

GUEST OPINION

Consumers shouldn't be penalized for preparation

TOBE LYNN GERARD

Due to overly aggressive rate increases, many Massachusetts residents are being priced out of a product they purchased with a great degree of foresight not even 10 years ago.

Long term care insurance, which covers home care, assisted living care, adult day care, nursing home care and hospice care, has become a critical coverage because of the gap left by traditional health insurance and Medicare.

However, as policyholders look to the future, contentious rate increases may force them to either lapse their policies or to reduce their coverage to a meaningless amount.

Some LTCI companies have raised rates on existing policies as much as 60 percent. Considering skyrocketing health care costs, it is understandable that insurance companies would seek increased rates. The cost of long term care itself has more than doubled in the past two decades. In Massachusetts and bordering states, the average annual cost for a semi-private

room in a nursing home has risen from \$77,000 to \$98,000 in one year alone.

But while a 20 percent increase in LTCI premiums could be considered reasonable, 60 percent seems opportunistic. It is one thing for insurance companies to raise rates going forward on new business, but going back to existing policyholders with excessive increases is simply unfair. Consumers who weighed and measured their options and then made appropriate purchasing decisions should not be penalized for the failure of insurance company actuaries to either project adequate returns on their own investments or to project the high persistency of this line of insurance.

Currently, LTCI carriers who write either individual or group business are not required to submit annual rate filings to the commissioner of insurance. Annual filings would help determine the adequacy of rate increases on a timelier basis.

According to the commissioner of insurance, it is inde-

pendent actuaries and not her staff who determine whether requests for rate increases are justifiable. Other states have been able to maintain a stable long term care insurance market without passing on inappropriate rate increases to their consumers. To bring stability to long term care insurance in the commonwealth, the Massachusetts Association of Health Underwriters supports the enactment of our state version of the National Association of Insurance Commissioners Long Term Care Model Act.

Standing in the path of protecting consumers' long term care insurance needs is the failure to pass the Long Term Care Model Act. Senate bill S-2367, An Act to Establish Standards for Long Term Care Insurance, which is based on the NAIC model, has already passed the Senate and currently is in the House Ways & Means Committee.

As Massachusetts' largest organization representing health insurance brokers, MassAHU urges our elected leaders to adopt the NAIC Long Term Care Model Act to stabilize long term insurance for the benefit of all consumers.

TOBE LYNN GERARD IS A MEMBER OF THE BOARD OF DIRECTORS OF THE MASSACHUSETTS ASSOCIATION OF HEALTH UNDERWRITERS.

