

FEHBP Long-Term Care Insurance File

Total Pages: 15

LRM ID: RJP306

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

Friday, November 20, 1998

LEGISLATIVE REFERRAL MEMORANDUM

URGENT

TO: Legislative Liaison Officer - See Distribution below

FROM: *Janet R. Forsgren*  
Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Robert J. Pellicci

PHONE: (202)395-4871 FAX: (202)395-6148

SUBJECT: REVISED Office of Personnel Management Draft Bill on Federal Employees Group Long-Term Care Insurance Act of 1999

DEADLINE: Tuesday, December 8, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: CLOSE HOLD -- OPM draft bill is designed to implement the Administration's proposal for long-term care insurance for Federal employees.

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LRM ID: RJP306 SUBJECT: REVISED Office of Personnel Management Draft Bill on Federal Employees Group Long-Term Care Insurance Act of 1999

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Robert J. Pellicci Phone: 395-4871 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: (Date)
(Name)
(Agency)
(Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

- Concur
No Objection
No Comment
See proposed edits on pages
Other:
FAX RETURN of pages, attached to this response sheet



UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, DC 20415-0001

OFFICE OF THE DIRECTOR

Honorable Albert Gore, Jr.  
President of the Senate  
Washington, DC 20510

Dear Mr. President:

The Office of Personnel Management (OPM) submits the enclosed legislative proposal entitled the "Federal Employees Group Long-Term Care Insurance Act of 1999." This proposal would authorize OPM to purchase a policy or policies from one or more qualified private-sector contractors to make long-term care insurance available to Federal employees and retirees, and family members whom OPM defines as eligible, at group rates. Coverage would be paid for entirely by those who elect it.

In keeping with our mission to provide Government-wide human resource management leadership, one of OPM's objectives is to achieve a modern, performance-oriented compensation system which includes a benefits package that will enable Federal agencies to attract and retain well-qualified employees. As the large baby boom generation with its improved longevity projections begins to plan for retirement, large- and medium-sized employers are beginning to respond to their employees' concerns by sponsoring group long-term care insurance. Long-term care, which includes cognitive impairment and assistance with daily living activities in a variety of settings, can be very expensive. Insurance products for this purpose have been evolving since the 1980s. In the Health Insurance Portability and Accountability Act (HIPAA) of 1996, Congress recently authorized tax treatment for long-term care insurance similar to that for medical insurance to promote access to good quality long-term care insurance contracts.

The Administration also has a more general interest in the development of a long-term care insurance program for Federal employees. At present, Medicare and supplemental Medigap insurance provide extremely limited coverage of long-term care services. Medicaid covers nursing home and some community-based services only if a person meets very low eligibility thresholds for income and assets. Projected increases in the population over age 85 will likely raise costs for, and create pressure to expand, publicly-funded health programs if reasonable alternatives do not exist.

Since 1995, OPM and the Department of Health and Human Services have been engaging in cooperative research on long-term care insurance products and employer-sponsored programs. Responses to questions in a 1997 OPM survey indicated there is significant interest in such protection among Federal employees. On March 26, 1998, we discussed our findings at a

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hearing before the House Subcommittee on Civil Service during which there was substantial support for introducing Government-sponsored group long-term care insurance, on employee-pay-all basis. This is consistent with general practice among other employers who offer this benefit.

From a pool of qualified carriers, OPM will select a single or a very small number of carriers based on quality, service and price to offer a single benefits package to eligible participants. OPM will be open to various financing arrangements proposed by the carrier(s), such as the use of a consortium or reinsurance arrangements to ensure the financial stability of the program. Our proposal would allow OPM broad flexibility, similar to that available under the Federal Employees Health Benefits (FEHB) Program, to determine appropriate benefits and to contract competitively for benefits with one or more private carriers, without regard to section 5 of title 41 United States Code, or any law requiring competitive bidding. While OPM envisions using a competitive procurement process, it needs the flexibility to capitalize on complex market factors to procure the best value for Federal enrollees. Qualified carriers shall: (A) be licensed to do business in all States and the District of Columbia to offer long-term care insurance; (B) agree to provide coverage for all eligible enrollees consistent with requirements for qualified long-term care insurance contracts and issuers enacted under subtitle C of Title III of the Health Insurance Portability and Accountability Act of 1996; (C) propose rates which in OPM's judgment reasonably reflect the cost of benefits provided; (D) maintain funds associated with the Federal employee contract separate and apart from the carriers' other funds; and (E) agree to carry all risk. The contract or contracts would be for a duration of 5 years, unless terminated earlier by OPM. Regulations of OPM will provide for opportunities to enroll and benefit portability. With this statutory and regulatory authority, OPM will have the flexibility needed to administer the program as the market for long-term care services and protection evolves over time.

The program would be available to Federal employees and retirees, and their spouse; former spouse who is entitled to annuity under a Federal retirement system; parents, and parents-in-law. All participants other than active employees would be fully underwritten (i.e., asked extensive questions about their health status) as is standard practice with products of this kind. Coverage made available to individuals would be guaranteed renewable and could not be canceled except for nonpayment of premium. Though each participant would be responsible for paying the full amount of premiums, based on age at time of enrollment, group rates will save an estimated 15-20 percent off the cost of individual long-term care policies.

OPM will be responsible for the administrative costs of the program, which we estimate to be \$40 million over a 5 year period. Initial year costs are expected to be approximately \$20 million to cover start-up costs including developing and implementing a program to educate employees about long-term care insurance, procuring a contract or contracts, and validating the reasonableness of rate proposals. \$5 million will cover the costs of administration for each subsequent year of the contract period. Employee and annuitant premiums would be withheld from salary or annuity and transmitted directly to respective contractors, and those enrollees could also elect withholdings for coverage of their spouse.

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Any eligible enrollees shall, at the discretion of OPM, submit premiums directly to the appropriate contractor. As with the FEHB Program, the bill would require participating contractors to provide benefits when OPM finds the individual is entitled to benefits under the terms of the contract. Participating carriers would be required to reimburse OPM's expenses for adjudicating claims disputes.

OPM's proposal reflects or is slightly ahead of predominant practices among medium and large-sized employers and is consistent with Federal law and State Insurance Commissioners' requirements and guidelines for long-term care insurance products. The proposal would provide a substantial benefit to Federal employees and retirees by providing access to quality long term care insurance products at cost-saving, group premiums. OPM views this proposal as part of our ongoing efforts to improve the package of benefits offered to Federal employees to meet the changing needs of our workforce. Accordingly, OPM urges Congress to give this proposal early consideration.

The Office of Management and Budget advises that there is no objection to the submission of this proposal and that enactment of this legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House.

Sincerely,

Janice R. Lachance  
Director

Enclosures

**A BILL**

To amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees and annuitants, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America*

*in Congress assembled,*

**Section 1. Short Title**

This Act may be cited as the "Federal Employees Group Long-Term Care Insurance Act of 1999".

**Section 2. Long-Term Care Insurance**

Subpart G of part III of title 5, United States Code, is amended by adding at the end the following new chapter:

**"Chapter 90—Long-Term Care Insurance**

"Sec.

"9001. Definitions.

"9002. Contracting authority.

"9003. Minimum standards for contractors.

"9004. Long-term care benefits.

"9005. Financing.

"9006. Preemption.

"9007. Studies, reports, and audits.

"9008. Claims for benefits.

"9009. Jurisdiction of courts.

"9010. Regulations.

"9011. Authorization of appropriations.

**"§ 9001. Definitions**

"For the purpose of this chapter—

"(1) 'annuitant' means an individual referred to in section 8901(3);

"(2) 'employee' means an individual referred to in subparagraphs (A)-(D),

and (F)-(I) of section 8901(1); but does not include an employee excluded by regulation of the Office under section 9011;

“(3) ‘other eligible individual’ means the spouse, former spouse, parent or parent-in-law of an employee or annuitant, or other individual specified by the Office;

“(4) ‘Office’ means the Office of Personnel Management;

“(5) ‘qualified carrier’ means an insurer licensed to do business in each of the States and meeting the requirements of a qualified insurer in each of the States;

“(6) ‘qualified contract’ means a contract meeting the conditions prescribed in section 9002; and

“(7) ‘State’ means a State or territory or possession of the United States, and includes the District of Columbia.

**\*§ 9002. Contracting authority**

“(a) The Office may, without regard to section 5 of title 41 or any other statute requiring competitive bidding, purchase from one or more qualified carriers a policy or policies of group long-term care insurance to provide benefits as specified by this chapter.

“(b) The Office may design a benefits package or packages and negotiate final offerings with qualified carriers.

“(c) Each contract shall be for a uniform term of 5 years, unless terminated earlier by the Office.

“(d) Premium rates charged under a contract entered into under this section shall reasonably reflect the cost of the benefits provided under that contract as determined by the Office.

“(c) The coverage and benefits made available to individuals under a contract entered into under this section are guaranteed to be renewable and may not be canceled by the carrier except for nonpayment of premium.

“(f) The Office may, based on open season participation rates, the composition of the risk pool, or both, withdraw the product.

**“§ 9003. Minimum standards for contractors**

“At the minimum, to be a qualified carrier under this chapter, a company shall—

“(1) be licensed as an insurance company and approved to issue group long-term care insurance in all States and to do business in each of the States; and

“(2) be in compliance with the requirements imposed on issuers of qualified long-term care contracts by section 7702B of the Internal Revenue Code of 1986.

**“§ 9004. Long-Term Care Benefits**

“The benefits provided under this chapter shall be long-term care benefits which, at a minimum, shall be sufficient to enable each contract to meet the standards for a qualified long-term care insurance contract in sections 7702B(b) and (c) of the Internal Revenue Code of 1986.

**“§ 9005. Financing**

“(a) The amount necessary to pay the premium for enrollment of an enrolled employee shall be withheld from the pay of each enrolled employee.

“(b) Except as provided by subsection (d), the amount necessary to pay the premium for enrollment of an enrolled annuitant shall be withheld from the annuity of each enrolled annuitant.

