

The Three R's of LTC Insurance and Wellness: Regulation, Rebates, and RBOs

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Studying whether to include offering a wellness program as part of a long-term care insurance policy? Your homework should include reviewing what is happening at the legislative and regulatory levels and the NAIC.

LTCI and RBO – Background

As state insurance regulators continue to analyze the health of the long-term care insurance (LTCI) market, recent discussions have focused on the inclusion of wellness programs in LTCI policies. Facing solvency concerns due to claims costs, inaccurate product pricing, low interest rates, and longer life expectancies, LTCI insurers have introduced reduced benefit options (RBOs) to prevent significant premium increases.

Long-term care insurers are also analyzing possible ways to use technology to lower the frequency and severity of LTCI claims and generally improve outcomes. Examples could include programs that aim to prevent falls; prevention and earlier diagnosis of cognitive impairment; and modifying homes to encourage aging in place.

What Happened at the NAIC?

During the NAIC Summer National Meeting, the Long-Term Care Insurance Reduced Benefit Options Subgroup discussed its LTCI wellness benefits initiative, which seeks to identify and address barriers to the increased adoption of wellness programs. As part of this effort, the subgroup released its LTCI Wellness Programs Issues paper, with comments due September 5.

The subgroup has identified barriers to increased adoption of new technology, including data privacy, such as marketing and HIPAA concerns, supplying policyholder data to wellness companies,

and the purchase of policyholder-specific information. It also noted barriers that could prevent insurers from complying with the most recent version of the NAIC Model Unfair Trade Practices Act (#880). Further, the subgroup addressed ways to prevent bias-related legal issues and unfair discrimination within the life cycle of a wellness program product.

Things to Consider:

- Stakeholders should study comments on the RBO Working Group white paper that are due September 5 and the subgroup's next steps.
- State regulators will determine whether they must directly approve LTCI wellness programs or evaluate the wellness programs once they are implemented by insurers.
- Insurers with an interest in launching a wellness program should consider pre-filing meetings with regulators. As homework, insurers should be prepared to answer how innovation and technology factor into reducing future rate increases.
- Insurers should monitor the implementation of amended anti-rebating laws and consider advocacy efforts in target states/jurisdictions to encourage legislatures to adopt recent rebate exemptions to allow for LTCI wellness programs.
- Insurers should consider a full evaluation of all states' and jurisdictions' rebating laws before launching a wellness program.

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