SENIOR ISSUES (B) TASK FORCE

Senior Issues (B) Task Force Aug. 3, 2019, Minutes
Senior Issues (B) Task Force July 18, 2019, Minutes (Attachment One)
Senior Issues (B) Task Force June 19, 2019, Minutes (Attachment Two)
Draft Pending Adoption

Draft: 8/6/19

Senior Issues (B) Task Force
New York, New York
August 3, 2019

The Senior Issues (B) Task Force met in New York, NY, Aug. 3, 2019. The following Task Force members participated: Lori K. Wing-Heier, Chair (AK); Marlene Caride, Vice Chair (NJ); Jim L. Ridling represented by Steve Ostlund (AL); Allen W. Kerr represented by William Lacy (AR); Ricardo Lara represented by Perry Kupferman (CA); Michael Conway (CO); Andrew N. Mais represented by Paul Lombardo (CT); Stephen C. Taylor represented by Brian Bressman (DC); Trinidad Navarro represented by Fleur McKendell (DE); David Altmaier represented by Chris Struk (FL); John F. King (GA); Colin M. Hayashida represented by Kathleen Nakasone (HI); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Wes Trelxler (ID); Robert H. Muriel represented by Jennifer Reif (IL); Stephen W. Robertson represented by Karl Knable (IN); Vicki Schmidt represented by Julie Holmes (KS); Nancy G. Atkins represented by John Melvin (KY); James J. Donelon represented by Ron Henderson (LA); Gary Anderson represented by Kevin Beagan (MA); Al Redmer Jr. represented by Paula Keen (MD); Eric A. Cioppa represented by Marti Hooper (ME); Anita G. Fox represented by Karen Dennis (MI); Steve Kelley represented by Grace Arnold (MN); Chlora Lindley-Myers (MO); Mike Chaney represented by Bob Williams (MS); Mike Causey represented by Ted Hamby (NC); Jon Godfread represented by Chrystal Bartuska (ND); Bruce R. Range represented by Martin Swanson (NE); John G. Franchini represented by Margaret Peña (NM); Barbara D. Richardson represented by David Cassertt (NV); Glen Mulready represented by Cuc Nguyen (OK); Jessica Altman (PA); Larry Deiter represented by Jill Kruger (SD); Carter Lawrence represented by Brian Hoffmeister (TN); Kent Sullivan represented by Raja Malkani (TX); Todd E. Kiser represented by Tomasz Serbinowski (UT); Scott A. White represented by Bob Grissom (VA); Mike Kreidler represented by Mike Bryant (WA); and Mark Afable represented by Jennifer Stegall (WI).

1. Adopted its July 18, June 19 and Spring National Meeting Minutes

The Task Force met July 18, June 19 and April 6. During its July 18 and June 19 meetings, the Task Force discussed and reviewed the response letter to the U.S. House of Representatives (House) Committee on Ways and Means Chairman, Richard Neal, asking for NAIC input on possibly expanding long-term services and supports (LTSS) availability in Medigap.

Mr. Ostlund made a motion, seconded by Commissioner Caride, to adopt the Task Force’s July 18 (Attachment One), June 19 (Attachment Two) and April 6 minutes (see NAIC Proceedings – Spring 2019, Senior Issues (B) Task Force). The motion passed.

2. Continued Discussion of DNA Swabbing/Genetic Information Collection

Mr. Swanson provided the Task Force with an update from the Spring National Meeting about the proliferation of companies and entities that are doing DNA swabs of residents in nursing homes, senior facilities and other venues, while claiming that Medicare will cover 100% of the cost of the test. He reminded the Task Force that some insurance providers are happy to pay several thousand dollars on a test that will potentially save them hundreds of thousands of dollars per policyholder by informing them of their risks. He said Medicare covers such tests for genetic propensity for cancer but only under certain specific circumstances and only one time.

Mr. Swanson said while genetic testing is allowed in certain circumstances by Medicare, it is unclear if those limitations are being followed by these entities. He referred the Task Force to the actions taken by the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS) and the fraud alert issued by the OIG. The OIG alert warns the public about a fraud scheme involving genetic testing and provides guidance on what a consumer should do.

