

SENT VIA E-MAIL AND MAIL

August 4, 2011

The Honorable Kathleen Sebelius
Office of the Secretary
U.S. Department of Health and Human Services (HHS)
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius:

On behalf of the National Conference of Insurance Legislators (NCOIL) Health, Long-Term Care & Health Retirement Issues Committee, we wish to share our grave concerns about the Community Living Assistance Services and Supports (CLASS) long-term care insurance program created under the 2010 Affordable Care Act (ACA). We are encouraged by your recent statement that the federal government won't implement the program unless it is designed to be solvent and sustainable.

We recognize and appreciate the important goals of the CLASS program. However, we feel it fails to apply the principles of risk management that are essential to any financially sound insurance program.

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.

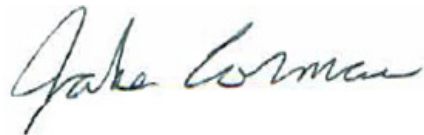
As you move forward with the implementation process, NCOIL would welcome the opportunity to provide input and expertise in designing an effective program, as state legislatures have worked diligently over the years to create and nurture their thriving insurance markets.

Please contact the NCOIL National Office at 518-687-0178 or by e-mail at jestey@ncoil.org with any questions.

Sincerely,



Rep. Barb Byrum (MI)
Chair, NCOIL Health, Long-Term Care
& Health Retirement Issues Committee



Sen. Jake Corman (PA)
Vice-Chair, NCOIL Health, Long-Term Care
& Health Retirement Issues Committee

Cc: Sally Howard, HHS Chief of Staff
Paul Dioguardi, HHS Intergovernmental External Affairs Director
NCOIL Legislators

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