

Presentation to the Pennsylvania Long-Term Care Council

The Role of the Pennsylvania Insurance Department

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Core Mission of the PID

- The PID regulates most commercial insurance products sold in Pennsylvania, including long term care insurance products.
- **Consumer protection** is the core mission of the PID. This takes many forms:
 - Monitoring the **financial solvency** of insurance companies to ensure they can pay claims for their enrollees
 - **Regulating insurance products** to ensure they comply with all rules and regulations, and that rates are not excessive, inadequate, or unfairly discriminatory
 - **Regulating the insurance markets** to ensure laws and regulations are being followed and consumers are being treated fairly

Financial Solvency

- The PID closely monitors the financial solvency of all insurance companies based in Pennsylvania (domesticated companies)
- The PID also works closely with the other insurance departments as they monitor the financial solvency of insurance companies based in their state, who may sell policies in Pennsylvania
- The focus is to ensure that insurance companies are able to pay claims over time
 - This is especially important with products like LTC, where consumers pay premiums over time with the expectation of a significant benefit if and when they need it

Product Regulation

- Rate review
 - The PID approves any rate changes
 - Rates cannot be excessive, inadequate or unfairly discriminatory
 - Rate review and financial solvency must be balanced
- Form review
 - The PID reviews the benefits LTC plans offer to ensure they comply with all laws and regulations
- The PID also approves LTC Partnership policies

Market Regulation

- In 2015, PID handled over 12,000 consumer complaints and almost 50,000 consumer inquiries related to insurance
- Our Bureau of Consumer Services investigates complaints and will contact insurance companies on behalf of a consumer to try and resolve issues
- Complaints are tracked and analyzed by our Market Analysis Division, which uses this and other data reported by insurance companies to identify areas for further investigation
- If compliance issues are identified, the PID may begin a market conduct examination to confirm compliance with laws and regulations
- The PID can take action and penalize insurers who are found to have violated our laws

Challenges of the Private LTC Insurance Market

- As a relatively new market, LTC insurance became very popular in the 1980s – for today's aging population
- Many of the assumptions that the pricing was based on have proven to be incorrect
 - Number and severity of claims
 - Lapse rates
 - Life expectancy
 - Interest rates
- Over time, fewer companies are selling these products and fewer people are buying them

Moving Forward

- Commissioner Miller is chairing a group focused on Long-Term Care Innovation at the National Association of Insurance Commissioners
- The questions this group is trying to answer:
 - What should the role of the private sector be in financing for the long-term care needs of our society, and how do we get there?
 - Are the products we have today the products we should have?
 - What changes need to be made and who needs to make them?
 - What can PA do?
- We believe there is a role the private sector can and should play; maybe just not the one they are playing today

Other Groups Think The Same

- Recommendations by the experts:
 - [Commission on Long-Term Care](#)
 - [Bipartisan Policy Center](#)
 - [Long-Term Care Financing Collaborative](#)
- Other Resources:
 - [NAIC Long-Term Care Innovation Subgroup](#)
 - [NAIC/CIPR Report on LTCL](#)

Questions?

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