“(c) The amount necessary to pay the premium for enrollment of a spouse may be withheld from pay or annuity, as appropriate.

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"(d) An employee, annuitant, or other eligible individual, whose pay or annuity is insufficient to cover the withholdings required for enrollment, shall, at the discretion of the Office, pay the premium for enrollment directly to the carrier.

"(e) Each carrier participating in the Program established by this chapter shall maintain the funds related to this Program separate and apart from funds related to other contracts and other lines of business.

"(f) The costs of the Office in adjudicating a claims dispute under section 9008, including costs related to an inquiry not culminating in a dispute, shall be reimbursed by the carrier involved in the dispute or inquiry. Such funds shall be deposited in the Employees Health Benefits Fund administrative reserve.

"(g) The administrative reserve shall be available to the Office for the administration of this chapter without fiscal year limitation.

#### **"§ 9006. Preemption**

"The provisions of this chapter shall supersede and preempt any State or local law which is determined by the Office to be inconsistent with—

"(1) the provisions of this chapter; or

"(2) after consultation with the National Association of Insurance Commissioners, the efficient provision of a nationwide long-term care insurance program for Federal employees.

#### **"§ 9007. Studies, reports, and audits**

"(a) Each qualified carrier entering into a contract under this chapter shall—

"(1) furnish such reasonable reports as the Office determines to be necessary to

enable it to carry out its functions under this chapter, and

"(2) permit the Office and representatives of the General Accounting Office to examine such records of the carrier as may be necessary to carry out the purposes of this chapter.

"(b) Each Federal agency shall keep such records, make such certifications, and furnish the Office, the carrier, or both, with such information and reports as the Office may require.

**"§ 9008. Claims for benefits**

"(a) A claim for benefits under this chapter shall be filed within 4 years of the date on which the reimbursable cost was incurred or the service was provided.

"(b) The Office shall adjudicate a claims dispute arising under this chapter and shall require the contractor to pay for any benefit or provide any service the Office determines appropriate under the applicable contract.

"(c) Benefits payable under this chapter for any reimbursable cost incurred or service provided are secondary to any other benefit payable for such cost or service. No payment may be made where there is no legal obligation for such payment.

**"§ 9009. Jurisdiction of courts**

"A claimant under this chapter may file suit against the carrier of the long-term care insurance policy covering such claimant in the district courts of the United States, after exhausting all available administrative remedies.

**"§ 9010. Regulations**

"(a) The Office shall prescribe regulations necessary to carry out this chapter.

"(b) The regulations of the Office may prescribe the time at which and the conditions

under which an eligible individual may enroll in the Program established under this chapter.

**"(c) The Office may not exclude—**

**"(1) an employee or group of employees solely on the basis of the hazardous nature of employment; or**

**"(2) an employee who is occupying a position on a part-time career employment basis, as defined in section 3401(2).**

**"(d) The regulations of the Office shall provide for the beginning and ending dates of coverage of employees, annuitants, former spouses, and other eligible individuals under this chapter, and any requirements for continuation or conversion of coverage.**

**"§ 9011. Authorization of appropriations**

**"There are authorized to be appropriated such sums as may be necessary for the purposes of carrying out sections 9002, 9005, and 9010."**

**Section 3. Effective Date**

**The amendments made by this Act shall take effect on the date of enactment of this Act, except that no coverage may be effective until the first day of the first pay period in October which follows by more than 1 year the date of enactment of this Act.**

## SECTION-BY-SECTION ANALYSIS

To accompany a draft bill

**"To amend title 5, United States code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees and annuitants, and for other purposes."**

The first section of the bill titles the bill as the **"Federal Employees Group Long-Term Care Insurance Act of 1999."**

Section 2 of the bill amends title 5, United States Code, to provide for the establishment and operation of the Program by adding a new chapter 90.

New section 9001 provides the definitions used in the administration of the Program. Included are the following:

**"Annuitant"** is defined by reference to the definition in section 8901(3), which is used in the Federal Employees Health Benefits (FEHB) Program.

**"Employee"** is defined by reference to the FEHB Program definition, specifically, subparagraphs (A)-(D) and (F)-(I) of section 8901(1), but expressly does not include an employee excluded by regulation of the Office of Personnel Management under new section 9011, which requires the Office to prescribe regulations to carry out the purposes of the Program.

**"Other eligible individual"** is defined as the spouse, former spouse, parent, or parent-in-law of an employee or annuitant, or other individual specified by the Office.

**"Office"** is defined as the Office of Personnel Management.

**"Qualified carrier"** is defined as an insurer who is licensed to do business in each of the States and who meets the requirements of a qualified insurer in each of the States.

**"Qualified contract"** is defined as a contract meeting the conditions prescribed in new section 9002, which provides the contracting authority for the Program.

**"State"** is defined as a State or territory or possession of the United States, and includes the District of Columbia.

New section 9002 provides the contracting authority for the Office to use in establishing and operating the Program.

In subsection (a), the Office is authorized to purchase from one or more qualified carriers a policy or policies of group long-term care insurance to provide the benefits specified by this chapter, and to do so without regard to section 5 of title 41 or any other statute requiring competitive bidding.

Subsection (b) allows the Office to design a benefits package or packages and negotiate final offerings with qualified carriers. The Office will examine the reasonableness of the underlying assumptions that generate the premium rates, but the Government will not assume any underwriting liability.

Subsection (c) specifies that a contract shall be for a uniform term of 5 years, unless terminated earlier by the Office.

Subsection (d) requires the premium rates charged under a contract entered into under this section to reasonably reflect the cost of the benefits provided under that contract as determined by the Office.

Subsection (e) guarantees that the coverage and benefits made available to an individual under a contract entered into under this section are renewable and may not be canceled by the carrier except for nonpayment of premium.

Subsection (f) authorizes the Office to withdraw the product, based on open season participation rates, the composition of the risk pool, or both.

New section 9003 specifies the minimum standards for contractors. It provides that, in order to be a qualified contractor under this chapter, a company is required, at a minimum, to be licensed as an insurance company and approved to issue group long-term care insurance in all States and to do business in each of the States, and be in compliance with the requirements imposed on issuers of qualified long-term care contracts by section 7702B of the Internal Revenue Code of 1986.

New section 9004 specifies that the benefits provided under this chapter are required to be, at a minimum, sufficient to enable each contract to meet the standards for a qualified long-term care insurance contract in sections 7702B(b) and (c) of the Internal Revenue Code of 1986.

New section 9005 addresses the financing of the Program. Subsections (a) through (d) make it clear that the total cost of coverage under the Program is to be borne by the enrollee, with separate provisions for withholding from the pay of an employee or the annuity of an annuitant for coverage of the employee or annuitant or spouse, as well as, at the discretion of the Office, requiring payment directly to the carrier by an employee, annuitant or other eligible individual when the pay or annuity is insufficient to cover the withholdings.

Subsection (e) requires each carrier participating in the Program established by this chapter to maintain the funds related to this Program separate and apart from funds related to other contracts and other lines of business.

Subsection (f) requires the reimbursement of the costs of the Office in adjudicating a claims dispute under new section 9008, including costs related to an inquiry not culminating in a dispute, by the carrier involved in the dispute or inquiry. It requires such funds to be deposited in the Employees Health Benefits Fund administrative reserve.

Subsection (g) makes the administrative reserve available to the Office without fiscal year

limitation for the administration of this chapter.

New section 9006 provides for the preemption of State or local law by specifying that the provisions of this chapter preempt any such law which the Office determines is either inconsistent with the provisions of this chapter or, after consultation with the National Association of Insurance Commissioners, inconsistent with the efficient provision of a nationwide long-term care insurance program for Federal employees.

New section 9007 addresses the requirements for studies, reports, and audits relating to the Program.

Subsection (a) requires each qualified carrier entering into a contract under this chapter to furnish such reasonable reports as the Office determines to be necessary to enable it to carry out its functions under this chapter, and also requires each such carrier to permit the examination, by the Office and by representatives of the General Accounting Office, of such records as may be necessary to carry out the purposes of this chapter.

Subsection (b) requires each Federal agency to keep such records, make such certifications, and furnish the Office, or the carrier, or both, with such information and reports as the Office may require.

New section 9008 addresses claims for benefits under this chapter.

Subsection (a) requires a claim for benefits to be filed within 4 years of the date on which the reimbursable cost was incurred or the service was provided.

Subsection (b) requires the Office to adjudicate a claims dispute arising under this chapter and to mandate that the contractor pay for any benefit or provide any service the Office determines appropriate under the applicable contract. The Office will regulate the adjudication procedures and incorporate them into carrier contracts.

Subsection (c) provides that benefits payable under this chapter for any reimbursable cost incurred or service provided are secondary to any other benefit payable, e.g., workers' compensation, liability or no-fault insurance, for such cost or service. It also bars payment where no legal obligation exists under the terms of the contract.

New section 9009 establishes the jurisdiction of courts by authorizing a claimant under this chapter to file suit against the carrier of the long-term care insurance policy covering the claimant in the district courts of the United States, but only after exhausting all administrative remedies available to the claimant. The administrative procedures will be specified by regulation.

New section 9010 requires the Office, in subsection (a), to prescribe regulations necessary to carry out this chapter.

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Subsection (b) authorizes the Office to prescribe in its regulations the time at which and the conditions, e.g., pay and duty status requirements, under which an eligible individual may enroll in the Program.

Subsection (c) bars the Office from excluding an employee or group of employees solely on the basis of the hazardous nature of employment, and from excluding an employee who is occupying a position on a part-time career employment basis, as defined in section 3401(2).

Subsection (d) requires the Office to include in its regulations provisions for the beginning and ending dates of coverage of employees, annuitants, former spouses, and other eligible individuals under this chapter, as well as any requirements for continuation or conversion of coverage.

New section 9011 authorizes the appropriation of such sums as may be necessary for the purposes of carrying out the provisions of new sections 9002, 9005, and 9010. This section will provide funds for both the start-up costs and the ongoing administrative expenses of the Program.

