

NTEU

The National Treasury Employees Union

September 14, 2009

The Honorable Herb Kohl
Chairman
Senate Special Committee on Aging
SD-G31 Dirksen Senate Office Building
Washington, D.C. 20501-4403

The Honorable Ron Wyden
United States Senate
Washington, D.C. 20510

Dear Chairman Kohl and Senator Wyden:

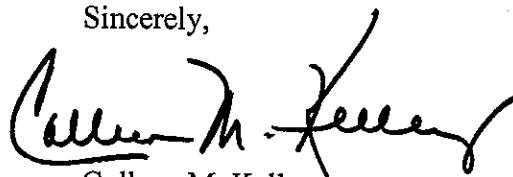
On behalf of the National Treasury Employees Union (NTEU) and our more than 150,000 federal workers in 31 government agencies, I am writing to support your efforts to further the goals of consumer protection and transparency for those who purchase long-term care insurance policies. We understand your legislation, S. 1177, the Confidence in Long-term Care Insurance Act of 2009, would ensure that tax qualified plans such as those sold under the Federal Long-Term Care Insurance Program (FLTCIP) would provide consumers with a better understanding of the coverage and cost of their plans in the future.

As you know, thousands of federal employees and retirees have bought long-term care insurance policies since the federal government began offering them in 2002. By 2006, 214,034 federal employees and retirees participated in FLTCP, according to the Government Accountability Office (GAO-07-202.) Many of those who chose to participate purchased policies with an Automatic Compound Inflation (ACI) feature, a choice that was intended to protect them against inflation when they filed claims down the road. This appeared to be a forward looking and sensible choice on their part. Unfortunately, the materials provided from the Office of Personnel Management (OPM) and the Long Term Care Partners LLC, (John Hancock Life Insurance Company and Metropolitan Life Insurance Company), led enrollees to believe premiums under ACI would not increase. While there was a disclaimer about premium increases in a brochure, consumers had to hunt to find it.

Enrollees in the ACI option are now facing premium increases, some as high as 25 percent. Consumers should not have to hunt for information. While OPM, to its credit, is seeking ways to make the premium increases less onerous by working with enrollees to redesign their policies this fall, we must prevent these kinds of surprise hikes in the future. Federal employees and retirees should be able to examine plans and their costs in a transparent way.

It is my understanding that S. 1177 seeks to strengthen rate standards in the future so when consumers purchase plans they have a better sense of their costs and the protections they offer. This, combined with greater overall transparency and improved marketing, is necessary. Thank you for addressing this important issue, and I look forward to working with you on this.

Sincerely,



Colleen M. Kelley
National President