Mr. Swanson also pointed out that these scammers are now sending genetic test kits through the mail to unsolicited consumers and using cloning technology to mask their phone numbers. He cited an example of the head of the Nebraska State Health Insurance Assistance Program (SHIP) office receiving a call from a cloned number that was registered to the Nebraska Department of Health, but it was one of these scammers.

Mr. Swanson said the OIG alert states that if a genetic testing kit is mailed to a consumer, the consumer should not accept it unless it was ordered by the consumer’s physician. The consumer should refuse the delivery or return it to the sender and keep a record of the sender’s name and the date the consumer returned the items.
Mr. Swanson suggested the Task Force study this issue and perhaps issue a consumer alert or notice. Director Wing-Heier said her state has used the Nebraska notice, edited for Alaska’s needs.

3. **Heard an Update on a MACRA-Related Bulletin on Marketing Standards**

David Torian (NAIC) informed the Task Force about the third Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)-related bulletin. He reminded the Task Force that the NAIC has issued two other bulletins—one directed at consumers and one directed at agents and producers. He said this third bulletin is directed at marketers and the marketing standard rules.

Mr. Torian said because MACRA prohibits the sale of Medicare supplement coverage that covers the Part B deductible to those individuals who first become eligible for Medicare on or after Jan. 1, 2020, both insurance companies and agents doing business in the Medicare supplement marketplace may not engage in any marketing activities that violate this prohibition. He also said that significant changes to Medicare supplement requirements, as is the case with MACRA, may result in improper marketing and sales activity that can cause harm to Medicare supplement consumers.

Mr. Torian said that the purpose of this bulletin is to address such improper activity and that states are free to use the bulletins as they see fit, to edit as necessary to comport to their state’s needs.

4. **Heard a Federal Legislative Update**

Mr. Torian reminded the Task Force that at the Spring National Meeting, he informed the Task Force that funding for SHIP was fully funded for fiscal year (FY) 2019 at $49,115,000 and that FY 2019 runs through Sept. 30, 2019. He also reminded the Task Force that the President’s FY 2020 budget cut SHIP funding to $36,115,000—a cut of $13 million from the FY 2019 level.

Mr. Torian said that on June 19, the House passed its FY 2020 Labor, Health and Human Services and Education appropriations bill, and it included an increase for SHIP—funding SHIP at $55 million, an increase of $18,885,000 over FY 2019. He said that the Senate has not yet taken any action on its appropriation bills. He said that the NAIC will continue to strongly support SHIP funding and will continue to urge Congress to pass full funding for this vital and important program.

Mr. Torian informed the Task Force about legislation introduced in June that would provide for patient improvements and rural and quality improvements under Medicare. He said the bill, the Beneficiary Education Tools, Telehealth and Extenders Reauthorization Act of 2019 (H.R. 3417), includes provisions that would increase funding for consumer assistance programs, including SHIP, to help with enrollment and benefits questions for those on Medicare. He said the NAIC will keep an eye on this bill.

Mr. Torian asked Task Force members to review the map of states and the progress of MACRA implementation by the states and to inform him if there are any updates to the map.

5. **Heard a Presentation from the SOA on Health Insurance Research**

Dale Hall (Society of Actuaries—SOA) discussed the objective research ideas and the SOA study exploring new long-term care (LTC) financing options. He discussed the background and processes used and encouraged the Task Force to go to the SOA’s LTC research page on its website.

Mr. Hall highlighted two products. One is LifeStage Protection. This is a single insurance policy that starts as term life insurance during a consumer’s younger, prime income-earning years and then switches to a long-term care insurance (LTCI) policy when a consumer is older. The second product is Retirement Plus, which is a tax-beneficial 401(k) type of retirement account that has expanded contribution limits, allows flexible usage of account funds and builds in insurance elements for LTC.

Mr. Hall discussed the research methodology. He explained the sample consumers used in the SOA’s studies are at least high school graduates, between the ages of 35 to 55, employed and offered benefits, have household incomes between $50,000 and $499,999, and describe their current health as fair. He said during analysis, data was weighted by gender and income to reflect population and qualification incidence.