Section 3 of the bill provides that the amendments made by the Act shall take effect on the date of enactment of the Act, allowing the immediate commencement of the establishment of the Program. However, section 3 also provides that no coverage may be effective until the first day of the first pay period in October which follows by more than 1 year the date of enactment of the Act. This is designed to provide adequate time for the negotiation of contracts, the preparation of materials, and the mammoth task of educating millions of potential enrollees about this Program.

FEHBP Long-Term Care Bill



UNITED STATES  
OFFICE OF PERSONNEL MANAGEMENT  
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

SEP 14 1998

Honorable John L. Mica  
Chairman, Subcommittee  
on Civil Service  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for the opportunity to review and provide comments on H.R. 4401, a bill that would establish a program for Federal employees and annuitants to obtain long-term care insurance. As you know, we had the opportunity to participate in a meeting on the discussion draft of your bill some time ago, and offered our observations on that document as well.

While H.R. 4401 amplifies or clarifies the language of the discussion draft in some sections, it nonetheless retains the provisions that we believe are seriously objectionable and which reflect a radically different approach from that used by most private sector employers offering group long-term care insurance to employees. In our view, retention of these provisions in the bill threatens the proposed program's success, offers little in the way of financial incentives to enroll, and denies the Government a role that private sector employers use to require insurer performance and accountability. We believe that the employer-sponsor model would enable the Government to handle long-term care insurance like other components of an employee benefit package. We appreciate the opportunity to comment on various sections of H.R. 4401 that are either problematic or inconsistent with the employer-sponsor model.

First, we see no particular value in and are puzzled by sections of the bill that refer to Individual Long-Term Care Insurance. Individual insurance products are sold to people on the open market on a one-to-one basis. They are available now to Federal employees and annuitants and their families. Making them available under a Federal employer-sponsored program adds no value for potential enrollees. On the other hand, benefits offered by employers are, by definition, group products. Group insurance typically is less costly than individual insurance, primarily because economies of scale mitigate both costs and underwriting risk. Federal enrollees should be able to benefit from discounts available to other employer groups.

Honorable John L. Mica

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Further, unlike health insurance, the demand for long-term care insurance is not large enough to allow competition to reduce costs. About 10 percent of the eligible population purchases long-term care insurance, in contrast to the 85 percent of eligible individuals who participate in the Federal Employees Health Benefits Program. As a result, employers who offer long-term care insurance almost always contract with one vendor, rather than expecting competition to reduce costs and increase quality. However, H.R. 4401 specifies that the Office of Personnel Management (OPM) contract with every qualified carrier that submits a timely application to participate in the long-term care insurance program. As currently drafted, the bill's provision that prohibits OPM from acting like other employers, actually undermines the goal of the bill, which is to provide employees with an affordable option.

Your bill prohibits OPM from specifying or negotiating either the benefits or the terms and conditions of the products offered. Again, this is totally contrary to practice in the private sector. It severely disadvantages Federal enrollees who lose the benefit of the Government's assurance of standardized benefits and its significant power as the purchaser for a very large group of potential customers.

Finally, the concept of an annual open season is alien to the fundamental premise of a long-term care product. Because the need for the benefit could be as far as 30 years in the future, it is advantageous for the purchaser to buy at an early age when premiums are comparatively low and the value of the insurance is enhanced by the accrual of premium income and earnings over a long period of time. Thus, an annual open season discourages early participation since people can postpone purchasing coverage until they need it. This type of enrollment behavior can increase premiums that participants pay. Thus, we recommend an initial open enrollment period for eligible participants, and then, that all new eligibles should have the opportunity to elect the benefit. Additional open seasons might be scheduled from time to time in response to programmatic events, as they are for life insurance. Also, people might be given the opportunity to make an election later if they can meet rigorous underwriting requirements. In this particular case, regularly scheduled annual open seasons serve no positive purpose but merely encourage adverse selection and increased premium costs for all participants.

In summary, an approach modeled on prevalent practice by private employers seems to offer the best chance of success. Contract negotiation and administration must be responsibilities of the employer because participants assume, as they should, that benefits offered to them by their employer are offered in their interest, at a cost advantage, by responsible insurers. Your proposal relegates the Government as an employer to nothing more than a marketing vehicle for the insurance industry. Only minimal savings would result instead of the substantial savings that could be achieved with a genuine group long-term care product. We cannot support the approach you have chosen to take.

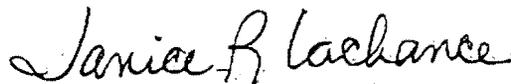
Honorable John L. Mica

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We hope that you find these comments helpful. As we stated in testimony during your hearings on long-term care insurance, and in subsequent meetings and work sessions with Subcommittee staff, we are available to assist in the development of a program that offers value and protection to Federal employees, retirees and members of their family, and which we can successfully administer. We think now is the time for a proposal that better reflects private employer practice and look forward to working with you and others in presenting one.

The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this report to the Congress.

Sincerely,



Janice R. Lachance  
Director

# Private Long-term Care Insurance File

## Consumer Protections for Long-term Care Insurance

Draft

10-26-00

### **Consumer protections that must apply to federally qualified long-term care insurance policies include:**

- Contingent non-forfeiture requirements;
- Appropriate information disclosure; and
- Suitability analysis.

The NAIC Model Regulations (September 2000) on long-term care insurance policies establish standards for all three. The NAIC, AARP, Sen. Grassley, and even the Health Insurance Association of America all believe (and support) that these NAIC model standards should apply to federally qualified long-term care insurance policies.

These are currently in the Republican tax package.

### **Additionally, stabilizing premium rates for federally qualified long-term care policies is important.**

- The NAIC has developed new consumer protections to stabilize rates. The NAIC wants time for states to adopt the new protections before any federal action is taken (with a GAO report within 3 years on state action).
- An alternative option is to establish a federal standard based on the NAIC model (or other comparable state approach certified by the Secretary) with a delayed effective date. AARP prefers this approach.

*We favor the approach that the NAIC wants -- allowing states to adopt the new protections in the NAIC model before establishing a new federal standard (with a GAO study). However, we would agree to the alternative option with a delayed effective date.*

Rate stabilization is not in the Republican tax package.

## DRAFT: CONCERNS ABOUT TAX DEDUCTION FOR LONG-TERM CARE EXPENSES

The Republican Leadership has proposed to allow taxpayers to deduct up to \$10,000 in long-term care expenses.

Concerns about this provision include:

- **Does nothing to compensate for informal long-term care:** This tax proposal subsidizes only the use of formal long-term care: home health aids, nursing homes, etc. It does nothing for the harder to quantify costs of informal family caregiving. On top of actual spending on items like medicines and food, families and friends often forego wages due to taking time off or reduced hours at work, lower savings (for retirement or their own long-term care), and other indirect costs. About twice as much is spent in the U.S. on informal long-term care as is spent on nursing home care, according to one study. This ranges from \$4800 to \$10,400 per caregiver.
- **Skewed to wealthiest people with long-term care needs and families:** This long-term care expense deduction would give a higher subsidy to a person with higher income, even if the lower income person had the same exact expenses. This is compounded by the fact that middle-income families are less likely to rely on formal long-term care, instead providing care themselves.
- **Doesn't help caregivers who are women as much as it helps men.** The majority of caregivers, 73%, are women according to a 1997 National Alliance for Caregiving/AARP survey. On average, caregivers spend 18 hours per week caring for elderly relatives. One in five provide at least 40 hours per week of uncompensated care. To provide care, women make work-related adjustments including dropping to part time, taking time off from work, taking a leave of absence, taking a less demanding job, or giving up work entirely. Making such sacrifices also means less earning potential. Lower salaries coupled with the current pay gap between women and men means that the tax deduction favors men.
- **Provides only \$1500 or less for the three-fourths of tax payers.** Low-income families that do not itemize their taxes would get nothing from this proposal. Those who are in the lowest tax bracket would get help of only \$1500 – half of what they would get under the President's bipartisan proposal.
- **Tax credit for people with long-term care needs and their relatives has support from advocates, insurers, and bipartisan members of Congress.** AARP, Alzheimer's Association, Health Insurance Association of America, Senators Grassley and Graham and Representatives Johnson and Thurman and 90 cosponsors all support the proposal to provide Americans with long-term care needs or the family members who care for and house them a phased-in \$3000 tax credit. This tax credit would compensate for a wide range of formal and informal long-term care for people of all ages with three or more limitations in activities of daily living or a comparable cognitive impairment. It would provide needed financial support to about 2 million Americans, including 1.2 million older Americans, over 500,000

non-elderly adults, and approximately 250,000 children per year. It costs \$9 billion over 5 years, and \$28 billion over 10 years.

The Alzheimer's Association opposes the deduction proposed by the Republican leadership. AARP prefers a credit but wants to see details of the proposal before expressing their position on the deduction.

TAX DEDUCTIONS FOR LONG-TERM CARE INSURANCE:  
BAD PUBLIC POLICY

Draft  
10/27/00

**A tax deduction for long-term care insurance does not help individuals with immediate and severe long-term care needs.** The deduction will affect few individuals who purchase insurance without providing any help to individuals with severe long-term care needs or family members caring for them.

**The tax deduction doesn't help middle class and low-wage families.** Long-term care insurance (LTC insurance) may only be appropriate for relatively wealthy individuals looking to protect substantial assets at retirement.

**Billions of federal tax dollars would subsidize insurance companies.** The Joint Committee on Taxation estimates that the tax deduction will cost \$12 billion over the next ten years. Expansion of LTC insurance induced by new tax preferences is unlikely to reduce Medicaid expenditures on nursing home care. Persons with sufficient assets to maintain LTC insurance are unlikely, even absent such coverage, to rely on Medicaid.

