



February 23, 2015

Chairman Senator Ed Buttrey  
Senate Business, Labor and Economic Affairs  
Montana Legislature

Re: Senate Bill 358, Amending Section 33-22-1114, MCA (Long-Term Care Insurance)

Dear Representative Buttrey and Members of the Committee:

On behalf of the American Council of Life Insurers (ACLI)<sup>1</sup> and America's Health Insurance Plans (AHIP)<sup>2</sup>, we appreciate the opportunity to provide comments to Senate Bill 358 amending Section 33-22-1114, MCA. The legislation would prohibit a long-term care insurance carrier from increasing policy rates for insured 65 years of age or older by more than 50% of the most recent annual consumer price index, U.S. city average, all urban consumer, for all items, as published by the Bureau of Labor Statistics of the United State Department of Labor.

We strongly oppose the amendments as these would detrimentally affect a carrier's ability to be able to get actuarially justified rate increases approved and implemented to ensure that blocks of business remain stable. Capping rate increases for certain policyholders is inappropriate and potentially discriminatory as rates are based on age at issue not attained age. Long-term care insurance policies are priced with an expectation that rates will remain level (if actual experience does vary from expected by more than moderate amounts). When experience does vary

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<sup>1</sup> ACLI is a Washington, D.C.-based trade association with approximately 284 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums.

<sup>2</sup> AHIP is the national trade association representing the health insurance industry. AHIP's members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid.

adversely, the companies do not adjust rates each year, like many comprehensive medical policies. Therefore, a limit tied to annual CPI changes is incompatible with this product.

We are severely concerned with any new restrictions on rate increases as they could result in a lack of availability of this important insurance product. We urge the Committee to reject this proposal.

Sincerely,

Amanda Matthiesen  
AHIP  
(202) 378-4248

A handwritten signature in cursive script that reads "Miriam Krol".

Miriam Krol  
ACLI  
(202) 624-2019