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TO: Invited Stakeholders
CC: The Maryland Insurance Administration Long-Term Care Workgroup
FROM: Al Redmer, Insurance Commissioner
RE: Thank You and Progress Report
DATE: January 31, 2017

To our Invited Carrier Representatives, Consumer Advocates, Legislators, and Producers:

First and foremost, I want to thank each of you for taking the time to participate in the meetings of the Maryland Insurance Administration's ("MIA") Long-Term Care ("LTC") Workgroup (the "workgroup") this winter. Your insights have been critical to the MIA's ongoing consideration of the following issues:

- Ways to establish more transparency for LTC consumers during the Rate Review process
- Maryland's 15% Cap on Rate Increases
- Communications and Education
- LTC Legislation

Based on the workgroup sessions, the MIA has already implemented the following changes:

- 1) To address feedback regarding the lack of available consumer information on LTC insurance issues, the MIA revamped its website to provide a one-stop shop for all information regarding LTC, including a comprehensive "frequently asked questions" document: <http://insurance.maryland.gov/Consumer/pages/LongTermCare.aspx>
- 2) The MIA issued Bulletin 17-01 to alert carriers that going forward, the MIA will be holding public rate review hearings for all LTC rate increase requests received, and will be posting on its website all actuarial memoranda received (with the opportunity for redaction of proprietary information) pursuant to LTC rate increase requests in an effort to increase consumer transparency. See: <http://insurance.maryland.gov/Insurer/Documents/bulletins/17-01-Public-Rate-Hearings-and-Posting-of-Insurance-Actuarial-Memoranda.pdf>

The MIA is presently working on the following items:

- 1) The Commissioner and staff are looking closely at open rate filings (for which the MIA has already held public rate hearings), and the MIA is exploring phased in rate increases as well as rate increase mitigation options, such as inflation protection benefit reductions, with carriers, for application to policies subject to proposed rate increases.
- 2) The MIA is preparing Final Action paperwork to adopt proposed changes to its LTC Regulations consistent with the National Association of Insurance Commissioners' (NAIC) 2014 changes to the LTC Model Regulation. These changes ensure more conservative pricing going forward and enhance options for consumers facing rate increases.

- 3) The MIA is working closely with stakeholders to review potential legislation impacting LTC this legislative session.
- 4) The MIA is exploring the following potential policy changes to assist consumers in the face of LTC rate increases:
 - a. A requirement that written notice be sent by a carrier to impacted consumers each time the carrier files a LTC rate increase. The notice would direct consumers to the MIA's website for information on the corresponding public hearing. This would ensure that all consumer stakeholders impacted by a potential rate increase have the opportunity to engage in the public hearing process established by the Commissioner—what one legislator called, ensuring “meaningful” public hearings.
 - b. A provision to require that notice be sent by a carrier to impacted consumers each time a rate increase request has been approved, outlining the cost of the rate increase compared to all available rate mitigation options such as a reduction in benefits, reduction in inflation protection benefits, or nonforfeiture options (i.e., conversion to “paid up” status). This will ensure that impacted consumers are aware of every option at their disposal in the face of a substantial rate increase so that the consumer can make the best choice possible.
 - c. Formal outreach to encourage consumers to consult a LTC insurance producer to discuss all options available in the face of a rate increase.
- 5) In 2017, the MIA will be reviewing the NAIC's recent 2016 amendments to the LTC Model Regulation, which enhance LTC Consumer Disclosures.

As outlined above, the MIA has begun to take critical steps to improve transparency and provide consumer options in the event of a LTC rate increase, and the MIA is committed to ensuring that the impact of the LTC rating crisis on Marylanders is mitigated to the extent possible.

I will be hosting another public forum on Monday, March 6 in Annapolis to vet the workgroup's recommendations with consumers and stakeholders. Please save the date, and look for updates on the event on the MIA's LTC website.

I appreciate your engagement with us on these important issues, and look forward to a continued dialogue on these matters in 2017.

Sincerely,



Al Redmer, Jr.