Long-Term Care Insurance Rate Stabilization

A report filed with
the Clerks of the Massachusetts Senate and House of Representatives
to be forwarded to
the President of the Senate,
the Speaker of the House of Representatives,
the Minority Leader of the Senate, and
the Minority Leader of the House of Representatives

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JOSEPH G. MURPHY
COMMISSIONER OF INSURANCE

Acknowledgments

Kevin Beagan, Chet Lewandowski, and other staff members within the Health Care Access Bureau of the Division of Insurance ("Division"), have prepared this report to respond to Section 3 of Chapter 312 of the Acts of 2012 ("Chapter 312") which was enacted on October 25, 2012, and became effective January 23, 2013.

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Section 3 of Chapter 312 requires that a report be submitted to the Legislature to identify those methods that have been implemented, along with recommendations, to "stabilize rates and prevent exceptional rate increases." In conducting its investigation, the Division is to review many sources and obtain input from a working group composed of members identified in the statute. The Division and the working group members reviewed rate stabilization provisions established by other regulatory bodies – including those of the National Association of Insurance Commissioners (NAIC) – and other ideas that the working group members believed may improve the stability of rates in existing and new policies. This report presents the status of the Division's existing work and proposals for future consideration.

Long-Term Care Insurance

Long-term care insurance ("LTCI") covers particular non-medical services when an insured is unable to perform certain specified everyday tasks – often called Activities of Daily Living ("ADLs") – due to a chronic illness or cognitive impairment. With the passage of Chapter 312, LTCI will be subject to new standards established under M.G.L. c. 176U and regulations promulgated thereunder by the Division.

LTCI policies are not standardized and purchasers can choose plans based on the types of services covered (*e.g.*, nursing home, home health or chore care), level of coverage (usually a fixed dollar amount per day or month), duration of coverage (usually categorized by the number of years of covered benefits) and an elimination period (waiting period) before carrier payments begin. In addition to these features, consumers can add inflation protection, nonforfeiture benefits and additional services.

Insurance carriers sell LTCI coverage either on an individual basis or through group policies sponsored by employers or associations. Prior to the implementation of Chapter 312, group policies have not been subject to Massachusetts LTCI regulations, but individual policies must meet the requirements of 211 CMR 65.00[1i] which requires that policies issued must:

- Be guaranteed renewable or non-cancelable;
- Provide at least 730 days (or a comparable dollar amount) of coverage;
- Not include an elimination period (waiting period) of more than 365 days;
- Provide benefits based upon no more than two Activities of Daily Living (ADLs);
- Include alternate care benefits allowing coverage for unspecified services if agreed to by the insured, insurance company and health care practitioner and offer the applicant the option to purchase inflation protection and nonforfeiture benefits; and
- Be offered so that at least one policy with home health care benefits and at least one policy that qualifies for certain MassHealth (Medicaid) exemptions.

[1] A copy of 211 CMR 65.00 *Long-Term Care Insurance* can be found here: http://www.mass.gov/ocabr/business/insurance/doi-regulatory-info/insurance-regulations-and-laws/doi-insurance-regulations.html.

Although almost all LTCI coverage offered in Massachusetts is guaranteed renewable once issued, companies do medically underwrite policies and may turn down an applicant if the applicant does not meet the carrier's underwriting criteria. Consequently, those buying LTCI plans are generally healthy and may hold their policies for decades before ever receiving plan benefits.

A LTCI policyholder's premiums vary based upon the age of the individual when the policy is first bought and the level of benefits (*i.e.*, lifetime maximum benefit period, nursing home coverage, home health care coverage, inflation protection, federal tax-qualified status, MassHealth status, etc.) included in the coverage. Massachusetts plans generally include higher benefits and cost more than national plans.

Massachusetts Persons with Long-Term Care Coverage

The Division has conducted a special examination survey of the market for LTCI periodically in order to understand emerging issues in the availability and cost of coverage being marketed in the Commonwealth.

