



**STATE OF CONNECTICUT**  
**OFFICE OF POLICY AND MANAGEMENT**

***TESTIMONY PRESENTED TO THE SELECT COMMITTEE ON AGING***  
***March 9, 2010***

*David J. Guttchen*  
*Director, Health & Human Services*  
*Office of Policy and Management*

Testimony Opposing Senate Bill No. 322

AN ACT CONCERNING LONG-TERM CARE POLICIES UNDER THE  
CONNECTICUT PARTNERSHIP FOR LONG-TERM CARE

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Good morning Senator Prague and Representative Serra and members of the Select Committee on Aging. My name is David Guttchen and I'm the Director of Health and Human Services planning for the Office of Policy and Management and also serve as the Director of the Connecticut Partnership for Long-Term Care and the Chair of the Long-Term Care Planning Committee. Thank you for the opportunity to testify today in opposition to SB 322 – An Act Concerning Long-Term Care Policies under the Connecticut Partnership for Long-Term Care.

The Connecticut Partnership for Long-Term Care is the State's public/private partnership between State government and private insurers that educates Connecticut residents about the issue of long-term care and the need to plan ahead for future long-term care costs. The Partnership has pioneered the development of high-quality, affordable private long-term care insurance that provides individuals with the security that their long-term care needs will be met without the fear of impoverishment while at the same time helping to save Medicaid long-term care funds. Close to 40,000 Connecticut residents currently own Partnership policies and we estimate we have saved the Medicaid program over \$8 million to date with larger savings projected in the future. The Connecticut Partnership became the first program of its kind in the country when it was launched in 1992. Partnership programs have now spread to 36 other states, with all but two of those states' Partnerships modeled after Connecticut's program.

It is my understanding that Section 1 of SB 322 was developed to help address the situation where an insurance company decides to no longer market a particular product but does not sell those policies to another insurer and chooses to administer the plans themselves. A concern that has been raised is that in that situation the likelihood that the insurer might then subsequently request a rate increase is increased as there are no new policyholders being added to the risk pool. Our experience with long-term care insurance policies is that there is as much likelihood that an insurer who actively sells policies will request a rate increase as there is that an insurer who no longer markets policies will request an increase. More importantly, the question of whether a rate increase is warranted or not is based on a thorough case-by-case review by the Insurance Department. Rate increase requests from insurers who have stopped marketing policies have been rejected and some have been approved by the Insurance Department and the same is true for rate increase requests for insurers actively marketing plans.

Our opposition to Section 1 is two-fold. Firstly, it is inappropriate for the State to dictate that insurers must sell their policies to other insurers. Secondly, we are concerned that Section 1 will be falsely perceived as somehow protecting policyholders against future rate increases just because an insurer might sell their policies to another insurer. Section 1 would provide no such protections. There is nothing in Section 1 that assures that the insurer who purchases the block of policies won't ask for a rate increase themselves for the policies they purchased. In fact, we have seen this occur.

Section 2 would require that premiums for Connecticut Partnership long-term care policies be based on a community rate. We strongly oppose this provision. Community rating for premiums may be appropriate for health insurance where the pricing is based on the potential claims for one year and there are larger risk pools. However, long-term care insurance is priced based on potential claims over a 20-30 year period and the pool of policyholders for any one insurer is not very large, especially in a small state like Connecticut. Requiring insurers to charge the same premiums for all ages will actually result in significant premium increases for most policyholders, clearly not the intent of this legislation. In addition, community rating does not in any way protect policyholders from future rate increases.

If this provision were to pass, the likely result would be that no insurance companies would file policies under the Connecticut Partnership. In the unlikely event that some insurers do decide to develop Partnership policies using community rating, the premiums would be so high that very few individuals would be able to purchase a policy. With no insurers willing to participate in the Connecticut Partnership due to the requirement of community rating, the passage of this bill would result in the closing down of the Connecticut Partnership, thus denying Connecticut residents of the ability to purchase a very important benefit to cover their long-term care needs and avoid impoverishment. I find it hard to believe that the intent of this bill is to cease the sale of Connecticut Partnership policies but that is exactly what would occur.

I certainly share the concerns regarding the negative impact premium increases for long-term care insurance policies, both for Partnership and non-Partnership policies, can have on policyholders and want us to do whatever we can to protect consumers against such increases. However, I believe the Insurance Department currently adequately protects consumers through their objective, thorough review of each rate increase request as well as their review of a long-term care policy's initial rates.

Passage of this bill will do nothing to protect consumers against possible rate increases and worse will result in Connecticut Partnership policies no longer being able to be sold due to insurers leaving the marketplace. Connecticut was a pioneer in being the first state to develop a Partnership program in 1992; I doubt that Connecticut wants now to have the dubious honor of being the first state to legislate its Partnership out of existence. We strongly urge the Committee to oppose this legislation.

Thank you for the opportunity to testify today and I'm available to answer any questions from the Committee.

