

January 26, 2021

Senate Industry, Business and Labor <u>SB 2253</u>

CHAIRMAN KLEIN AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing on behalf of America's Health Insurance Plans or, as it is commonly known, AHIP. AHIP opposes this bill and asks for a no vote.

The benefits of private long-term care (LTC) insurance are significant for both individuals and states. LTC insurance provides protection against the substantial risk from costly LTC services that may quickly deplete an individual's retirement savings, and it affords independence and greater consumer choice in making quality of life decisions for individuals requiring LTC services.

In the absence of private LTC insurance, many individuals are left with spending down their assets and relying on state Medicaid programs as their only viable option. A robust private LTC insurance market is critical in North Dakota and across the states where LTC can consume one-third or more of a state's Medicaid budget.

LTC insurance provides important protections to North Dakota residents. In North Dakota, the 2020 median hourly cost for the services of a home health aide of \$28 easily adds up to over \$62,000 a year. The median cost for a year's stay in an assisted living facility and in a private room in a nursing home in North Dakota is \$55,470 and \$133,316 respectively.¹ At the end of 2019, LTC insurers paid over \$92.4 million in benefits in North Dakota and covered over 32,000 North Dakota residents.²

¹ Genworth, *2020 Cost of Care Study*, December 2020.

² National Association of Insurance Commissioners, *Long-Term Care Insurance Experience Reports for 2019, 2020*.

The private LTC insurance market has been working to serve North Dakota residents since the 1970s.

SB 2253 would prohibit the sale of private LTC insurance to North Dakotans starting August 1, 2021 until July 31, 2024. Placing a moratorium on the sale of LTC insurance would disadvantage North Dakota residents wanting to plan for their LTC financial future in a time of economic uncertainty and a national health crisis. The bill would not allow consumers the choice or option to purchase coverage for LTC services (which are generally not covered by any other insurance).

The bill would force residents to wait three years to purchase LTC insurance which would have many negative consequences to consumers including the following: consumers may not pass underwriting three years later and may be denied coverage; consumers will be older so the cost for LTC insurance will likely be more due to a higher issue age; and the consumer may have reached an age where insurers no longer issue coverage.

Finally, the bill would create an increased burden on the state's Medicaid program as individuals are unable to fund their LTC costs by purchasing private LTC insurance.

Thank you for your time and consideration. I'd be happy to answer any questions.