

APPENDIX A

History of Massachusetts' LTCI Survey

In 1995, in an effort to provide more information about the LTCI market, the Division released "A Report on LTCI: The Results of a 1994 Survey" ("1994 Survey"). To further assess changes in the marketplace, the Division issued a follow-up survey in February 1997 for the period January 1994 through December 1996 ("1996 Survey"). Information obtained through these survey reports was used by the Task Force on the Financing of Long-Term Care established by then-Governor William Weld and then-Attorney General Scott Harshbarger in developing the Division's LTCI regulation in 1999.

After the revised regulations had been in effect for over two years and as a follow-up to the 1994 and 1996 survey reports, the Division issued a new LTCI survey in January 2002 to collect information for the period between January 1997 and December 2001 ("2002 Survey"). The survey collected information about the Massachusetts market before and after the LTCI regulatory changes that became effective January 1, 2000. As a follow-up to that survey, the Division issued a survey in March 2005 to collect information for the period January 1, 2002 to December 31, 2004 ("2005 Survey"). This report summarizes the results of the most recent survey issued in November 2008 to collect information for the period January 1, 2005 to December 31, 2008 ("2008 Survey").

As with the 1994, 1996, 2002, and 2005 surveys, the 2008 survey was designed to distinguish between the experience of individual plans and those plans marketed through employers, unions, group associations, and group trusts. Under M.G.L. c. 175, § 108, the Division has limited authority to review individual LTCI plans and approves them for offer in Massachusetts if they meet the standards of 211 CMR 65.00¹ - Massachusetts's LTCI regulation. There is no current statutory authority to review or approve group LTCI plans.

This report includes the results of a survey (see Appendix A and B) conducted under M.G.L. c. 175, § 4, which authorizes the Commissioner of Insurance to conduct special examinations of practices in the insurance market. All of the forty two (42) companies which had long-term care insureds in 2008 completed the survey.

Companies were asked to complete separate surveys for individual and group products. Individual (non-group) products refer to long-term care plans sold directly to an individual, including:

- guaranteed renewable plans issued prior to April 1, 1989;
- plans issued in Massachusetts on or after April 1, 1989, approved according to the standards of Massachusetts regulation 211 CMR 65.00; and
- plans issued to individuals in other states who subsequently moved to Massachusetts.

Group products include plans issued through an employer group, as well as those issued through an association or group trust incorporated inside or outside of Massachusetts.

Forty two (42) companies (representing all of the twenty-four (24) companies marketing LTCI products in 2008, as well as the eighteen (18) companies who are no longer selling new coverage, but continue to insure members in products that are closed to new enrollments) returned completed surveys. Fifteen (15) companies submitted responses for both individual and group business (see Appendix C). In reviewing company responses, the Division looked into any and all inconsistencies in reported information. The Division found if a company could not reliably report information to a question, that company's response was not used in statistics reported for a question.

The methodology associated with the statistics in this report is described in Appendix D and definitions pertinent to LTCI are identified in Appendix F. The most current National Association of Insurance Commissioners ("NAIC") LTCI Model Regulation is included in Appendix E.

As with previous reports, every reasonable effort has been made to review all surveys for completeness and to report information as accurately as possible. Information contained in a completed survey that appeared to be ambiguous, incomplete or clearly inaccurate was either confirmed or modified through follow-up inquiries with the company.

This report is based on responses certified by a company officer reflecting the experience of the company. The Division has not audited or otherwise verified that the responses are accurate.