



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB303

Long-Term Stability for Seniors Act

Testimony by Delegate Vaughn Stewart

February 3, 2021 • Health and Government Operations Committee

The state of long-term care insurance in Maryland

Long-term care insurance policies can be a great tool for older Marylanders to help pay for services that Medicare can't cover--help with housekeeping, in-home care, transportation, etc. Many of Maryland's oldest and wisest residents purchased their policies decades ago.

Unfortunately, insurance companies' faulty actuarial math in the 1970s has led to never-ending premium hikes for long-term care insurance. When these policies were initially introduced in the 1970s, the assumptions they made about policyholder behavior were inaccurate. Principally, the companies misjudged how long seniors would hold onto their policies. As a result, long-term care insurers must raise premiums nearly every year, often up to the 15% cap imposed by regulation. Many seniors have exhausted their life savings to afford these rate hikes; they often total several hundreds of additional dollars per year.

To illustrate, one policy holder with Genworth life insurance had his premium increase from \$3,156 in 2014 to \$4,900 in 2020. Another had his premium increase from \$2,238 to \$4,345 between 2002 and 2015-- close to doubling the rate he initially bargained for. A third will have her and her partner's total annual premium increase from \$7,450 to nearly \$10,000.

While seniors tell us that they've skipped meals, sold their homes, and rationed prescriptions to afford these ever-increasing rate hikes, the insurance companies have increased their profits, issued dividends to their shareholders, and lavished raises upon their executives. Indeed, industry executives earn millions per year. And since these companies operate nationally, Maryland's seniors subsidize seniors who live in states more resistant to premium hikes.

What the bill does

HB303 (the Long-Term Stability for Seniors Act) would prohibit long-term care insurance premium increases for Marylanders ages 85 and older if they have held their policies for ten years or longer. This is a modest change that would benefit thousands of Maryland seniors. I've introduced a technical sponsor amendment to clarify that the bill would apply only retrospectively.

Why the committee should vote favorably

Constituents have begged us, their elected officials, to take action. For years, they've requested halting premium increases for those over a certain age or for those who've had their policies in place for a certain amount of time. Some members of the committee might remember now-Senator Kramer and then-Delegate Manno introducing similar legislation in previous sessions. In 2017, Senator Manno attempted to halt premium increases on long-term care insurance altogether, and in 2018 he attempted to limit premium increases for those over the age of 80.

Now more than ever, our seniors need every ounce of financial relief. This bill is a small step toward providing more stability and more dignity for our state's oldest (and wisest) residents. I urge a favorable report.