



Connecticut's Legislative Commission on Aging
A nonpartisan research and public policy office of the Connecticut General Assembly

Testimony of

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Committee on Insurance and Real Estate

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Senator Crisco, Representative Megna and esteemed members of the Insurance and Real Estate Committee. My name is Julia Evans Starr and I am the Executive Director of Connecticut's Legislative Commission on Aging. I thank you for this opportunity to comment on Senate Bill's 9, 12 and 13 today.

As you know, Connecticut's Legislative Commission on Aging is the non-partisan, public policy office of the General Assembly devoted to preparing Connecticut for a significantly changed demographic and enhancing the lives of the present and future generations of older adults. For over twenty years, the Legislative Commission on Aging has served as an effective leader in statewide efforts to promote choice, independence and dignity for Connecticut's older adults and persons with disabilities.

Senate Bill 9: An Act Requiring Certain Disclosures for Long-Term Care Insurance Policies
~ CT's Legislative Commission on Aging Supports

Senate Bill 13: An Act Requiring Public Comment for Certain Long-Term Care Insurance Policy Rate Increase Requests ~ *CT's Legislative Commission on Aging Supports*

Senate Bill 9 requires that individuals applying for long-term care insurance policies receive written disclosures related to the potential for premium rate increases and historical information about past rate increases at the time of application.

CT's Legislative Commission on Aging supports Senate Bill 9 and all opportunities to further educate and inform Connecticut residents about the potential for significant rate increases on long-term care insurance policies. We have heard and continue to hear from constituents who have received notices of significant premium rate increases on their already high cost policies, sometimes upwards of 10% or more, making the policy unaffordable.

Connecticut's Legislative Commission on Aging also supports Senate Bill 10 that allows for public comment on any proposed rate increase of long-term care insurance policies of more than 10%. Research shows that a thorough review of filings with an ample opportunity for public input can yield positive results for the consumer.

These bills allow for more transparency thru public information and input of policy holders to understand and comment on the significant impact large premium rate increases has on individuals.

Long-term care insurance policies are designed to help people plan for their long-term care needs as they age. Data from the Legislative Commission on Aging and University of Connecticut's Long Term Care Needs Assessment show that all too often individuals are not planning for their needs. Over 1/3 of people between the ages of 42 and 60 have no plans on how they will pay for their long-term care needs. Long-term care insurance policies are an important planning tool for some older adults to plan of their needs, however the potential for significant rate increases with limited disclosures at the time of applications makes them a risky investment.

Senate Bill 12: An Act Establishing a Tax Credit for Long-Term Care Insurance Premium Payments ~ *CT's Legislative Commission on Aging Supports*

This bill will provide a state income tax credit of 15% of the total amount of long-term care insurance premiums paid, up to \$500. It is in the state's best interest to encourage residents to plan for their long-term services and supports (LTSS) needs. Again, data show that 1/3 of CT residents have NO PLAN on how they will pay for their long-term services and supports as they age. Over 50% of people over the age of 60 erroneously believe that Medicare will pay for the LTSS needs. The lack of Medicare and private health insurance coverage for long-term services has created a LTSS system that is overly reliant on Medicaid.

Long-term care insurance policies are an effective and important way for some older adults to plan for their future needs. These policies allow people to receive services and supports in the environment of their choice and protect them for spending all of their assets in order to qualify for Medicaid. (Medicaid represents approximately 25% of the state budget.) Exploring various tax incentives for the purchase of long-term care insurance is a recommendation of three major reports – CT's 2013 Long-Term Services and Supports Plan, the Aging in Place Task Force (SA 12-6) and the Task Force on Alzheimer's Disease and Dementia (SA 13-11).

The state should make every effort to balance the ratio of public and private resources on LTSS. Creating tax incentives like the one proposed in this bill may help to do this.

Thank you again for this opportunity to comment. As always, please contact us with any questions. It's our pleasure to serve as an objective, nonpartisan resource to you.