

# United States Senate

SPECIAL COMMITTEE ON AGING

WASHINGTON, DC 20510-6400

(202) 224-5364

Mr. John Berry  
Director  
Office of Personnel Management  
1900 E Street, N.W.  
Washington, D.C. 20415

Dear Mr. Berry:

The Senate Special Committee on Aging is conducting an ongoing review of the long-term care insurance market as part of our efforts to ensure that consumers are appropriately informed and protected when they pay for and use long-term care services. As Chairman and a senior member of the Aging Committee, we recognize that long-term care insurance can help individuals plan for their future long-term care needs and protect their families from what can be a crushing financial burden.

We believe that the federal long-term care insurance program can provide an important financial planning tool for federal employees electing to purchase the product. However, we were troubled to learn that federal participants may soon face as much as a 25 percent increase in their long-term care insurance premiums. (*Washington Post*, Federal Diary, August 13, 2009, "Buyers of Long-Term Care Insurance Riled by Premium Increase.") Such substantial increases, whether imposed on policyholders in the private or public sectors, can be devastating for retirees living on fixed incomes.

It is the Special Committee on Aging's responsibility to provide oversight of this growing market. As a result of this Committee's investigation into the private long-term care insurance market, we held a hearing in June on the challenges facing consumers and issuers of long-term care policies, entitled "Boon or Bane? Examining the Value of Long-Term Care Insurance."

We also introduced S. 1177, the "Confidence in Long-Term Care Insurance Act of 2009." This legislation strengthens protections for consumers purchasing tax-qualified and "Partnership" policies by instituting premium rate stability for all consumers across the country, standardizing long-term care insurance claims handling, and improving marketing disclosures and training and certification of sales agents. The legislation also would make it easier for consumers to compare plans offered by different carriers, particularly with regard to what benefits they include and whether they provide adequate inflation protection. In addition, the bill would require reciprocity among State Medicaid Partnership Programs, which are designed to link private coverage with Medicaid, with the intention of reducing States' long-term care costs. We believe the policyholder protections in this legislation are critical to bolstering consumer confidence in the private market for long-term care insurance products.

We understand that the Office of Personnel Management is considering a number of changes to its Federal Long-Term Care Insurance Program, in addition to the substantial rate increases discussed in the *Post* article. In order for us to understand the reasons for these changes, and the impact on federal purchasers, we request that you provide the Committee staff with documents that demonstrate why the rate increases were approved, along with an analysis of the impact these increases are having and will have on policyholders. We also request that you arrange a briefing on these issues with our staff, to occur no later than September 11, by contacting Anne Montgomery or Kristine Blackwood with the Committee staff at (202) 224-5364.

Sincerely,



Herb Kohl  
Chairman



Ron Wyden  
U.S. Senator