- **Insurance companies whose sale of these products will grow as a result of the subsidy will be the real beneficiaries of the \$12 billion tax subsidy.** Insurance companies already keep millions of dollars in premiums that have been paid for lapsed policies. They don't need additional help. Congress should not tax hard working American families in order to subsidize insurance companies.
- **Only 40 percent of all long-term care insurance policies sold as of June 1998 remain in force according to the insurance industry.** The high lapse rate indicates that when individuals really need coverage for their long-term care needs, they may no longer have it.
- **Even if the tax subsidy results in fewer people dropping their coverage, very few individuals will benefit.** The high lapse rate allows insurance companies to use premiums collected from lapsed policies and premiums from still in-effect policies to pay claims. Therefore, a lower lapse rate will mean higher premiums for new purchasers of LTC insurance. The higher premiums will mean that even fewer individuals -- the relatively wealthy -- could benefit from the multi-billion dollar subsidy.

**Insurance companies want federal subsidies without accountability.** The insurance industry is opposing key consumer protections that seek to ensure that American families purchasing these insurance products are fully protected. For example, the insurance industry is opposing a federal standard that would protect consumers by limiting the ability of insurance companies to raise rates.

- **Many older Americans have lost their long-term care insurance and their life savings (money paid for those policies) because of sharp premium increases by insurance companies.** Some individuals have seen their premium for long-term care insurance increase from \$700 per year to \$10,000 per year.
- **The ability of insurance companies to raise premium rates is virtually limitless even for the so-called “level premium” policies, which are sold with a promise to consumers that their rates are locked-in and will not change.** State regulators have not been able to prevent premium increases even when the increase is 700%.
- **American families relying on long-term care insurance must be protected against premium increases.** The proposed preferential tax treatment of LTC insurance will appear as an implicit federal government endorsement of LTC insurance and will result in more consumers buying this product. If the Congress wants to subsidize LTC insurance, then it must also ensure that the insurance companies benefiting from these tax subsidies do not raise rates for individuals relying on LTC insurance for future care for themselves and family members.

**Congress should not encourage the purchase of flawed long-term care insurance products.** The limited resources of the elderly should not be misspent on a flawed insurance product.

- **There is substantial confusion (which is often encouraged by deceptive and abusive agent practices) as to whether or not the coverage is what the senior usually believes it is.** There are market incentives for these practices – the agent wants to make a sale and in many cases can make the sale only by selling a bare-bones policy and by misleading the consumer about covered benefits.

**The price is low when the policy fails to provide basic protections for the policyholder.** Basic protections include inflation protection, non-forfeiture protection, reasonable reimbursement rates (at least \$100/day which is the average cost of nursing homes according to industry estimates), and benefits for life (not just for a couple of years).

Also, the price can stay low when:

- there are unreasonable restrictions on the type of care required before the policy kicks-in (e.g., some policies do not provide benefits if the person’s care could be managed in settings less restrictive than a nursing home);

- benefits kick in only after a lengthy elimination period (requiring individuals to be in a nursing home and to pay, out-of-pocket, for those expenses for 6 months or longer before any benefits are paid); and
- the policy only covers limited benefits (no benefits for custodial and intermediate care, only for skilled care).

The price also stays low when unscrupulous insurance companies intentionally low-ball their prices to gain market share knowing that they would need to raise their premiums later.

**These problems have existed since the inception of this product.** The insurance industry recently told Congress that many of these problems still exist. Congress should not encourage the purchase of these flawed products without also fixing these serious problems.

**Summary: Long-term Care and Retirement Security Act of 2000 (S. 2225/H.R.3872)**

- ◆ The bill creates an “above the line” tax deduction for individuals for premiums paid for long-term care insurance.
  
- ◆ The bill establishes consumer protections by requiring federally qualified long-term care insurance to comply with the standards established by the National Association of Insurance Commissioners (chief insurance regulators in every state are members). New standards include:
  - ◆ Contingent non-forfeiture requirements (protecting individuals against rate increases and lapse in coverage)
  - ◆ *Although currently the issue of substantial rate increases is not addressed in the bill, Sen. Grassley is working with the NAIC and others to address it.*
  - ◆ *Also, there is no requirement to provide adequate information to (suitability testing for) purchasers of long-term care insurance. This problem is also being discussed with the NAIC.*
  
- ◆ The bill establishes a tax credit for caregivers and the chronically ill.
  - ◆ The credit is phased in over 4 years from \$1000 to \$3000 (and is phased out for high income individuals -- \$75,000 for individual and \$150,000 joint returns)
  - ◆ The tax credit is available for caregivers:
    - ◆ Taxpayer, spouse of taxpayer, or any individual for whom the taxpayer can claim a deduction (under section 151) – only one credit even if more than one person takes care of the individual’s long-term care needs.
    - ◆ Generally, the credit is available for the caregiver if the caregiver is assisting a baby, a child, or an adult.

## **LONG-TERM CARE INSURANCE**

**9/21/00**

**DRAFT**

### **BACKGROUND**

In 1996, the Health Insurance Portability and Accountability Act (HIPAA) established favorable tax treatment for certain long-term care insurance policies.

- ◆ In doing so, HIPAA also set important consumer protection standards for federally qualified long-term care insurance policies.
- ◆ This was done by a cross-reference in the Internal Revenue Code (IRC) to provisions of the Long-term care Model Act and Regulation developed by the National Association of Insurance Commissioners (NAIC). The NAIC is an organization of the chief insurance regulators from the 50 states, the District of Columbia, and the U.S. territories whose purpose is to protect consumers through appropriate regulation of insurance.

There are several shortcomings with long-term care insurance currently. We need to address these shortcomings to protect American families relying on long-term care insurance for future care of family members.

Some shortcomings include:

- ◆ Lapse in coverage;
- ◆ Inadequate information for purchasers of long-term care insurance; and
- ◆ Unexpected increases in premiums.

There is a way to address these shortcomings to protect individuals who purchase long-term care insurance. Some solutions have been developed by the NAIC. Since 1996, the NAIC further amended its model act and regulation to better protect purchasers of long-term care insurance policies. In order for these important protections to apply to federally qualified long-term care insurance policies, the IRC would need to be amended to clarify that federally qualified long-term care insurance policies would need to meet the specific standards in the updated NAIC models.

In recent testimony to the Senate Special Committee on Aging, the HIAA, American Council of Life Insurers (ACLI), and other stakeholders expressed general support for applying many of the new consumer protections in the updated NAIC Model Act and Regulation to federally qualified long-term care policies.

## DISCUSSION

**Lapse in coverage caused by increased premiums.** Some insurance companies have increased premiums for long-term care insurance. Individuals with long-term care insurance were forced to pay the higher premiums to keep their coverage. Others had to drop their coverage because of their inability (having a fixed income) to pay the higher premiums. Regardless of when one purchases long-term care insurance, if an individual is on a fixed income, the individual's ability to handle higher premiums is likely to decrease over time. In such cases, individuals should not lose everything that they've paid into a long-term care policy.

### S.2225/H.R. 3872

- ◆ The bill establishes consumer protections by cross-referencing the new standards established by the NAIC model act and regulation requiring all federally-qualified long-term care policies to have contingent non-forfeiture benefits.

### NAIC Model

- ◆ The NAIC model requires contingent non-forfeiture. This benefit is triggered if an individual's premium increases by a specific (cumulative) percentage measured from the time such policy is purchased. Once triggered, the consumer has a right to do any of the following:
  - ◆ pay the higher premium to maintain the same level of coverage;
  - ◆ pay the premium amount charged prior to the increase BUT receive lower benefits (less coverage although the period of coverage remains the same); and
  - ◆ convert the coverage to a shortened benefit period (without paying additional premiums).

The NAIC, HIAA, and ACLI have testified that each supports this requirement.

**Inadequate information for purchasers of long-term care insurance.** In some cases, long-term care policies are sold to individuals without giving the consumer specific information about the benefits provided under the policy and without disclosing to the consumer that the premiums for the policy may increase in the future. Individuals buying long-term care insurance need this important information. Without such information, individuals may find that they've made a very costly mistake – buying a policy that is not right for them.

S.2225/H.R.3872

- ◆ Currently the bill does not require insurance companies to provide adequate information to purchasers of long-term care insurance.

NAIC Model

- ◆ The NAIC model addresses this problem by requiring insurance companies to provide important information to individuals, including:
  - ◆ Rate increase history for the past 10 years; and
  - ◆ A statement about the possibility of a rate increase with an explanation of the consumer's rights in the event of the increase (the applicant must sign an acknowledgement of the potential for rate increase).
- ◆ The NAIC model also requires (a suitability test) the insurance company and the consumer to determine:
  - ◆ Whether the consumer will be able to afford the policy even if premiums remain the same (will the individual's income go down or become fixed);
  - ◆ Whether the consumer will be able to afford the policy if premiums increase; and
  - ◆ Whether the benefits are appropriate for the particular individual.

The NAIC believes that federally qualified long-term care insurance policies should comply with the new information disclosure requirements and the suitability provisions in the NAIC model act and regulation. *{The disclosure requirements are a bigger issue for the NAIC than the suitability provisions}*

HIAA testified that it supports the disclosure to consumers relating to premium. HIAA generally supports defining minimum standards in the relationship between the insurer and consumer.

ACLI generally believes that these consumer protections are best handled by the states. ACLI did not explicitly oppose requiring federally qualified long-term care insurance policies to comply with these protections.

**Unexpected increases in premiums and rate stabilization.** There are few restrictions on rate increases. There have been documented cases where the annual premium for long-term care insurance increased from \$700 to \$10,000. Many older Americans lost their long-term care insurance and everything they paid into those policies.

S.2225/H.R.3872

- ◆ Currently the bill does not protect individuals against unexpected premium increases. *Sen. Grassley recently held a hearing and expressed a strong interest in amending his bill to address this problem.*

NAIC Model

- ◆ The NAIC model establishes a new rating process to protect consumers from rate increases. The new process encourages insurance companies to establish initial premiums at proper levels and also penalizes them in the future if a rate increase is required.

The NAIC believes that:

- ◆ States should handle the rate setting area;
- ◆ Congress should not implement the rate reforms in the NAIC model until the states have an opportunity to enact those reforms;
- ◆ If states fail to implement the rate practice amendments, then Congress could revisit this issue.

The NAIC also believes that if Congress implements the rate reforms, then there should be a transition period before the new requirements become effective to allow the states to amend their laws (before preemption occurs).