As noted in the most recent survey report, as of December 31, 2008, **152,858** Massachusetts residents held LTCI plans – **97,644 (**64%) held individual LTCI plans and **55,214** (36%) held coverage through group LTCI plans. The number of Massachusetts persons with LTCI coverage grew by 26,167 or 21% more than the 126,691 Massachusetts persons with LTCI coverage as of December 31, 2004.[2]

Massachusetts LTCI Membership

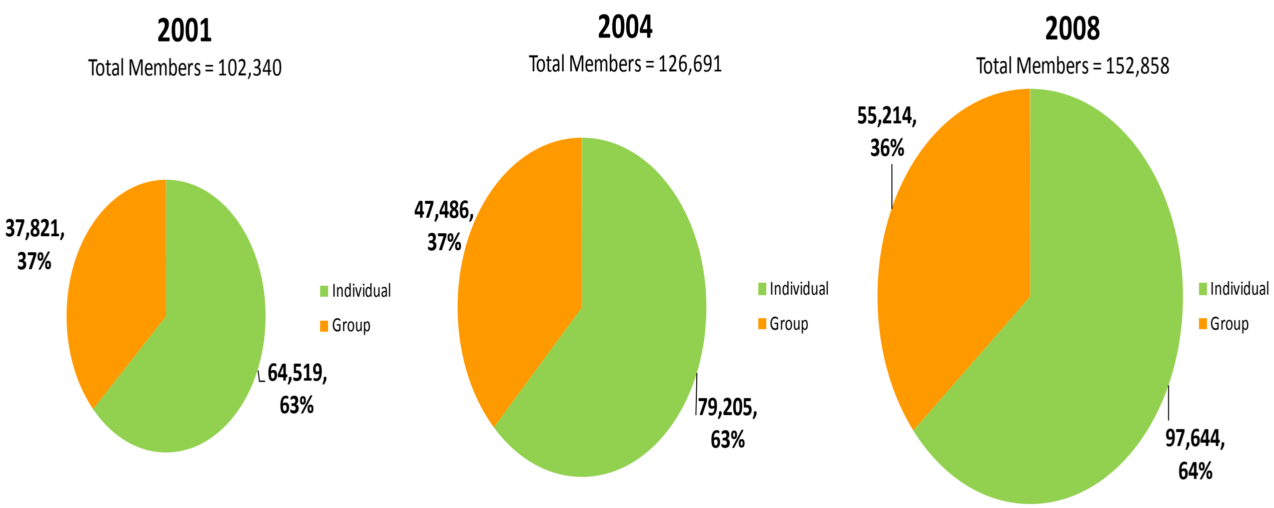

Exhibit 1[3]

[2] Ibid. p. 9.
[3] Ibid. p. 9.

In general, persons covered under group plans are younger than those who are covered under individually issued policies. As noted in the most recent survey report, the average individual policyholder is at or near retirement age, while those covered under group plans are closer to age 50.

Average Age of Massachusetts Insureds[4]	**2001**	**2004**	**2008**
Individual Market	63.3	61.9	65.3
Group Market	49.8	47.7	50.4

Average Premium for Plans Sold in Year[5]	**2001**	**2004**	**2008**
Massachusetts Individual Plans	$2,087.08	$2,287.33	$2,695.84
National Individual Plans	$1,812.71	$1,892.61	$2,174.84

[4] Ibid. p. 7.

[5] Division of Insurance, *2010 Report of Long-Term Care Insurance in Massachusetts: Results of a 2008 Examination*, p. 7, available *at* http://www.mass.gov/ocabr/government/oca-agencies/doi-lp/2010-long-term-care.html.

Chapter 312 and Rate Stabilization Working Group

Chapter 312 of the Acts of 2012 makes significant changes to the regulation of LTCI in the Commonwealth of Massachusetts. Chapter 312 was enacted on October 25, 2013 without an emergency preamble and became effective January 23, 2013.

Section 2 of Chapter 312 creates M.G.L. c. 176U that establishes new product, rate, agent training and disclosure standards that are based on a model act developed by the NAIC. The Division is responsible for promulgating regulations to implement the provisions of M.G.L. c. 176U, and those regulations must, at a minimum, be consistent with the standards set forth in the model regulation developed by the NAIC.