Steve Schoonveld (SOA) provided the Task Force a primer on the hybrid LTCI market. He said the LTCI market is robust and said hybrid is also called “combination” or “asset-based.” He said the LTCI market includes an eight-product set of consumer...
solutions to include: 1) traditional LTCI; 2) short-term care insurance; 3) linked benefit life/LTC product; 4) LTC rider on life
chassis; 5) chronic illness rider on life chassis; 6) group/multi-life products; 7) LTC annuities; and 8) impaired annuities.

Mr. Schoonveld said that 85% of LTC product sales in 2018 were hybrid LTC products and that there were two main types of
life/LTC hybrid products: 1) chronic illness riders; and 2) LTC. He said according to LIMRA, sales of these products reached
404,368 new policies.

Mr. Schoonveld said when he spoke before the Task Force in 2016, there were 228,000 policies with LTC solutions in 2015
and now, in 2019, there were 461,000 policies with an LTC solution in 2018. He said the drop in new premiums was due to
higher sales of combination policies that involve recurring premiums, instead of a one-time payment. He said spreading
payments out over a longer period is more affordable for a larger swath of consumers. He said, according to LIMRA,
combination products represented 27% of the overall U.S. individual life insurance market in 2018.

Matt Winegar (Pacific Life Insurance Company) explained how hybrid products work. He said there are various levels of LTC
benefits, such as accelerated death benefit, extended benefits and inflation benefits. He said these products ultimately pay a
death benefit, a return of premium or LTC benefits, such as cash value, partial or full return of premium. He said there are
various funding mechanisms—such as no charge or discounted death benefit (chronic illness riders only), single, limited or
lifetime premiums/charges—or many products are fully guaranteed.

Mr. Winegar said many products have streamlined or simplified underwriting and that tax-qualified benefits use the same
benefit triggers and covered services as traditional LTC. He said that these products have indemnity and reimbursement benefit
designs and that LTC acceleration and extension riders are filed as health (LTC) products. He also said these products offer
various design options to meet a variety of consumer needs, basing it upon demographic, income/asset levels, level of family
support and other factors.

Robert Eaton (Milliman) provided the Task Force actuarial considerations of these hybrid products. He said the blend of a life
(or annuity) insurance contact and an LTC contract provide reduced volatility of earnings and have provisions for adverse
deviation and principles-based reserving (PBR).

Mr. Eaton cited statistics of the longevity concerns of some clients. He said clients with $250,000 of investable assets were
concerned with health care/LTC expenses (57%), outliving savings (37%), their investments decline in value (31%), planning
for retirement (30%) and market volatility (29%).

Mr. Schoonveld discussed the impediments of hybrid products: 1) LTC special training discourages advisor participation; 2)
Partnership program requirements are inconsistent; 3) traditional LTC regulations do not apply to hybrid products; and 4) point-
of-sale disclosures are not customized for hybrid products.

Mr. Henderson said that traditional LTC was sold as a solid product, actuarial sound, and that 30 years later, the traditional
LTC market is in trouble. He asked about the reserves of the hybrid products and if there are greater opportunities to fund
claims due to life insurance reserves and health LTC reserves. Mr. Winegar said a certain amount of money is paid out, whether
upon death or surrender, so the payout is known quantity.

Mr. Lombardo asked about the difference in lapse rates between hybrid products and traditional LTC. Mr. Winegar said it
would depend on how they are sold. Mr. Schoonveld said that the hybrid or combination product is not a lapse product because
there is a return on these products.

Mr. Lombardo further asked about the differences in premiums. Mr. Schoonveld said the question is based upon affordability.
He said it is not what a person pays but what a person gets. He said with traditional LTC, a person pays premiums, but if the
policy is not used, then consumers do not get their money back. He said with hybrid products, consumers get back something,
even if they do not use the product. He said that the hybrid product may cost a little more but emphasized the value a person
gets out of the hybrid product.

Mr. Trexler asked Mr. Schoonveld to clarify his response regarding returns. Mr. Schoonveld said returns can vary based upon
the myriad of solutions carriers can offer with hybrid products.

