

## Subcommittee on Oversight and Investigations hearing entitled, "Long-Term Care Insurance: Are Consumers Protected for the Long Term?"

Mr. Chairman, thank you for holding today's hearing on this critically important topic. The need for long-term care may be one of the most terrifying events confronting many older Americans and their families today.

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July 24, 2008

Mr.  
Chairman, thank you for holding today's hearing on this critically important topic. The need for long-term care may be one of the most terrifying events confronting many older Americans and their families today. Nearly 10 million Americans will need long-term care services this year. By 2020, that number is expected to increase to 12 million, and it will only continue to grow. According to some estimates, more than two-thirds of individuals age 65 and older will require long-term care services at some point in their lives.

The  
cost of long-term care can be catastrophic for Americans and their families. Care in a nursing home for a year can cost tens of thousands of dollars a year, and in some cases, even more than that. Even care provided in one's home can amount to hundreds of dollars per day and thousands per year. Because of these crushing costs, few Americans have sufficient resources to pay for long-term care for an extended period.

Unfortunately,  
many middle-class Americans find themselves forced to become nearly destitute in order to qualify for Medicaid payments. As a result, our seriously strained Medicaid programs have become a safety net not only for the poor, but also for the middle class.

Private  
long-term care insurance can play a critical role in relieving the financial burden on the Government as well as the individual. Long-term care insurance pays for individuals to receive care in nursing homes, assisted living facilities, and their own homes. Policyholders generally pay for such insurance over a relatively long period, starting when they are younger and healthier, and collecting benefits later when they are less healthy and more financially vulnerable.

This hearing will demonstrate that more Americans should consider such protection if they can afford to do so and qualify for coverage. However, we must ensure that they are protected from unscrupulous and unethical conduct by some insurance companies and their salesmen.

Last year, the New York Times published the troubling results of an investigation into the practices of some long-term care insurance companies. The conclusion drawn from their research, as well as other stories of insurance companies repeatedly raising their rates and unfairly denying claims, is troubling. Equally disturbing are allegations of callous treatment by insurance companies of their policyholders, who by definition are seriously disabled or cognitively impaired. Such behavior must stop, and I will see to it that it does stop, even if we have to regulate this industry on the Federal level to ensure it.

Clearly, we do not wish to tarnish the entire industry because of the bad acts of a few. I am certain that the majority of companies providing long-term care insurance are doing so fairly and honorably. Likewise, I am certain that the State regulators who are chiefly empowered with policing this industry are doing an excellent job in protecting their constituents.

That said, the industry and the regulators must be held to the highest standard for this type of insurance product because its entire purpose is to serve the most vulnerable among us at the most vulnerable time in their lives.

I want to thank all of our witnesses for being here, and especially the Government Accountability Office and the four insurance commissioners who will be testifying about their excellent investigations of the issues before us today. I look forward to their testimony, and to hearing from all of our other witnesses.

Prepared by the Committee on Energy and Commerce

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