In addition to promulgating regulations, section 3 of Chapter 312 directs the Division as follows:

> The commissioner of insurance shall conduct an investigation to identify the best methods to stabilize rates and prevent exceptional rate increases and may undertake such methods including, but not limited to, those identified in the 2009 division of insurance survey of long-term care insurance, with input from a working group consisting of the attorney general, the Life Insurance Association of Massachusetts, the Massachusetts Association of Health Underwriters, the National Association of Insurance and Financial Advisers, the Massachusetts chapter of the National Academy of Elder Law Attorneys, the American Academy of Actuaries and the American Association of Retired Persons. The commissioner shall also seek information on the experience of other states relative to rate stabilization.
>
> The commissioner shall report to the general court any rate stabilization methods implemented under this section and recommendations for additional long-term care insurance rate stabilization practices, if any, together with drafts of legislation necessary to carry those recommendations into effect, by filing the report and drafts with the clerks of the senate and the house of representatives who shall forward them to the president of the senate, the speaker of the house of representatives, the minority leader of the senate and the minority leader of the house of representatives not later than January 1, 2013.[6]

[6] *See* An Act Establishing Standards for Long-Term Care Insurance, *available at* www.malegislature.gov/Laws/SessionLaws/Acts/2012/Chapter312.

Rate Stabilization Working Group

In order to investigate options to stabilize LTCI rates, the Division convened meetings of a working group. The following individuals represented the seven organizations identified in Chapter 312:

Monica Brookman, Office of the Attorney General
Jenny Erickson, Life Insurance Association of Massachusetts
Tobe Gerard, Massachusetts Association of Health Underwriters
Susie Caspar, National Association of Insurance and Financial Advisers
Timothy Loff, Massachusetts Chapter of the National Academy of Elder Law Attorneys
Allen Schmitz, American Academy of Actuaries
Jessica Constantino, AARP

The working group met in open sessions that took place on the following dates:

January 24, 2013
March 5, 2013
March 14, 2013
March 28, 2013

OTHER REGULATORY BODIES

NAIC Model Regulation

The NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.

In the area of LTCI, there have been many regular meetings held at national NAIC conferences and periodic meetings within the Health Insurance and Managed Care (B) Committee, as well as within the Regulatory Framework and Senior Issues Working Groups and the Life and Health Actuarial Task Force, to understand and address the unique features of the offer and rating of LTCI. The NAIC has issued numerous White Papers and developed a LTCI Model Law[7] and LTCI Model Regulation[8] to assist states in creating regulatory standards to govern LTCI products.

In 2000, the NAIC made changes to its model regulation that created the following provisions applicable to products approved after the model regulation was developed. Some of the main components of this rule include that for every rate increase request:

- an actuary must certify that the rates are sustainable in the event of moderately adverse conditions and must provide an analysis of why the initial assumptions used in pricing the insurance were wrong;
- premiums for new enrollees must not be less than the renewal premium;
- at least 85% of any premium increase must be used to pay claims[9];
- carriers commit to submit subsequent reports about experience and lapse rates
  - regulators will review to determine whether a rate spiral exists
  - based on filed loss ratio reports, the Commissioner may order rate adjustments or benefits adjustments.
- If rates are increased above a specified percentage, for each issue age the policyholder can convert to a paid-up policy equal to the amount of premiums already paid.

Despite the changes required under the NAIC-approved provisions, rate stabilization continues to be a hotly debated issue at the NAIC. The NAIC model does not address LTCI products that were issued prior to the implementation of rate stabilization provisions – called pre-rate stabilization products. The Senior Issues Task Force has continued to hold public hearings – most recently in November 2012 – to consider and evaluate issues raised by carriers, consumer advocates and other interested parties about where the rate stabilization provisions may not be working as effectively as needed. At the April 2013 and August 2013 NAIC meetings, the Senior Issues Task Force continued

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[7] M.G.L. c. 176T is based on the provisions of the NAIC Model Law.