Both HIAA and ACLI believe that standards on rates should be set by states and that these standards should not be in federal law.

## Rate stabilization

### **Option 1: No new federal standard on rates.**

#### Pro

- ◆ Gives states an opportunity to enact NAIC model standards on rate stability.

#### Con

- ◆ This doesn't help consumers now.

### **Option 2: Establish a federal standard based on the NAIC model, with a delayed effective date.**

#### Pro

- ◆ Gives states time to adopt NAIC model.
- ◆ The NAIC model standards have not been tested in the marketplace. A transition period will enable the model standards to be evaluated through state implementation.
- ◆ Consumers are protected because if some states don't adopt the NAIC model, then the federal standard would apply.

#### Con

- ◆ It would be difficult for the federal government to enforce standards on rate setting.

### **Option 3: Establish a federal standard based on either the NAIC model or other comparable approach, with a delayed effective date.**

#### Pro

- ◆ Similar to Option 2.
- ◆ Consumers will be protected immediately in states with reforms already in place (different from the ones in the NAIC model).
- ◆ States will have more flexibility without being penalized (preempted) for strong consumer protections that are different from the NAIC model.

*Hope from the Senate Aging Committee is considering this option. The NAIC probably will not oppose this as long as the standard is state-based (and not a new federal approach).*

#### Con

- ◆ Similar to Option 2.

## LONG TERM CARE INSURANCE: NON-FORFEITURE

### **Non-forfeiture Benefits**

Triggered when there is a lapse or non-payment in a long-term care policy. The triggering event is not related to premium increases (see discussion below – Contingent non-forfeiture). The consumer would have the right to:

- ◆ benefits under the policy for a shortened period; and
- ◆ amount of benefits would not be less than 100% of all premiums paid.

NAIC Model requires long-term care policies to offer this protection if the consumer wants it. Consumers are not required to purchase the non-forfeiture benefits.

### **Contingent non-forfeiture Benefits**

If the consumer does not purchase the optional non-forfeiture benefit, the long-term care policy may include a contingent non-forfeiture benefit. This benefit is triggered if an individual's premium increases by a specific (cumulative) percentage measured from the time such policy is purchased.

Once triggered, the consumer has a right to do any of the following:

- ◆ pay the higher premium to maintain the same level of coverage;
- ◆ pay the premium amount charged prior to the increase BUT receive lower benefits (less coverage although the period of coverage remains the same); and
- ◆ convert the coverage to a shortened benefit period (without paying additional premiums).

The NAIC model requires long-term care policies to include a "contingent non-forfeiture benefit" if a consumer does not purchase the non-forfeiture benefit.

### **NAIC position**

The NAIC believes that long-term care policies that receive preferential tax treatment should have non-forfeiture and contingent non-forfeiture protections for consumers. This could be accomplished by specifically referencing these consumer protections in the NAIC Model Act (2000).

## ADJUSTMENTS IN BENEFITS – INFLATION

The level of benefits under a long-term care policy is adjusted for inflation.

The NAIC Model requires insurance companies to offer this optional benefit to any consumer who wants to purchase it.

### **NAIC position**

The NAIC Model Regulation includes this protection for consumers. The NAIC did not discuss this in their testimony to the Senate Special Committee on Aging (September 13, 2000)

## SUITABILITY

It is important to decide whether long-term care insurance is appropriate for any particular individual – suitability. The insurance company and the consumer should determine:

- ◆ whether the consumer will be able to afford the policy even if premiums remain the same (will the individual's income go down or become fixed?);
- ◆ whether the consumer will be able to afford the policy if premiums increase; and
- ◆ whether the benefits are appropriate for the particular individual.

The NAIC Model requires insurance companies to conduct a suitability analysis.

### **NAIC position**

The NAIC believes that long-term care policies that receive preferential tax treatment should have the suitability requirements. This could be accomplished by specifically referencing these consumer protections in the NAIC Model Act (2000).

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## Long-Term-Care Policies No Panacea

Insurance: If you're shopping for one, look at the options carefully. Some consumers are troubled by rates that climb to unaffordable levels as they age.

*EXE Mile*

By KATHY M. KRISTOF, Times Staff Writer

Many Americans who bought long-term-care insurance as protection from the financial calamity of an extended late-life illness are finding to their chagrin that they may not be able to afford the insurance just when they need it most.

That's coming as a shock to people who were sold long-term-care policies when they were younger, on the expectation that they were locking in affordable premium payments.

Just ask Oliver and Margaret Cromwell of Palm Beach, Fla., octogenarians who bought long-term-care policies a decade ago. They canceled them three years ago when Margaret's premium soared to five times its original cost and Oliver's premium rocketed 700%.

"We put a lot of money into this thing and we got back nothing," said Oliver. "The fees just kept escalating every year. The last straw was when the premium rose 40% in just one year."

At a time when Congress is weighing plans to give tax deductions to people who buy long-term-care insurance policies—a clear incentive to buy this insurance—it's important to know that the Cromwells are far from alone.

There are no statistics showing what percentage of policyholders get premium hikes on their long-term-care insurance, which are policies that promise to pay for care in nursing homes as well as for home-health aides for those who become

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incapable of taking care of themselves.

However, more than 150,000 consumers have sued their insurers for hiking long-term-care premiums between 25% and 700%, said New Orleans attorney Allan Kanner, who represents litigants in a half-dozen class-action suits.

Though consumers say the policies are often sold with the assurance of steady premiums, insurers do not contractually promise anything of the sort. Nearly every policy contains a boilerplate disclaimer that says future premiums may rise.

However, consumers may discount that warning because the policy also says that premiums "may not rise due to your age or health"--a promise that many take to mean their premium payments won't go up as they age. But what insurers mean by this statement and what consumers think they mean are two different things.

"There is the concern regarding whether consumers, who may be told their rates cannot increase due to age or physical condition, understand that they are part of a class whose rates can increase," Kathleen Sebelius, vice president of the National Assn. of Insurance Commissioners and the Kansas insurance commissioner, said in recent congressional testimony.

Translation: The insurer promises not to raise the premium on just your individual policy, but it can raise the rates for the entire group of which you are a part, industry insiders say. And though the insurance company promises it doesn't consider the fact that you, the individual, are getting older and are more likely to file claims, they do care if your group as a whole ages and starts filing claims. (The nature of your "group" can vary, but it often includes all the people who bought similar policies.)

The end result is the same: Your rates--along with the rates of everyone in your group--can rise as you age, sometimes dramatically.

Examples of this aren't hard to find, according to Kanner. Consider the case of Nellie McIlroy, who is 95 and suffers from Alzheimer's disease. In 1987, she bought a long-term-care policy with an annual premium of \$829.86. By 1997, her premium had soared to \$6,638 a year. Already ill, she couldn't get other insurance, so her kids continue to pay the premium on her behalf. Ironically, she has never used the insurance. She lives with her son, Carl, in North Dakota.

Harold Hanson, 96, of Reeder, N.D., has a similar story. He bought a policy in 1987 for \$1,498 a year. By 1996, the annual cost had rocketed to \$6,158 annually. He dropped the policy at age 92 because he no longer could afford the premium.

Hanson, McIlroy and the Cromwells were all members of class-action suits that were settled

before trial. The insurers that sold the policies agreed to give partial refunds and cut future premiums for these litigants, without admitting or denying guilt.

\* \* \*

Dozens of additional class-action suits filed across the country make similar allegations. In fact, the problem of rising premiums on long-term-care policies has become serious enough that Sen. Charles E. Grassley (R-Iowa), chairman of the Special Committee on Aging, held hearings in mid-September to explore the causes and potential solutions.

However, the problem won't be easy to solve.

The reason is fairly complex, but boils down to this: Traditional insurance protects large numbers of people from a tiny risk that something horrible will happen--something so bad that no reasonable (or honest) person would consider triggering the policy just for the money. For instance, you won't try to die just to collect on your life insurance; you won't burn down your house to collect homeowner's coverage.

Then, too, with traditional products such as life and homeowner's insurance, the risk of loss is pretty easy to calculate.

The same can't be said for long-term-care insurance. The policy coverages are relatively new and evolving, and the statistical data are slim. With many new and more popular policies you don't necessarily need to do something as unpleasant as check into a nursing home to get coverage. Many policies pay for home-health aides and even housekeepers. That may ultimately boost usage, thus boosting costs for long-term-care insurers.

Indeed, some insurers that have raised rates maintain that they're not making money on the business. They're simply hiking premiums to keep up with their costs.

"They are just trying to break even," said Scott Daniel, partner at the Galveston, Texas, law firm of Greer, Herz & Adams, which represents Standard Life & Accident Insurance and American National Insurance Co., which have been named in several class-action suits. "It's the cost of care that's rising."

Then, too, the nature of caring for the elderly appears to be changing, and change is tricky for insurance companies to deal with. That's because they price their policies on the basis of statistics--usually statistics that have shown relatively consistent trend lines for centuries.

Society is changing in ways that affect how we care for the elderly, however. In the past, if your parents or grandparents got sick, they'd move in with relatives and a stay-at-home spouse would care for them. Today, with a rising number of

two-income families, there are fewer stay-at-home spouses. So care for a needy older person probably falls to a paid provider.

Meanwhile, Americans are living longer than ever, but it's unclear whether they are any healthier. If they're not, the need for long-term care could break records and bankrupt companies that underestimate the costs and need for these services.

The product already has changed a lot. Long-term-care insurance used to cover only care in nursing homes. It was generally used as fill-in-the-gap coverage because Medicare paid only for skilled nursing care following a hospital stay, and only for a relatively brief period.

The problem was that people with Alzheimer's or dementia didn't qualify for government health insurance programs because they didn't require medical attention, just constant supervision and help with routine activities such as feeding, clothing and bathing. As a result, if a middle-income person with Alzheimer's needed nursing-home care, which can easily cost \$50,000 to \$60,000 a year, they could quickly use up their savings and become impoverished.

At first, long-term-care insurance policies offered to pay a portion of that cost, say, \$100 a day for care in a nursing home. In addition, coverage would kick in based on a less restrictive formula than with Medicare.

