



DEPARTMENT OF

Professional & Financial Regulation

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

Notice of Public Forum on Long-Term Care Insurance

The public and industry are invited to a forum on issues related to long-term care insurance, held by Superintendent Eric Cioppa of the Maine Bureau of Insurance.

DATE/TIME Monday, May 9, 2016 – 10 a.m. – 3 p.m.

LOCATION: Kennebec/Penobscot Rms
Augusta Civic Center
76 Community Drive
Augusta, Maine 04330

WEBCAST: www.maine.gov/insurance
(webcast will be live and
available for a period of time
after the forum)

PURPOSE

The forum will provide Maine consumers, insurance companies and other interested parties an opportunity to give input on issues related to long-term care insurance, including policy-holder experience and recent company rate increases. Additionally, Bureau staff will provide an overview of the rate review process and new claims processing rules. Basics about planning for long-term care needs, including when MaineCare (Medicaid) is applicable, will also be reviewed.

COMMENTS & ORAL TESTIMONY

Comments may be in writing only, or may be submitted in writing and presented orally at the forum. All comments, and requests to present in person, should be **submitted by Friday, April 15th**, by mail, email or fax to:

Judi Watters, Consumer Outreach Specialist
Maine Bureau of Insurance
#34 State House Station
Augusta, ME 04333
judith.k.watters@maine.gov
fax: 207-624-8599/Phone: 207-624-8445

(Questions about the forum
should also be directed to
Judi Watters)

Questions to be addressed in oral or written statements:

- What is your personal experience with long-term care (LTC) insurance? [For policyholders]
- What are the key factors driving LTC insurers' premium increases?
- What is the current state of the older LTC insurance blocks of business?
- What are the innovations in new LTC insurance products?
- What are the ways to lessen the impacts of LTC insurance premium increases?
- What is needed to improve LTC insurance consumer protections and claims practices?
- What is the future of LTC insurance?
- What more can be done to encourage the public to plan for long-term care needs?

BACKGROUND

Insurance companies began selling long-term-care policies in the 1980s, to provide coverage for care at the end of an individual's life. In recent years, with some actual claim experience history, these companies realized that their original pricing was insufficient. As a result, they have requested significant and frequent rate increases.

While the majority of policy holders continue to maintain their coverage despite the premium increases, some on limited fixed incomes are unable to do so, potentially after years of investing in the product.

The Superintendent must balance the concerns of the companies' future solvency and ability to pay claims with consumers' ability to maintain a valuable investment.

ADDITIONAL INFORMATION ABOUT LTC INSURANCE RATE INCREASES AND CLAIMS

- **Long-Term Care Insurance Rate Increases in Maine:** Benefits of long-term care insurance must be reasonable in relation to premiums. The type of benefit and rate review conducted by the Bureau depends upon whether the filing applies to pre or post rate stabilization policies (i.e. those sold either before or after October 2004). In some cases, the Bureau has approved a lower increase than the one proposed by the company. Carriers are expected to spread an increase over several years (with full disclosure to policyholders) in an effort to reduce the impact.
- **Consumer Choices To Reduce Premium Increases:** Consumers may opt to reduce potential rate increases by reducing benefits, such as reducing the policy's daily benefit amount, reducing or eliminating inflation protection, reducing the duration of benefits, and/or increasing the length of the elimination period; or by ceasing to pay premiums and electing a benefit that is equal to the premiums paid on the policy to date, minus any benefits already paid.
- **Rules 420 and 425:** These rules were amended in 2015 in response to Maine Public Law Chapter 278, *An Act to Create Uniform Claims Paying Practices in Long-Term Care Insurance Policies*. The amendments to the rules provide for a simplified long-term care insurance claims filing process and a consumer's right to appeal certain denied claims to external review. The right to external review applies to claims involving benefit triggers, and certain policy limitations and exclusions that require the exercise of professional judgment within the scope of practice of a health care professional. The Bureau oversees the external review process, which is conducted by a contracted, independent party.