[8] M.G.L. c. 176T requires that the Division of Insurance promulgate regulations to enforce M.G.L. c. 176T based on the NAIC Long-Term Care Insurance Model Regulation.

[9] The company may propose a different figure under exceptional circumstances identified by the actuary

to deliberate about ways that it may address this in the future and Massachusetts will need to continue to monitor the actions of this Task Force.

Florida[10]

Within the past ten years, Florida has passed legislation to implement the protections of the NAIC Model Law and Regulation and in addition has promulgated the following rules that have gone beyond what is in the NAIC requirements:

1. Long term care carriers are not to charge existing policyholders more than the insurer charges new policyholders for the same benefits.
2. Carriers are subjected to an upper limit on long-term care rates if a company is not selling new business, based on a prevailing new business rate in Florida.
3. Long-term care carriers are required to sell at least one policy that offers coverage for less than 24 months of coverage in a nursing home.
4. Long-term care carriers are required to pool the experience of all affiliated LTCI companies when sending in a rate increase request for the policies of any one company.
5. Carriers are required to submit an annual actuarial rate certification of the long term care business in the state whether or not a rate change is being requested.

California[11]

During 2012, California enacted legislation that includes the following provisions:

1. Prohibits rate increases more frequently than once every 5 years for pre-stabilization policies and 10 years for post-stabilization policies.
2. Establishes that a company may not target a lifetime loss ratio lower than the higher of the minimum required by law and the target loss ratio disclosed in a past rate filing by the company.
3. Requires that rate increase filings take into account experience across all long term care forms written by an insurer and its affiliates, thus pooling the experience of both closed and open blocks of business.
4. Requires that, for new policy pricing, the insurer cannot shift the impact of the insurer's poor investment results on to the insured.

Other States

According to the Gorman Actuarial Report, seven states of the thirty studied have "formal" annual rate increase limits, either in a regulation or in some other defined policy within the agency. Among these states, increases are limited in the following ways:

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[10] http://www.naic.org/documents/testimony_0807_mccarty.pdf
[11] http://www.insurancenewsnet.com/article.aspx?id=346419&type=lifehealth

- 10% (1 state) as identified in a bulletin;
- 15% (2 states);
- 15% and on exception 20% annual increase, as written in a regulation (1 state);
- 25% (1 state);
- 35% or no greater than $75 in monthly premium (1 state); and
- 50% (1 state).

As noted in the report, in certain states with regulations stating annual rate increase limits, the regulators noted that insurance companies have annually received the maximum allowable increase. The cumulative impact has been to permit 50-75% cumulative increases over a 3 to 4 year period.

Interstate Insurance Product Regulation Commission (IIPRC) [12]

In May 2006, the Interstate Insurance Product Regulation Commission was brought into existence. The IIPRC has the jurisdiction to accept, review and approve filings for individual and group life insurance, annuity, disability income and LTCI products. Massachusetts is one of the original 26 member states of the IIPRC.

Regulators and industry representatives spent 3 years developing standards for LTCI, and in December 2010 they became operational. The IIPRC standards went beyond the NAIC Model's rate stabilization guidelines and mandated an annual rate certification requirement after an initial rate filing so that both the company and the IIPRC could monitor the assumptions made in the initial rate filings and initiate an action plan to remedy situations as soon as assumptions were no longer valid. The IIPRC – and not the individual states – has the authority to review and approve all IIPRC rate filings for less than a 15% increase; all rate increase requests that are 15% or greater would be referred back to the individual states. Some have claimed that carriers have opted to send filings to the IIPRC since the rate review is standard across all jurisdictions.

[12] http://www.in.gov/legislative/interim/committee/minutes/ICINEAO.pdf

Analysis and Recommendations

The Division has a responsibility to establish appropriate consumer protections so that consumers are informed of the features of products being offered and the implications of coverage choices. The Division also has a responsibility to promote and enforce rules and monitor insurance companies' actions to ensure that they remain solvent and that the necessary funds are available to pay all future claims.

When considering ways to stabilize LTCI, the Division needs to balance the differing needs of long-term care policyholders and insurance companies, as well as the market for those who may wish to buy products in the future. All options should be weighed in relation to the needs of each.

