

Insurance and Real Estate Committee  
Public Testimony  
3/8/2016

TESTIMONY IN SUPPORT OF HOUSE BILL 5521

Co-Chairs Senator Crisco, Representative Megna; Vice Chairs Senator Hartley, Representative Zoni; Ranking Members Senator Kelly, Representative Sampson; and esteemed members of the Committee,

H.B. No. 5521 – An Act Concerning Short-Term Care Insurance

I, Steven E. Bugg, am in support of this bill.

The CT DOI has long held a position against the approval of Short-Term Care (STC) insurance products. CT has been a Long-Term Care (LTC) insurance only state. One major defining difference between LTC and STC products is that LTC insurance must cover a minimum of 1 year of benefits whereas STC insurance covers up to 12 months of care.

LTC insurance adds value to the marketplace in CT but it creates restrictions that deny access by many consumers. Consumers who cannot afford LTC insurance should have more options available to them. STC plans will help fill this void by offering the following advantages over LTC plans:

1. Lower premiums for entry level consumers
2. Less restrictive underwriting for those consumers with existing health problems
3. Less complicated access to benefits
4. Quicker access to benefits

Some important facts to consider are:

1. The costs of care in CT are among some of the highest in the country  
*\* Source: Genworth 2015 Cost of care Survey – CT*
2. The carrier who pays the most in claims nationwide says that 50% of their claims are for less than 1 year  
*\* Source: <http://www.aaltci.org/long-term-care-insurance/learning-center/fast-facts.php>*
3. Short-Term Care Insurance sales are up 71% in other parts of the country  
*\* Source: <http://www.aaltci.org/news/long-term-care-insurance-association-news/short-term-care-insurance-sales-up-71-reports-new-industry-organization>*

I believe there must be a way to make STC products available to the residents of CT. It seems odd to me that CT doesn't allow this product to fall under the umbrella of a limited benefit as other states have allowed. When the NAIC amended the A&H Minimum Standards Model Act to include LTC as a separate category, it specifically added a Drafting Note that if a state allowed issuance of a policy providing Nursing Home and Home Health Care benefits for a

period less than 12 months, then those policies should be considered limited benefit health plans.

*Drafting Note: The NAIC Long-Term Care Insurance Model Act defines long-term care insurance as a policy that provides coverage for not less than twelve months. If a state allows for issuance of policies that provide benefits similar to long-term care insurance for a period less than twelve months, then those policies should be considered limited benefits health plans, and should be subject to this Act and its implementing regulation.*

This may make it a whole lot easier than having to adopt a new insurance category and build minimum standard regulations to support it. If the CT DOI feels it is necessary, they can easily set requirements for a big and bold disclosure on the application, outline of coverage and policy that state clearly it is Short-Term Care insurance providing less than 12 months of coverage and is not Long-Term Care insurance.

Thank you for your time and effort on this important subject.



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