Mr. Henderson said he has serious concerns about high lapse rates and whether these new products could address that. Ms.
Mealer said that the new products have the ability to reserve and price better, and that would help with potential lapse rates.

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6. **Discussed Other Matters**

Ms. Mealer said she has been hearing inquiries from insurers whether they can simply quit offering Medigap Plan C or Medigap Plan F. She said the minimum federal standards are clear that if insurers offer the base Medigap plan, they must offer guaranteed issue plans, and that means they must offer Plan C or Plan F. She said that include Plan D or Plan G for those who are deemed newly eligible.

Having no further business, the Senior Issues (B) Task Force adjourned.
The Senior Issues (B) Task Force met via conference call July 18, 2019. The following Task Force members participated: Lori K. Wing-Heier, Chair, represented by Sarah Bailey (AK); Marlene Caride, Vice Chair, represented by Philip Gennace (NJ); Jim L. Ridling represented by William Rodgers (AL); Allen W. Kerr represented by William Lacy (AR); Ricardo Lara represented by Tyler McKinney (CA); Michael Conway represented by Adam Boggess (CO); Trinidad Navarro represented by Susan Jennette (DE); David Altmaier represented by Craig Wright (FL); John F. King (GA); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Kathy McGill (ID); Robert H. Muriel represented by Eric Anderson (IL); Stephen W. Robertson represented by Rebecca Vaughan (IN); Vicki Schmidt (KS); Nancy G. Atkins represented by Stephanie McAughey-Bowker (KY); James J. Donelon represented by Tom Travis (LA); Al Redmer Jr. represented by Fern Thomas (MD); Eric A. Cioppa represented by Sherry Ingalls (ME); Anita G. Fox represented by Renee Campbell (MI); Steve Kelley represented by Fred Andersen (MN); Chlora Lindley-Myers (MO); Mike Causey represented by Ted Hamby (NC); Jon Godfread represented by Yuri Venjohn (ND); Bruce R. Rame represented by Martin Swanson (NE); John G. Franchini represented by Anna Krylova (NM); Jillian Froment represented by Marjorie Ellis (OH); Glen Mulready represented by Mike Rhoads (OK); Andrew Stolfi represented by Gayle Woods (OR); Jessica Altman represented by Sandra L. Ykema (PA); Carter Lawrence represented by Brian Hoffmeister (TN); Kent Sullivan represented by Dewayne Matthews (TX); Todd E. Kiser represented by Tomasz Serbinowski and Jaakob Sundberg (UT); Scott A. White represented by Yolanda Tennyson (VA); Mike Kreidler represented by Michael Bryant (WA); Mark Afable represented by Jennifer Stegall (WI); and Jeff Rude represented by Peter Greff (WY). Also participating were: Pam Koenig (MT); Sarah Allen (NY); and Andrew Dvorine (SC).

1. **Discussed the Letter to the Chairman of the House Committee on Ways and Means**

David Torian (NAIC) opened the conference call by reminding the Task Force that the response letter to the chairman of the House Ways and Means Committee (Committee) should simply be a response to a request for the NAIC’s opinion on possibly adding a long-term support and services (LTSS) component to Medicare supplement (Medigap). He said there is no bill or legislation; there is no outline or draft. He said it is just an idea that this congressional committee has, and it wants the NAIC’s opinion.

Mr. Torian said the draft response is deliberately broad and long, encompassing all the common views received. He said he attempted to divide the comments into paragraphs of “topic areas.” He said the goal for the call is to edit the draft so that it can be approved, adopted, and sent to the Government Relations Leadership Council (GRLC) for final adoption.

Harry Ting (Consumer Advocate Volunteer, Chester County Department of Aging Services – Apprise Program), Bonnie Burns (California Health Advocates—CHA), and Ms. Mealer offered suggested language to edit the first paragraph. John Cutler (Consultant to Minnesota Department of Commerce) said incorporating an LTSS into Medigap may not necessarily have high costs or high premiums. He said a limited LTSS component would not have to cause havoc to the costs and the market. Ms. Mealer said the draft should have an opening paragraph followed by either bullet points or a listing of the general issues of concern. Mr. Ting said any impact would also depend on whether an LTSS component is incorporated in all Medigap plans or only some plans.