But policies that paid for something as unattractive as living in a nursing home proved to be a tough sell. Moreover, some buyers were concerned about whether the insurance reimbursement rate would keep up with the rate of inflation.

\* \* \*

Insurers responded by creating policies with inflation riders that automatically adjust the allowable daily benefit to keep pace with the cost of living. They also began to offer coverage for home-health benefits, hospice care, medical equipment, caregiver training and even homemaker or chore services.

Many of these services are not only more cost-effective than providing care in nursing homes, but also more attractive--both a selling point and an incentive for increased usage. After all, few people want to end up in a nursing home, but if your policy will pay for someone to clean your house or make you meals, why not take advantage of it?

Hence the fluid nature of long-term-care insurance premiums. Insurers don't know exactly how to price the policies and can't guarantee that they won't have to pass on rate increases to customers.

The insurance industry is greatly concerned about both the rate increases and the black eye the

subsequent bad publicity is giving insurers. As a result, they helped the National Assn. of Insurance Commissioners cobble together a series of proposed rules that would penalize companies if they opted to raise rates on long-term-care policies. However, it remains to be seen whether these rules will have any positive effect.

In the meantime, it can be difficult for consumers to decide if they should buy long-term-care insurance. On the one hand, if you end up in a nursing home without insurance, you could easily spend the bulk of your savings before your income drops to the point at which government insurance kicks in. For those who want to leave an inheritance to their children, that can be a disadvantage.

On the other hand, if you buy a policy that has a lot of bells and whistles, you are certain to pay a substantial amount--probably considerably more than you would pay if you simply saved to pay the cost of having more household help when you needed it.

\* \* \*

A possible compromise: Buy a bare-bones policy to guard against the slight chance that you will need to pay for nursing care for many years as a result of Alzheimer's or other disease. If you think you'll want home-health aides to help you buy groceries or make meals when you're old, save some extra money in your retirement plan.

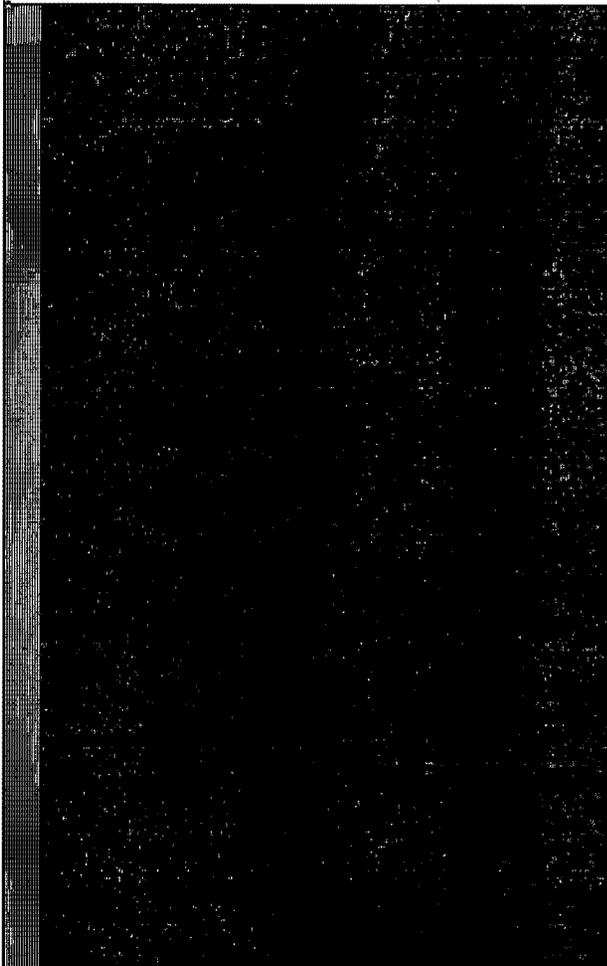
Although the premium for a bare-bones policy could rise too, it's unlikely to rise as much as the premiums for the hybrid policies that probably will get much more use, said Stephen A. Moses, president of the Center for Long Term Care Financing in Bellevue, Wash.

"Insurance is not to protect you against a high probability of something happening. That's what savings is for," Moses said. "If you are not particularly financially savvy and you need an insurance company to hold your hand and make those contributions for you, that's fine. But realize you pay for that. They take out overhead and profits and they will give you, frankly, a notoriously low rate of return on your money."

\* \* \*

Times staff writer Kathy M. Kristof, author of "Investing 101" (Bloomberg, 2000), welcomes your comments and suggestions but regrets that she cannot respond individually to letters or phone calls. Write to Personal Finance, Business Section, Los Angeles Times, 202 W. 1st St. 90012, or e-mail [kathy.kristof@latimes.com](mailto:kathy.kristof@latimes.com). For past Personal Finance columns visit The Times' Web site at <http://www.latimes.com/perfin>.

\* \* \*



**Long-Term Trend**

Sales of long-term care insurance have increased dramatically since the 1980s. Critics contend that premium increases may force policyholders to cancel coverage when they need it most.

\* \* \*

Cumulative policies sold  
Cumulative number of long-term care policies sold, in millions

1998\*: 5.8 million policies

\* \* \*

**Who buys policies**

Long-term-care policy buyers, by income level

More than \$50,000: 20%

\$35,000-\$49,999: 18%

\$25,000-\$34,999: 25%

\$20,000-\$24,999: 16%

Less than \$20,000: 21%

\* Most recent figure available

Source: Health Insurance Assn. of America

Search the archives of the Los Angeles Times for similar stories about: [Long Term Care Insurance](#), [Health Statistics](#), [Health Insurance](#), [Insurance Rates](#), [Aged - Health](#), [Insurance Industry](#), [Class Action Suits](#).

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(515) 284-4890
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101 1st STREET SE.  
CEDAR RAPIDS, IA 52401-1227  
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## United States Senate

CHARLES E. GRASSLEY  
WASHINGTON, DC 20510-1501

October 6, 2000.

## REPLY TO:

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COUNCIL BLUFFS, IA 51501-4204  
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The Honorable Dennis Hastert  
Speaker, House of Representatives  
The Capitol, Room H-232  
Washington, DC 20515

Dear Mr. Speaker:

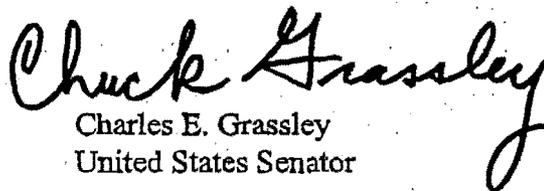
I write to urge your favorable consideration of the Long-term Care and Retirement Security Act of 2000 (S.2225/H.R.3872), a bill that will help Americans meet their long-term care needs today and in the future.

I am the primary sponsor of S. 2225 and Representative Johnson is the sponsor of H.R.3872. There are two very important provisions in this legislation. The first is a phased-in \$3,000 tax credit to help cover caregiver expenses, and the second is the deduction of premium costs for qualified long-term care insurance policies. It is imperative that both the deduction and tax credit remain intact in the bill. I would encourage you to speak with Chairman Archer about the importance of this legislation.

With millions now struggling to meet their long-term care responsibilities, these numbers will only increase as the country ages. The Long-term Care and Retirement Security Act of 2000 demonstrates that Congress is serious about helping seniors and caregivers. Given the many supporters of this legislation, including the Health Insurance Association of America (HIAA) and the AARP, there is no reason we cannot pass it this year.

Thank you for your attention to this matter.

Sincerely,

  
Charles E. Grassley  
United States Senator

FINANCE  
JUDICIARY

Committee Assignments:

AGRICULTURE  
BUDGETCHAIRMAN,  
SPECIAL COMMITTEE ON AGING

# THE PRESIDENT TRIPLES HIS LONG-TERM CARE TAX CREDIT AND URGES CONGRESS TO PASS A LONG-TERM CARE INITIATIVE IN 2000

January 18, 2000

Today, the Clinton Administration confirmed that the President's budget will include a \$3,000 tax credit for people with long-term care needs or their caregivers -- tripling the credit over last year's proposal and increasing the total investment in long-term care to \$28 billion over 10 years. This credit is the centerpiece of the President's historic long-term care initiative that has won praise from senior groups and health policy experts. The initiative tackles the complex problem of long-term care that affects millions of elderly, people with disabilities and families who care people in need. In addition to the (1) tax credit, the initiative will (2) provide funding for services which support family caregivers of older persons; (3) improve equity in Medicaid eligibility for people in home- and community-based settings; (4) encourage partnerships between low-income housing for the elderly and Medicaid; and (5) encourage the purchase of quality private long-term care insurance by Federal employees. This initiative complements the Administration's effort, spearheaded by the Vice President, to improve the quality of care in nursing homes. The President will commend Congress on giving this initiative serious consideration in the last session and urged it to finish the job this year.

## MILLIONS OF AMERICANS HAVE LONG-TERM CARE NEEDS

- **An increasing number of Americans have a range of long-term care needs.** Over five million Americans have significant limitations due to illness or disability and thus require long-term care. Approximately, two-thirds are older Americans. Also, millions of adults and a growing number of children have long-term care needs because of health condition from birth or a chronic illness developed later in life.
- **The aging of Americans will only increase the need for quality long-term care options.** The number of Americans age 65 years or older will double by 2030 (from 34.3 to 69.4 million), so that one in five Americans will be elderly. The number of people 85 years or older, nearly half of whom need assistance with everyday activities, will grow even faster.