Consumers have generally bought long-term care coverage as part of a comprehensive financial planning strategy. When balancing future streams of income and expenses during retirement years, they have bought LTCI and made plans to pay annual premiums to cover the cost of possibly unaffordable future long-term care costs. Such financial plans become less certain when policyholders cannot predict future premiums and how this may impact their future expenses.

Carriers have generally offered long-term care coverage as part of an array of financial planning tools, including life insurance and annuities, and based the benefits and pricing of long-term care products on information available when first offered, provided that they could increase premiums but only for entire classes of business. Companies need to continue to collect premiums from policyholders that are sufficient to cover both current and future projected claims, administrative expenses and capital needs.

A healthy insurance market requires that an adequate number of insurance companies compete for business with an array of benefits, services and premium options. Insurance companies are not required to offer LTCI products. Those with current products may discontinue sales at any time – even though they must continue to service the "closed blocks" of coverage issued prior to ceasing new sales – if they find the financial or regulatory environment makes it difficult to continue to offer plans.

Based on a review of input from the above-noted working group and review of NAIC and other regulatory bodies' activities, the Division recommends that the following be included within regulations that implement M.G.L. c. 176U:

1. Include the rate stabilization provisions of the NAIC LTCI Model Regulation;
   PRO: This is supported by the carriers and has been put in place in over 40 other jurisdictions.
   CON: There does not appear to be any opposition.

2. Require that the NAIC provision that requires that at least 85% of any premium increase be used to pay claims apply to rate increases on existing blocks of business.
   PRO: This is supported by the carriers and has been put in place in over 40 other jurisdictions.
   CON: There does not appear to be any opposition.

3. Require carriers to make an annual submission for each LTCI product that reports at least the following information:
   a. number of Massachusetts residents covered under the product;
   b. the claims experience of existing members; and
   c. explanations of any concerns with the actuarial assumptions that were used in the original pricing of the product.

   PRO: This will allow the Division to have current information about carriers' current blocks of business and early warning on future rate needs.
   CON: Although it was not a strong objection, the carriers believed that this would add additional administrative costs without clear benefit to the DOI.

4. Require all LTCI rate filings to include projections of future long-term care claims experience based on moderately adverse assumptions
   PRO: This would require that all rate filings include consistent projections based on the same level of assumptions.
   CON: The NAIC model only requires this for coverage issued after the promulgation of rate stabilization language. Carriers claim that this would increase their burden on pre-rate stabilization policies.

5. Make all rate changes based on investment losses or to recoup past claims losses presumptively disapproved.
   PRO: This would prohibit carriers from raising premiums to make up for lower than anticipated investment returns.
   CON: There have been significant changes in expected investment returns for policies that were written in the 1990s compared to now. If premiums were with the assumptions that carriers would be able to achieve investment returns that are not currently possible, it means that premiums are underpriced to pay for projected costs.

6. Require that the rates of "closed block" policies are never higher than the rates for similar coverage being offered to new enrolless.
   PRO: This would restrict carriers from closing blocks of business just to offer lower premiums to those who buy new busines.
   CON: This may discourage new enrollees from buying new LTCI if the rates charged are required to be on par with those of closed block plans.

7. Require that individuals be made aware at least annually – including when they may be receiving an annual bill - of the right to reduce the level of benefits

covered under a plan. This will be especially relevant for those persons with benefits for inflation adjustments that are beyond the current levels of inflation.

PRO: This would allow consumers to always be allowed to lower their level of benefits in order to reduce their premiums.

CON: Carriers may have set rates with the assumption that policyholders continued to hold all benefits throughout the life of a policy; giving this right may add to the cost of the premium changed.

8. Make changes to existing disclosures so that consumers are made aware of how much premiums could increase under different scenarios.

   PRO: Consumers will be made aware early of the potential cost of LTCI in future years when they are evaluating whether and how much coverage to buy.

   CON: Carriers believe that consumers will be unnecessarily presented with information about future rate increases that may never come about and this information may dissuade a consumer from buying the right level of coverage.