Heather Jerbi (America’s Health Insurance Plans—AHIP) said she did not feel that the language in the draft expressing “some concerns and observations” truly reflects the potentially significant implications of adding, for example, a mandated benefit across all plans in the Medigap program. She said she has concerns with any if/then statement that accepts the prospect of an LTSS as a benefit requirement for all Medigap plans. Mr. Ting said any impact would also depend on whether an LTSS component is incorporated in all Medigap plans or only some plans.

Ms. Mealer said the draft should have an opening paragraph followed by either bullet points or a listing of the general issues of concern. Mr. Swanson agreed with that format. Ms. Burns said the draft should point out that to reach the largest number of the Medigap buyers could only be accomplished by requiring a mandatory benefit that would be included in every Medigap standardized benefit package, and the benefit itself would have to be standardized to prevent adverse selection and avoid complex and abusive comparisons and potential marketing and sales abuses.

Peggy Camerino (Torchmark Companies) said any cost without understanding the context of everything else is not calculable, and pricing cannot be ascertained in a vacuum. She said ultimately the consumer cannot be priced out. Ms. Seip said the draft
should include a solution-based paragraph and perhaps suggest that the Committee monitor the changes in Medicare Advantage plans with LTSS components. Mr. Cutler said the draft should emphasize to the Committee that language is important. He said consumers will equate LTSS with long-term care insurance (LTCI), and defining the benefit should be concise. Mr. McKinney said the draft should be focused and respond to the request of the Committee.

Mr. Torian said a new response based upon the comments of today’s call will be put together. He then asked Ms. Mealer and Mr. Swanson to discuss the issues they wanted to bring to the attention of the Task Force.

Ms. Mealer said she has heard some confusion about one of the requirements of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). She said MACRA requires insurers to keep Plan F available for those eligible for Medicare prior to Jan. 1, 2020. She said some have questioned whether insurers are required to offer Plans D or G for those eligible on or after Jan. 1, 2020.

Ms. Mealer said insurers can continue to sell Plans C or F to Medicare beneficiaries who became eligible for Medicare prior to Jan. 1, 2020. However, "newly eligible" Medicare beneficiaries cannot apply for or be sold Plans C or F. She said the “newly eligible” individuals could be offered Plans D or G on a guaranteed issue basis instead. She said all other currently available plans may continue to be offered to all Medicare beneficiaries regardless of their date of eligibility for Medicare. She also pointed out that current enrollees (those eligible for Medicare prior to Jan. 1, 2020) are not affected.

Ms. Mealer said current enrollees can continue with their Plans C or F, including the F High Deductible plan; and they may continue to buy Plans C or F beyond Jan. 1, 2020. She said MACRA did not change federal law regarding the offer of Plans C or F for individuals who are Medicare eligible before Jan. 1, 2020. Section 1882 (o)(5) of the Social Security Act provides that if an issuer offers a plan other than the core benefits, the issuer must also offer Plans C or F; and the NAIC Model Regulation—also a federal minimum standard—provides at Section 9.1.A.(2) that an issuer shall make available the core benefits and, if any, Plans C or F.

Ms. Mealer finally pointed out that both the federal statutory provision and the NAIC Model Regulation provide that if an issuer offers a plan other than the core benefits, the issuer must also offer Plans C or F (Plans D or G for newly eligible).

Mr. Swanson asked the Task Force if any states have experienced or seen requests to split forms on rates on MACRA rate filings and split forms on MACRA form filings. He requested that the states please forward examples or evidence that they may have encountered to Mr. Torian.