## FINANCIAL AS WELL AS SUPPORT SERVICES ARE NEEDED

- **Families, who are the primary caregivers for people with long-term care needs, pay a big price for this care.** Although it is difficult to quantify, one study found that the economic value of care giving for families ranges from \$4,800 to \$10,400 per caregiver. As such, this new \$3,000 tax credit could cover up to 60 percent of families' costs.
- **Many family caregivers need supportive services to ensure that they do not place themselves at risk.** Families and friends caring for people with long term care needs often need information and assistance in getting to supportive resources. Most of those who are the primary caregivers of older persons who have limitations in their level of functioning are elderly themselves. Frequently, these caregivers are providing physically demanding and psychologically exhausting care which places their own health and mental health at risk. These stresses tend to be even more severe for families of persons with Alzheimer's Disease, who generally have greater demands placed on their personal time, experience family conflicts, lack adequate sleep, and are faced with financial hardships because of jobs sacrificed or employment curtailed or compromised.
- **Private insurance is an important but relative new and untested option.** Only about 4 million Americans -- 1.5 percent of all Americans -- have private long-term care insurance. Employers are only beginning to learn how to provide these benefits to their workers.

**PRESIDENT'S LONG-TERM CARE INITIATIVE.** The Clinton Administration's long-term care initiative, which invests \$10 billion over 5 years and \$28 billion over 10 years, includes:

- **Supporting families with long-term care needs through a \$3,000 tax credit.** This initiative acknowledges and supports millions of Americans with long-term care needs or the family members who care for and house their ill or disabled relatives through a \$3,000 tax credit. This credit would be phased in beginning with \$1,000 in 2001 and rising in \$500 increments, so eligible people would receive \$3,000 in 2005 and thereafter. The credit would be phased out beginning at \$110,000 for couples and \$75,000 for unmarried taxpayers. This new tax credit supports the diverse needs of families by compensating a wide range of formal or informal long-term care for people of all ages with three or more limitations in activities of daily living (ADLs) or a comparable cognitive impairment. It would provide needed financial support to about 2 million Americans, including 1.2 million older Americans, over 500,000 non-elderly adults, and approximately 250,000 children per year. It costs about \$8.8 billion over five years and \$26.6 billion over 10 years.
- **Establishing a commitment to provide services to assist family caregivers of older persons.** Recent studies have found that services like respite care can relieve caregiver stress and delay nursing home entry, and that support for families of Alzheimer's patients can delay institutionalization for up to a year. This nationwide program would support families who care for elderly relatives with chronic illnesses or disabilities by enabling states to utilize a visible, reliable network to provide: quality respite care and other support services; critical information about community-based long-term services that best meet a families' needs; and counseling and support, such as teaching model approaches for caregivers that are coping with new responsibilities and offering training for complex care needs, such as techniques to manage wandering and agitated behavior in late-stage Alzheimer's Disease. This program, which costs more than \$1.25 billion over 10 years, would assist approximately 250,000 families nationwide.
- **Improving Equity in Medicaid eligibility for people in home- and community-based care settings.** Historically, Medicaid policy and practice has inadvertently discriminated against people with long-term care needs who want to live in the community by making it much easier to provide coverage in nursing homes than in the community. This proposal would enable states to provide services to nursing-home qualified beneficiaries at 300 percent of the Supplemental Security Income (SSI) limit (about \$15,000) without requiring a complicated and frequently time-consuming Federal waiver. This proposal contributes towards this goal of giving people with long-term care needs the choice of remaining in their homes and communities. It costs \$140 million over 5 years, \$370 million over 10 years.
- **Encouraging partnerships between low-income housing for the elderly and Medicaid.** This proposal would provide \$100 million in competitive grants to qualified low-income elderly housing projects (Section 202 projects) to convert some or all units into assisted living, so long as Medicaid home and community-based services and services for non-Medicaid residents are readily available. As people living in these housing facilities age, their need for long-term care services rises, often leaving them with no choice but to move to a nursing home. This proposal would allow such people to "age in place" by funding the conversion of their units or the buildings that they live in into assisted living facilities. Only sites that agree to bring Medicaid home and community-based services into their converted assisted living facilities would qualify for grants, to ensure that low-income elderly have access to this opportunity.
- **Having the Federal government serve as a model employer by offering quality private long-term care insurance to Federal employees.** The Office of Personnel Management (OPM) to use its market leverage and set a national example by offering non-subsidized, quality private long-term care insurance to all federal employees, retirees, and their families at group rates. This proposal will provide employers a nationwide model for offering quality long-term care insurance. OPM anticipates that approximately 300,000 Federal employees would participate in this program.

## COVERAGE AND LONG-TERM CARE INITIATIVES

(Dollars in billions, fiscal years)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
<b>HEALTH INSURANCE INITIATIVE</b>												
Family Policy	0.800	1.600	2.600	3.800	5.000	8.900	12.000	12.800	13.700	14.800	13.800	76.000
<b>Children's Outreach</b>												
Presumptive eligibility	0.015	0.035	0.055	0.085	0.115	0.145	0.175	0.190	0.205	0.220	0.305	1.240
Required kids' elig simplification	0.129	0.325	0.390	0.465	0.300	0.375	0.530	0.500	0.490	0.530	1.609	4.034
School lunch info (Lugar)	0.005	0.015	0.025	0.040	0.040	0.035	0.045	0.045	0.045	0.050	0.125	0.345
<b>Subtotal</b>	<b>0.149</b>	<b>0.375</b>	<b>0.470</b>	<b>0.590</b>	<b>0.455</b>	<b>0.555</b>	<b>0.750</b>	<b>0.735</b>	<b>0.740</b>	<b>0.800</b>	<b>2.039</b>	<b>5.619</b>
<b>Vulnerable Groups</b>												
Legal Immigrants	0.063	0.123	0.229	0.332	0.460	0.623	0.808	1.070	1.276	1.482	1.207	6.466
Transitional Medicaid	0.000	0.350	0.350	0.400	0.450	0.500	0.500	0.550	0.600	0.600	1.550	4.300
People Ages 19-20	0.120	0.130	0.135	0.145	0.155	0.170	0.180	0.195	0.310	0.330	0.685	1.870
Medicare Buy-In												
Medicare	0.000	0.257	0.364	0.428	0.464	0.463	0.456	0.450	0.449	0.451	1.513	3.782
Tax Credit	0.000	0.005	0.105	0.140	0.164	0.198	0.224	0.246	0.261	0.270	0.414	1.613
COBRA Tax Credit	0.000	0.041	0.858	1.149	1.286	1.323	1.370	1.393	1.412	1.434	3.334	10.266
Small Business Tax Credit	0.001	0.009	0.022	0.035	0.038	0.035	0.035	0.040	0.046	0.052	0.105	0.313
<b>Subtotal</b>	<b>0.184</b>	<b>0.915</b>	<b>2.063</b>	<b>2.629</b>	<b>3.017</b>	<b>3.312</b>	<b>3.573</b>	<b>3.944</b>	<b>4.354</b>	<b>4.619</b>	<b>8.808</b>	<b>28.610</b>
<b>Public Health (Discretionary)</b>												
Access for the Uninsured	0.125	0.125	0.250	0.250	0.250						1.000	1.000
CHCs	0.050										0.050	0.050
<b>TOTAL</b>	<b>1.133</b>	<b>2.890</b>	<b>5.133</b>	<b>7.019</b>	<b>8.472</b>	<b>12.767</b>	<b>16.323</b>	<b>17.479</b>	<b>18.794</b>	<b>20.219</b>	<b>24.647</b>	<b>110.229</b>
<b>Non-Tax</b>												
	1.132	2.835	4.148	5.695	6.984	11.211	14.694	15.800	17.075	18.463	20.794	98.037
<b>Tax</b>	<b>0.001</b>	<b>0.055</b>	<b>0.985</b>	<b>1.324</b>	<b>1.488</b>	<b>1.556</b>	<b>1.629</b>	<b>1.679</b>	<b>1.719</b>	<b>1.756</b>	<b>3.853</b>	<b>12.192</b>
<b>LONG-TERM CARE</b>												
\$3,000 Credit	0.114	1.199	1.753	2.532	3.161	3.492	3.573	3.618	3.606	3.532	8.759	26.580
Family Caregiver Supports	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.625	1.250
SSI 300%	0.015	0.025	0.03	0.035	0.035	0.04	0.04	0.045	0.05	0.055	0.140	0.370
HUD Asst. Living Grants	0.100										0.100	0.100
<b>TOTAL</b>	<b>0.354</b>	<b>1.349</b>	<b>1.908</b>	<b>2.692</b>	<b>3.321</b>	<b>3.657</b>	<b>3.738</b>	<b>3.788</b>	<b>3.781</b>	<b>3.712</b>	<b>9.624</b>	<b>28.300</b>
<b>Total Tax (Health Coverage &amp; LTC)</b>	<b>0.115</b>	<b>1.254</b>	<b>2.738</b>	<b>3.856</b>	<b>4.649</b>	<b>5.048</b>	<b>5.202</b>	<b>5.297</b>	<b>5.325</b>	<b>5.288</b>	<b>12.612</b>	<b>38.772</b>