9. Require that carriers include disclosures in the event of a long-term care rate increase that makes policyholders fully aware of the basis for the increase, the potential for future rate increases, the average increase in dollars per month, all available options to reduce benefits in order to lower premiums, and the role of the Division of Insurance in reviewing LTCI rates.

   PRO: This presents more information to inform consumers about how rate increases may impact the LTCI product in the future.

   CON: Carriers are concerned that disclosures about future rate increases that may never come about may unnecessarily worry consumers.

10. Require the inclusion of an analysis of actual LTCI claims experience in the estimates of overall rate need.

    PRO: This would allow DOI actuaries to look at actual experience to understand how that compares to what was projected in earlier files.

    CON: Carriers claim that this information is not as relevant to the rate need as the projections of future claims based on the demographics of covered persons.

Other Ideas Considered by the Working Group

Ideas that would require statutory changes:

- Limit rate increases on existing LTCI products to no more than 20% above initially filed premiums
  - PRO: Consumers who have bought LTCI products have claimed that they should have been made aware of any future rate increases and this would limit the increases they should be required to pay.
  - CON: The premiums on existing products were not based on the 20% cap and carriers would likely challenge this in a court of law. If this same restriction were also applied to newly bought products, it is probable that many carriers would cease to write new coverage and this would restrict the availability of coverage in the market.

- Limit LTCI rate increases to no more than a 10% or other specified rate of increase no more frequently than once per year. According to a 2009 DOI report,[13] certain states have "formal" annual rate increase limits, either in regulation or in some other bulletin or policy.
  - PRO: Consumers would see increases in any one year that could not go up by more than the "formal" annual rate increase limit.
  - CON: Carriers may be forced to implement rate increases over many years, requiring a greater overall rate increase than would have been implemented if the rates had been fully adjusted when first needed.

- Require that LTCI rate increases over 10% or other specified rate of increase be spread over a number of years.
  - PRO: Consumers would have a limit on the overall rate increase that wold apply in any one year. Carriers could receive approval for all of their rate need and not be required to refile annually.
  - CON: Carriers would require higher overall rates of increase since they would not be able to obtain the requested increase when first filed.

- Require annual LTCI rate filings.
  - PRO: Carriers would be required to annually justify the rates that are being charged in the market and may need to file for rate decreases below what is currently being charged in the market.
  - CON: Carriers would be required to make filings each year which could lead to more, if lower, rate increases, and carriers may need to increase rates to account for the higher administrative costs of making annual filings.

[13] http://www.mass.gov/ocabr/docs/doi/consumer/healthlists/ltcare-survey.pdf

- Require that LTCI carriers notify policyholders prior to submission of rate increase filings with the Division of Insurance, make all filings available to the public as soon as they are filed, and make all rate increases subject to a public rate hearing, including intervention by representatives of the Office of the Attorney General.
    - PRO: Consumers would be made aware of rate increase filings and be able to express their concerns as the filings were being reviewed at the Division of Insurance.
    - CON: Carriers, consumers and regulatory officials would be required to participate in proceedings that will add to the administrative costs underlying the rates under review.

- Require all writers of new LTCI policies to offer at least one policy with the premiums guaranteed throughout the policy's lifetime, and create a guaranty fund to support the development of such a product.
    - PRO: Consumers could buy a product where they would be guaranteed to have the same premium for the duration of coverage.
    - CON: Carriers have been permitted to offer noncancellable policies, yet have not offered them due to uncertainty in pricing future costs. If required, the premiums for these products would be substantially more expensive than products currently being offered in the market.

- Require that LTCI rate filings factor in the loss experience of all of the carrier's other business, including that of other LTCI products.
    - PRO: Carriers would be required to pool the experience from relatively more profitable product or lines of coverage to reduce the need to increase the premiums that would be charged to long-term care policyholders.
    - CON: Rates for each LTCI product are currently based on the projected experience of the policy's covered persons. Mixing in experience from other products would not be permitted under existing insurance law and would not be actuarially supported, and could lead to rate increases in other lines, or could destabilize the financial condition of an insurance company.

