce or eliminate inflation protection should only be chosen when the daily benefit amount remains at the current inflated amount.

**Reduce The Daily Benefit Amount:** A policyholder is offered the option to reduce the dollar amount of their daily benefit in return for some reduction in the new premium. Careful consideration must be given to the amount of the reduced daily benefit relative to the current cost of care. It's also important to consider that reducing the daily benefit might limit the ability to make any additional reductions in the future. For instance, a policyholder may not be able to offset future premium increases by reducing the daily benefit again if that benefit is already lower than the current cost of care.

**Reduce The Duration Of Benefits:** A policyholder is offered the right to reduce the number of years that the policy will pay benefits. A policyholder with only 2 or 3 years of coverage may not be able to reduce their coverage any further. Reducing the benefit from lifetime coverage to a fixed number of years may substantially reduce the premium for younger policyholders but the reduction may be much less for those who are older. Policyholders will need to weigh the consequences of fewer years of benefits and the total dollar amount of benefits against any reduction in premium that they are offered

**Paid-Up Policy:** A policyholder may be offered a paid-up policy with no need to make any future premium payments. This option keeps the policy in force, but limits the total dollar amount of benefits to the amount of premiums that have already been paid since the policy was purchased, or to an amount stipulated in the notice. The amount of care that can be provided by the paid-up dollar amount should be weighed against the ability of a policyholder to maintain coverage and continue to pay the subsequent premium. A paid up policy means that only the amount of total benefits is changed. The contractual terms of the policy don't change; if the benefits are used they will operate under the terms of the policy.

**Cash Benefit:** A policyholder may be offered a specific cash amount for their benefits. A cash benefit may be offered in return for surrendering the policy and all its benefits or it might be offered along with a reduction of existing benefits and conversion to a paid-up policy. Cash benefits may be thousands of dollars and be very attractive to a policyholder.

While the prospect of a large cash payment may be momentarily attractive, the policyholder may be giving up all future benefits for long-term care. Or a policyholder might be choosing a cash benefit in addition to reduced paid-up coverage with no future premium payments required. If a person is currently eligible for public benefits, or might soon be eligible, the receipt of a large cash payment could affect eligibility for those public benefits. A policyholder should seek advice from a trusted financial advisor to fully understand any potential tax implications of choosing cash benefit. Some notices may contain a warning about seeking tax advice others may not.

Policyholders can always contact their company to ask questions about any offered options, and to seek other changes that might be more beneficial. For instance a policyholder offered a lower premium to drop a 5% inflation protection benefit might be able to afford the premium for a 3% inflation benefit even though it might cost more than dropping the benefit completely. Someone with lifetime benefits might be able to afford a premium for 4 years of coverage instead of the 3 year benefit offered to reduce a premium increase.

It's important to remember that any offers to reduce premium increases, or to make any other changes to their long-term care contracts should always be supported in writing. Any documents sent to policyholders should be retained and attached to their existing policy. And every policyholder should have a designated third party to be notified if premiums are late or not paid. A designated third party can be added to a policy at any time by contacting the company and making that addition.

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