

DATE: March 9, 2010

TO: IIPRC Management Committee

FROM: Industry Advisory Committee

SUBJECT: South Carolina Comments Regarding Optional Benefit For Home Health Care or Community Care Benefits (Dated January 28, 2010)

We disagree with South Carolina's request that the IIPRC standards reflect their requirement to provide home or community care with daily benefits at the same level as that to be provided for nursing home care.

The recent NAIC LTC Data Call concluded that "the LTC Market currently only shows one area of growth which is in comprehensive policies (i.e., policies that provide both nursing home and home health care coverage.)" For policies issued between 2004 and 2006, 91.6% of these were comprehensive plans. The market is driven by consumer need, which is currently for comprehensive plans. We believe that South Carolina no longer has a need "to protect consumers" inasmuch as most consumers elect comprehensive coverage and this would also be the case in South Carolina.

Requiring the same level of coverage for home or community care as for nursing home or facility care merely is a refusal to recognize the different cost structures for each type of care and such a requirement would force an individual to buy more expensive coverage (100% home or community care) than would be needed. Home or community care services are less expensive than nursing or facility care services because the nursing and facility care benefits pay for room and board charges which are not a factor for home or community care. Accordingly, home or community care services do not need to provide as rich benefits to provide adequate coverage. It is for these reasons that insurers design plans that offer home or community care services at a lower percentage than the coverage provided for nursing or facility care services. This is a more realistic approach to the cost of such services and allows coverage to be more affordable. South Carolinians would be better served buying comprehensive coverage which more closely matches coverage to anticipated costs.

The IIPRC standards reflect the requirements of the NAIC Long Term Care Model Regulation which most of the Compacting States currently have in place. If the IIPRC were to reflect the South Carolina requirements, the Compacting States that follow the Model would have a different requirement for forms filed with the IIPRC and the Model requirement for forms filed with them. We do not believe that such an outcome is a desirable one.

Submitted by IIPRC Industry Advisory Committee:

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