Having no further business, the Senior Issues (B) Task Force adjourned.
The Senior Issues (B) Task Force met via conference call June 19, 2019. The following Task Force members participated: Lori K. Wing-Heier, Chair (AK); Marlene Caride, Vice Chair, represented by Philip Gennace (NJ); Jim L. Ridling represented by Anthony L. Williams (AL); Allen W. Kerr represented by William Lacy (AR); Ricardo Lara represented by Priya Chisholm (CA); Andrew N. Mais represented by Paul Lombardo (CT); Trinidad Navarro represented by Susan Jennette (DE); David Altmaier (FL); Jim Beck represented by Teresa Winer (GA); Colin M. Hayashida represented by Kathleen Nakasone (HI); Doug Ommen represented by Andria Seip (IA); Dean L. Cameron represented by Donna Daniel (ID); Stephen W. Robertson represented by Rebecca Vaughan (IN); Vicki Schmidt represented by Craig Van Aalst (KS); Nancy G. Atkins represented by Stephanie McGaughey-Bowker (KY); Al Redmer Jr. represented by Adam Zimmerman (MD); Eric A. Cioppa represented by Sherry Ingalls (ME); Anita G. Fox represented by Karen Dennis (MI); Steve Kelley represented by Fred Andersen and Grace Arnold (MN); Chlorinda Lindley-Myers (MO); Mike Causey represented by Ted Hamby (NC); Jon Godfrey represented by Yuri Venjohn (ND); Bruce R. Range represented by Rhonda Ahrens and Martin Swanson (NE); John G. Francini represented by Anna Krylova (NM); Barbara D. Richardson (NV); Jillian Froment represented by Laura Miller (OH); Glen Mulready represented by Mike Rhoads (OK); Andrew Stolfi represented by Gayle Woods (OR); Jessica Altman represented by Sandra L. Ykema (PA); Larry Deiter represented by Jill Kruger (SD); Carter Lawrence represented by Brian Hoffmeister (TN); Todd E. Kiser represented by Tomasz Serbinowski and Jaakob Sundberg (UT); Mike Kreidler represented by Michael Bryant (WA); Mark Afable represented by Jennifer Steggall (WI); and Jeff Rude represented by Peter Greff (WY). Also participating were: Erin Klug (AZ); Pam Koenig (MT); Martin Wojcieck (NY); and Lee Hill (SC).

1. Discussed a Letter to the NAIC from the Chairman of the House Committee on Ways and Means

Director Wing-Heier said the purpose of this meeting is to discuss the letter from the Chairman of the House Committee on Ways and Means (Committee), Richard Neal of Massachusetts, asking for the NAIC’s input on the possibility of expanding long-term services and support (LTSS) availability in Medicare Supplement (Medigap), and to address the questions raised in the letter.

Mr. Lombardo said the cost of purchasing LTSS benefits at age 65 and beyond is extremely expensive, and it will only exacerbate the anti-selection issue if this benefit is not required or mandatory. He also said each state has different laws and regulations governing the issuance of Medigap policies, which complicates a standardized format for issuance of LTSS benefits.

Mr. Lombardo said Connecticut is always guaranteed issue once an individual becomes eligible for Medicare, and he asked if carriers would be required to issue LTSS benefits on a guaranteed issue basis, beyond a specific open enrollment period. He also asked if underwriting of any kind would be allowed for the LTSS benefit. He also said Connecticut allows guarantee issue of Medigap Plans A, B and C for Medicare eligible by disability prior to age 65, and once they become age eligible, all plans are guaranteed issue for the disabled. He also asked how the Committee’s idea would impact the issuance of LTSS benefits.

Mr. Lombardo further said Connecticut is a pure community-rated state for Medigap, meaning the same rate for all consumers (including disabled), and he asked how this idea would impact the pricing of LTSS benefits. He said many Medigap carriers currently do not offer long-term care (LTC) style benefits in the market today, and they do not have the expertise to price LTSS benefits. He asked if they would be required to offer LTSS benefits if they still want to write Medigap policies.

Director Wing-Heier asked how many states are guaranteed issue. Mr. Lombardo said he did not know, but he would guess a minority. Bonnie Burns (California Health Advocates—CHA) said four states are guaranteed issue. Ms. Domzalski-Hansen said Minnesota is both community-rated and guaranteed issue. Ms. Seip said Iowa does not have guaranteed issue, but it has a special trigger. Mr. Swanson said 30 states have guaranteed issue for those under 65 years of age. Ms. Burns expressed concern about adding LTSS services to Medigap because the cost may start low, but it will grow over time, become unaffordable, and drive up the cost of plans.

