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NCOIL TO HHS: GRAVE CONCERNS WITH FEDERAL LONG-TERM CARE PLAN

Troy, NY, August 5, 2011—In a letter to U.S. Department of Health & Human Services (HHS) Secretary Kathleen Sebelius yesterday, leaders of a key National Conference of Insurance Legislators (NCOIL) Committee expressed “grave concerns” with a new federal long-term care insurance program created by the 2010 Affordable Care Act (ACA).

Sent by Health, Long-Term Care & Health Retirement Issues Committee Chair Rep. Barb Byrum (MI) and Vice-Chair Sen. Jake Corman (PA), the letter asserts that a new government-run Community Living Assistance Services and Supports (CLASS) plan “fails to apply the principles of risk management that are essential to any financially sound insurance program.”

The Committee leaders stress in the letter that—although they recognize the CLASS plan’s important goals and are encouraged by the HHS Secretary’s recent statement that the federal government won’t implement the program unless it is designed to be solvent and sustainable:

The CLASS program risks being under-capitalized on the front end, paying more in benefits than it collects in premiums. This will drive rates up and cause adverse selection, as young and healthy consumers will not participate in the market. Also, the plan as currently configured offers little incentive for agents, brokers, and human resources professionals to encourage the enrollment needed to create a broad and stable risk pool.

Welcoming the opportunity to provide input and expertise, the letter notes the important role NCOIL and state experts can play, maintaining that “state legislatures have worked diligently over the years to create and nurture their thriving insurance markets.”

The letter follows on the heels of a July 16 Committee meeting at the recent NCOIL Summer Meeting in Newport, Rhode Island, where members determined to communicate their concerns to Secretary Sebelius.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

For further details or to be added to an e-mail list for upcoming conference call information, please contact the NCOIL National Office at 518-687-0178 or by email at jestey@ncoil.org.

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