- Require that LTCI rate filings be made available on a public website and that all filings be subject to a mandatory and public rate hearing.
    - PRO: Impacted consumers would be aware of the reasons that carriers are filing for rate increases and have the ability to present testimony in public proceedings about any and all submitted rate increases.
    - CON: Rate filings include technical details of a carrier's actuarial basis for a rate change. Filings can be reviewed on an actuarial basis by DOI technical staff in the same manner as is done for all rate filings; hearings would add administrative steps that will not necessarily impact the ultimate decisions made by the insurance commissioner about the proposed rate change.

- Require that rate increases only apply to newly issued policies or persons below a certain age or to have higher loss ratio requirements for those who have held policies for a number of years.
  - PRO: Current policyholders who are most likely on fixed incomes would not be impacted by rate increases.
  - CON: If the premiums for new enrollees or those below a certain age are higher than others covered under a plan, it will likely discourages persons from buying new policies.

- Require that all future LTCI rates be gender-neutral.
  - PRO: Maintains the existing environments where there are not any carriers that offer products with sex-distinct rates.
  - CON: Carriers have argued that they have actuarial support for men being charged lower premiums than women. By requiring gender-neutral rates, women would not be charged more than men, but without a similar requirement in other jurisdictions, men may elect to buy their LTCI outside of Massachusetts.

- Prohibit carriers from filing for rate changes solely because original lapse, morbidity, mortality or other actuarial assumptions used in pricing a product proved to be incorrect.
  - PRO: Current policyholders who are most likely on fixed incomes would not be impacted by a rate increase just because the assumptions used in pricing premiums prove to be incorrect.
  - CON: This prohibition will effectively prevent any carriers from changing premiums. This policy may jeopardize carriers' ability to pay future claims; original prices were developed with the understanding that premiums could change if approved by the commissioner, in order to pay future claims due to significant changes in projected costs.

- Prohibit carriers from filing for rate changes unless they were on the verge of insolvency
  - PRO: Current policyholders would not see any increases unless the company financial situation was extreme.
  - CON: Any such rate increases would likely be too late to save a company. Companies would need rate approval well in advance of insolvency.

- Prohibit carriers from reducing the application of built-up inflation adjustments to long-term care daily benefits if a policyholder drops inflation benefits in order to lower policy premiums.
  - PRO: Current policyholders would be allowed to maintain levels of daily benefits that have built up with inflation adjustments purchased prior to dropping or lowering inflation adjustments in the policy.

    - CON: Such a prohibition may be contrary to the terms of the policy and the manner in which the policy was originally priced, and may be legally challenged by carriers impacted by the change.

- Require LTCI companies to offer policyholders the right to switch to another product offered by the same company in the event that the existing policy's premium rate increases by more than 100% or other specified level above the initial policy premium.
    - PRO: Current policyholders would be allowed to switch to another product rather than be stuck in one with very high rate increases.
    - CON: Carriers may need to seek rate increases on the new block of business to afford the potential cost of those switching from the original policies.

- Require a coordinated review across all Divisions of Insurance.
    - PRO: Could impose additional oversight over all long-term care increase nationally.
    - CON: Massachusetts rates may be impacted by consumers' loss experience in other states which would increase Massachusetts' overall level of increase.

Ideas that would require a regulatory change

- Require that carriers provide disclosures with every policy that clearly point out that premiums may increase substantially in future years and that consumers should not purchase the product if they cannot afford future rate increases.
    - PRO: Policyholders would receive information that will make them more aware about future premium increases when making buying decisions.
    - CON: Disclosures need to present balanced information that is useful in making purchase decisions. Disclosures that warn consumers about substantial rate increases on conservatively priced products will unnecessarily dissuade them from purchasing products that may be appropriate for their long-term care planning.

Next Steps

The Division is drafting changes to 211 CMR 65.00 in order to implement the provisions of M.G.L. c. 176U. The proposed changes to 211 CMR 65.00 will include amendments to address the recommendations identified in this report. All of the noted provisions will be subject to a public hearing according to the provisions of M.G.L. c. 30A before final promulgation.