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February 5, 2013

Testimony of AARP on

Raised S.B. No. (808) *AA Requiring Public Comment for Certain Long-Term Care Policy Rate Increase Requests*
Insurance Committee

AARP is a nonpartisan, nonprofit social welfare organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP is an advocate nationwide for the rights of people aged 50 and older. We have long advocated for insurance reforms resulting in both cost-effective and higher quality care. AARP is pleased to offer the following comments in general support of Raised S.B. 808 and a suggestion for improvement.

AARP believes Raised S.B. 808 outlines a reasonable improvement that would make long-term care insurance rate setting more price transparent and open to public input. To improve the proposal, we would recommend expanding the triggering events to take into account aggregate increases over several years.

Raised S.B. 808 would allow for public comment and participation through a symposium convened by the Insurance Commissioner when an individual or group long-term care policy rate filing includes an increase of more than ten percent (10%). This proposal would complement the compromise reached in 2011 between consumer advocates and the Insurance Commissioner to have up to four public hearings, at the request of the Health Care Advocate, on health insurance rate increases of 15% or more. S.B. 808 extends a similar opportunity for public input when long-term care insurance increases exceed ten percent.

Recent evidence suggest that states that require approval of health insurance rates prior to implementation and undertake a thorough review of filings, including ample opportunity for consumer input, have been more successful than other states in lowering rate increases.¹

In considering the triggering threshold for a symposium, AARP believes Raised S.B. 808 should also cover situations where cumulative increases just below the threshold amount over several years could trigger a public symposium. An annual increase on its own might be reasonable, but if a long-term trend is taken into account the increase may prove to be unreasonable and require additional public scrutiny.

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¹ Kaiser Family Foundation, Rate Review: Spotlight on State Efforts to Make Health Insurance More Affordable, December 2010.