STATE	Working Age					Ages					UNEMPLOYED BY SEX CAUSE				Status			
	Number		Percent			Number		Percent			Working Age		Ages		Population	Qualified		
	All	Disabled	Pop	State	All Dis	All	Disabled	Pop	State	RI %	%	#	%					
Alabama	2829507	117,489	1.61%	4.84%	2.18%	499902	132,173	1.89%	26.44%	2.31%	8,713	1.7%	20,806	1.66%	28,319	1.88%	3,029,499	0.97%
Alaska	342893	8,618	0.22%	1.78%	0.11%	21118	3,261	0.07%	15.40%	0.06%	651	0.13%	658	0.07%	1,609	0.69%	364,689	0.41%
Arizona	2268407	89,989	1.43%	2.97%	1.29%	493395	76,488	1.67%	15.21%	1.23%	8,389	1.87%	16,747	1.34%	22,178	1.28%	2,719,742	0.81%
Arkansas	1425891	55,324	0.91%	3.95%	1.03%	339181	76,360	1.12%	23.78%	1.37%	3,695	0.74%	11,749	0.94%	15,443	0.88%	1,758,072	0.88%
California	18164104	727,883	12.18%	3.89%	13.55%	2985286	584,239	10.10%	18.69%	0.87%	89,960	13.89%	140,820	11.26%	210,681	12.03%	22,150,382	0.95%
Colorado	2134254	47,844	1.36%	2.24%	0.89%	311442	47,812	1.05%	15.29%	0.83%	4,668	0.91%	11,149	0.89%	16,715	0.90%	2,448,686	0.64%
Connecticut	2138888	61,316	1.36%	2.57%	1.14%	677404	74,979	1.41%	17.98%	1.31%	7,488	1.49%	20,649	1.84%	28,014	1.60%	2,554,283	1.10%
Delaware	429988	14,170	0.77%	3.31%	0.26%	76328	13,169	0.28%	17.21%	0.23%	1,688	0.33%	3,285	0.26%	4,983	0.26%	593,186	0.98%
District of Colum	411388	23,821	0.28%	6.79%	0.44%	72269	16,833	0.24%	23.30%	0.3%	2,270	0.45%	3,888	0.32%	6,238	0.36%	483,644	1.29%
Florida	7809820	298,768	4.85%	3.71%	0.39%	2292339	402,884	7.76%	17.67%	7.0%	28,841	8.37%	96,657	7.73%	129,498	7.06%	10,102,158	1.22%
Georgia	4181119	166,890	2.64%	3.99%	3.09%	819879	147,666	2.10%	23.97%	2.59%	14,401	2.89%	28,871	2.16%	41,272	2.36%	4,761,088	0.86%
Hawaii	872828	21,235	0.43%	3.16%	0.40%	120872	20,983	0.41%	17.35%	0.37%	2,628	0.53%	6,482	0.52%	8,980	0.52%	783,800	1.15%
Idaho	589021	10,593	0.36%	1.77%	0.20%	116278	16,187	0.28%	13.17%	0.27%	939	0.19%	3,184	0.28%	4,133	0.24%	714,288	0.68%
Illinois	7261588	281,214	4.82%	3.48%	4.88%	1351387	265,208	4.57%	19.99%	4.48%	24,428	4.69%	82,829	5.03%	97,257	4.89%	8,613,005	1.01%
Indiana	3308915	108,828	2.23%	3.04%	1.96%	650482	116,782	2.29%	17.87%	2.04%	19,789	2.15%	28,887	2.13%	37,435	2.14%	4,160,047	0.80%
Iowa	1891073	38,481	1.87%	2.28%	0.72%	391672	82,384	1.32%	15.93%	1.09%	3,760	0.76%	14,003	1.12%	17,783	1.02%	2,082,845	0.85%
Kansas	1485382	88,041	0.85%	2.54%	0.71%	318327	49,800	1.08%	15.68%	0.87%	3,791	0.78%	11,003	0.88%	14,784	0.85%	1,813,689	0.82%
Kentucky	2320786	84,939	1.48%	3.86%	1.89%	441885	103,833	1.49%	23.46%	1.81%	8,104	1.22%	17,023	1.36%	23,127	1.32%	2,782,681	0.84%
Louisiana	2682263	121,689	1.84%	4.71%	2.29%	499308	110,420	1.49%	25.13%	1.93%	8,097	1.62%	17,272	1.38%	25,369	1.45%	3,021,571	0.84%
Maine	772988	18,270	0.49%	2.36%	0.34%	163806	24,852	0.62%	16.24%	0.4%	1,837	0.37%	4,854	0.39%	6,681	0.35%	928,594	0.72%
Maryland	3197484	114,888	1.99%	3.68%	2.73%	481488	83,948	1.86%	18.93%	1.6%	12,788	2.69%	24,530	1.98%	37,319	2.13%	3,828,872	1.63%
Massachusetts	3844988	105,710	2.31%	2.98%	1.97%	767277	138,822	2.80%	18.08%	2.43%	11,808	2.36%	31,708	2.54%	43,812	2.49%	4,712,285	0.82%
Michigan	5824822	188,834	3.77%	3.82%	3.68%	1854878	202,679	3.67%	19.18%	3.63%	19,272	3.85%	48,840	3.75%	68,112	3.78%	8,578,601	0.95%
Minnesota	2782810	55,102	1.76%	2.80%	1.03%	503853	75,033	1.70%	14.80%	1.31%	5,689	1.19%	16,303	1.30%	21,872	1.25%	3,288,283	0.87%
Mississippi	1857588	81,787	0.89%	5.28%	1.62%	388784	68,893	1.04%	28.30%	1.62%	4,705	0.94%	10,834	0.87%	16,639	0.89%	1,884,382	0.83%
Missouri	3172238	88,577	2.82%	3.11%	1.83%	670909	131,845	2.27%	19.82%	2.30%	8,983	1.80%	26,888	2.07%	34,871	1.89%	3,943,146	0.81%
Montana	484725	9,560	0.31%	1.87%	0.18%	99188	12,803	0.24%	12.91%	0.22%	781	0.16%	2,763	0.22%	3,534	0.20%	683,813	0.81%
Nebraska	948788	20,128	0.89%	2.12%	0.37%	204941	27,807	0.68%	13.92%	0.49%	2,019	0.40%	5,974	0.48%	7,993	0.46%	1,164,729	0.69%
Nevada	768468	22,880	0.69%	2.67%	0.42%	124849	18,870	0.42%	16.21%	0.33%	2,407	0.48%	4,780	0.38%	7,187	0.41%	912,681	0.79%
New Hampshire	725582	13,946	0.45%	1.88%	0.28%	117179	17,849	0.48%	15.32%	0.31%	1,861	0.33%	4,196	0.34%	5,858	0.33%	842,781	0.70%
New Jersey	8930283	187,886	3.20%	3.72%	3.48%	888121	185,589	3.33%	28.84%	3.26%	22,385	4.48%	58,854	4.07%	73,248	4.19%	8,016,414	1.22%
New Mexico	827781	31,561	0.69%	3.40%	0.58%	158589	27,908	0.59%	17.82%	0.48%	2,088	0.41%	5,369	0.43%	7,428	0.42%	1,084,419	0.58%
New York	11893888	818,474	7.41%	4.43%	0.91%	2230188	474,742	7.67%	21.20%	0.37%	49,789	9.96%	108,089	8.65%	167,868	7.02%	13,985,055	1.14%
North Carolina	4243888	160,888	2.70%	3.78%	2.88%	780780	173,284	2.67%	22.77%	3.03%	16,167	3.83%	30,381	2.43%	48,557	2.80%	5,004,418	0.81%
North Dakota	377130	8,897	0.24%	1.89%	0.11%	83240	19,034	0.28%	12.06%	0.18%	852	0.11%	2,054	0.16%	2,806	0.15%	480,370	0.57%
Ohio	10811111	417,888	3.87%	3.15%	3.17%	2285555	355,888	3.2%	16.81%	2.0%	21,862	3.1%	57,888	3.1%	78,328	3.1%	10,813,111	0.86%
Oklahoma	1822811	69,988	1.22%	3.12%	1.11%	387039	82,088	1.34%	20.88%	1.44%	4,812	0.96%	14,469	1.18%	19,281	1.10%	2,318,550	0.83%
Oregon	1781044	40,572	1.13%	2.27%	0.76%	378078	68,842	1.27%	15.89%	1.03%	3,888	0.78%	13,179	1.05%	17,078	0.98%	2,168,119	0.78%
Pennsylvania	7474407	235,843	4.75%	3.16%	4.39%	1729140	328,288	5.85%	18.87%	8.71%	23,016	4.80%	78,410	6.11%	98,425	6.68%	8,203,847	1.08%
Rhode Island	638813	19,187	0.41%	3.00%	0.39%	140725	24,858	0.48%	17.88%	0.43%	2,112	0.42%	5,988	0.47%	8,022	0.48%	778,638	1.03%
South Carolina	2183432	103,741	1.98%	4.75%	1.93%	380110	87,988	1.29%	23.14%	1.54%	8,350	1.71%	14,888	1.17%	23,138	1.32%	2,563,642	0.99%
South Dakota	403826	8,428	0.26%	2.09%	0.16%	94348	10,488	0.32%	11.12%	0.18%	721	0.14%	1,908	0.16%	2,630	0.16%	488,173	0.53%
Tennessee	3123140	108,808	1.99%	3.48%	2.82%	688087	137,188	1.98%	23.41%	2.40%	8,818	1.79%	23,822	1.89%	32,441	1.88%	3,708,227	0.87%
Texas	10698828	383,248	6.80%	3.40%	6.78%	1618810	381,278	6.48%	21.74%	8.14%	27,735	5.65%	84,988	6.20%	92,733	6.30%	12,311,442	0.75%
Utah	888578	18,867	0.83%	1.89%	0.35%	144240	21,748	0.49%	18.86%	0.38%	1,837	0.37%	5,869	0.43%	7,208	0.41%	1,134,818	0.53%
Vermont	388148	8,782	0.23%	1.57%	0.11%	61730	8,821	0.21%	14.29%	0.16%	884	0.12%	1,829	0.16%	2,413	0.14%	427,878	0.56%
Virginia	3988873	121,867	2.62%	3.07%	2.27%	827034	126,258	2.12%	20.45%	2.24%	12,280	2.46%	28,287	2.28%	40,586	2.32%	4,588,907	0.88%
Washington	3073373	87,377	1.96%	2.19%	1.26%	545770	83,828	1.85%	16.36%	1.47%	6,807	1.36%	20,860	1.85%	27,457	1.57%	3,823,143	0.78%
West Virginia	1127017	43,324	0.72%	3.84%	0.81%	257887	82,848	0.97%	24.24%	1.08%	3,184	0.83%	11,681	0.83%	14,765	0.84%	1,384,804	1.07%
Wisconsin	3054048	87,339	1.94%	2.20%	1.28%	604839	92,785	2.88%	18.33%	1.82%	8,538	1.31%	21,491	1.72%	28,029	1.60%	3,888,887	0.77%
Wyoming	278648	4,444	0.16%	1.58%	0.08%	44388	6,945	0.45%	13.33%	0.18%	423	0.86%	1,217	0.18%	1,640	0.09%	323,032	0.51%
US Total	187323822	6,372,688	100%	3.41%	108%	29893511	5,718,588	188%	18.34%	100%	600,000	980%	1,280,000	100%	1,760,000	100%	188,867,433	0.84%

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