

The report by the Superintendent of Financial Services, Adrienne A. Harris, provides a comprehensive overview of the long-term care (LTC) insurance landscape in New York State for the two-year period ending December 31, 2022, as mandated by Chapter 245 of the Laws of 1986. The LTC insurance market is currently in crisis due to historical mispricing, resulting in rising premium rates and a significant number of insurers exiting the market. The report indicates that the lack of historical claims data and the delayed nature of claims have impeded accurate pricing. In response, the Department of Financial Services (DFS) plans to reform premium rate approval processes and implement measures to assist consumers in managing rate increases. The 2023 state budget has established a Health Guaranty Fund to protect consumers in the event of insurer insolvency, and new legislation aims to enhance transparency regarding premium rate adjustments, allowing for consumer feedback on proposed changes.

As of December 31, 2022, five insurers were offering individual LTC policies, with a total of 386,686 insured individuals, including 58,682 in Partnership policies and 328,004 in non-Partnership policies. The report discusses legislative efforts to promote LTC insurance purchases, such as tax incentives and the establishment of the New York State Partnership for LTC Insurance, which allows policyholders to protect their assets when qualifying for Medicaid after exhausting their policy benefits. The policies provide comprehensive coverage for nursing home and home care services, with specific daily benefit requirements. Insurers are required to offer an inflation protection benefit and a nonforfeiture benefit, allowing policyholders to maintain some coverage upon policy lapse.

The document also highlights the financial implications of long-term care, with nursing home care averaging around \$159,000 per year in New York and home care costing approximately \$66,000 annually. The demand for LTC insurance has increased as individuals seek to protect their assets, yet the market has seen a decline in policyholders from about 754,000 in 2002 to 394,000 in 2020. This decline is attributed to high policy costs, public misconceptions about coverage options, and the increasing reliance on Medicaid, which is under financial strain. The report emphasizes the need

for improved consumer awareness, affordability, and product innovation to enhance enrollment in LTC insurance policies.

The NYPERL (New York Public Employee and Retiree Long Term Care Insurance Plan), established in 1998, offers two tax-qualified benefit designs but is currently not accepting new applicants due to the non-renewal of its contract with the insurer. The document identifies key factors affecting the LTC insurance market, including consumer awareness and the need for innovative products. It discusses the introduction of combination products that integrate life insurance with LTC benefits and recommends enhancing tax incentives for LTC insurance to promote consumer adoption.

The DFS has been cautious in approving premium rate increases, often denying requests or approving them at lower levels than needed, which has led to financial difficulties for insurers. The report outlines the methodology for evaluating premium rate increase requests, emphasizing the need for sustainability in the LTC insurance market while balancing consumer protection. The introduction of the New York Health Insurer Guaranty Fund aims to provide additional security for consumers against insurer insolvency.

Overall, the document advocates for a collaborative approach among insurers, state agencies, and consumers to improve the accessibility and affordability of LTC insurance, ensuring that more New Yorkers can secure necessary coverage for future long-term care needs. The New York State Master Plan for Aging has been initiated to address the needs of aging residents, and the DFS remains committed to working with stakeholders to enhance consumer protection and stabilize the LTC insurance market.