Director Wing-Heier asked what the impact of such changes would have on the market as a whole and by state. Ms. Arnold said Minnesota had conducted a focus group study of seniors, and she would share it with the Task Force. Mr. Bryant said he agreed with the comments of Ms. Burns and Mr. Lombardo. Director Wing-Heier and Mr. Swanson both said the idea proposed by the Committee is a great idea, but they do not see how it will work.
Director Wing-Heier asked Ms. Ahrens to discuss her comments. Ms. Ahrens said depending on how the LTSS is priced, disruption in the current Medigap/Medicare Advantage (MA) market should be considered. She said currently, seniors choose whether to supplement Medicare with more of a full-coverage health plan using Medigap or by choosing MA. She said she is less familiar with MA, but for Medigap, premiums are not necessarily cheap. She asked if adding LTSS as a requirement would create an inhibitive cost that leaves seniors underinsured for basic health insurance coverage because they end up choosing not to pay the higher premiums.

Ms. Ahrens also asked if the requirement will cause market disruption in that Medigap insurers who do not want to accept LTC risks may leave the market if the current plans are required to include the LTSS benefits. She said it appears that the benefits are meant to keep people in their homes longer if they need care, so they are more limited in nature and more similar to home health care than nursing home services. She asked if the Committee has solutions to the availability of home health care providers if care for those needing assistance with activities of daily living (ADL) is meant to be shifting from assisted living and nursing homes to the home. If not, she asked if these services are meant to be potentially provided by family members.

Ms. Ahrens said anti-selection would be an issue if the LTSS benefits are not required to be included with all Medigap plans, so balancing this with the points already mentioned should be considered. She said anti-selection will be more complicated if there is a special enrollment period (SEP) offered to current Medicare beneficiaries with Medigap plans versus just offering this to newly eligible individuals. She asked if companies will be allowed to introduce age rating in any SEP; and if not, pricing will be difficult because estimating the percentage of individuals who will enter at each age will be difficult.

Ms. Ahrens said Medigap and LTC are not priced the same. She said LTC has pre-payment as most of the benefits are received at age 80 and above, while healthcare costs under Medigap do not have as steep of a claim cost curve. She said she believes a lot of actuaries are having some trouble understanding the best way to merge this type of cost structure into one product with one premium. She said Medigap is sometimes made available with attained age premium schedules, which would absolutely not work for the LTSS component because of the steep claim cost curve.

Ms. Ahrens asked if the Committee contemplated having a portion of this LTSS component added to Medicare rather than fully through Medigap. She said currently, Medigap providers benefit from claims first going through Medicare, so the claims adjudication is very streamlined for Medigap. She said the LTSS benefit, if not shared by Medicare at any level, would require Medigap providers to implement enhanced claims management systems that may be inhibitive and force some out of the market.

Director Wing-Heier suggested that a letter of response be drafted and then circulated among the Task Force. There was agreement after several comments that the response letter should be balanced and express the pros and cons of the proposal. Silvia Yee (Disability Rights Education & Defense Fund—DREDF) mentioned a community living study that could be helpful, and she said she would submit it to David Torian (NAIC). Mr. Andersen said carriers should be asked about obstacles they see with the Committee’s proposal/idea.

Heather Jerbi (America’s Health Insurance Plans—AHIP) talked about the impact of the Committee’s proposal to the Medigap market, the cost to consumers, and the effect on rates and ratings. Director Wing-Heier said the two LTC task forces, the Long-Term Care Insurance (E/B) Task Force and the Long-Term Care Insurance (EX) Task Force, are examining this area. Mr. Swanson asked if insurers would be allowed to pull out if LTSS is mandated. He did not believe it should be mandated.

Director Wing-Heier asked the Task Force to submit comments to Chairman Neal’s letter as soon as possible. She asked Mr. Torian to draft a response letter based upon the comments received, and the Task Force would hold a conference call next month to review and discuss.

Having no further business, the Senior Issues (B) Task Force adjourned.

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