



State Senator Scott T. Rupp ~ District 2

The Rupp Report

Serving Lincoln County & St. Charles County

Column For Week of: March 1, 2010

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Listening to You and Addressing Long-Term Care Insurance

The most important aspect of my job is listening to you. This month, I'll be out in the district to give you an opportunity to tell me what's on your mind in person. Two listening posts are scheduled below. I have also added a new feature on my Senate website called, "Constituent Question of the Week," to give you an additional opportunity to voice your opinion on various issues before the Legislature this year.

One of the important things I've learned in my time as an elected official is that it's not just about the speed of the response – representing you is about the thoroughness of that response, too. I've heard from many people about their difficulties with long-term care insurance they have purchased for themselves or a loved one. After purchasing the insurance so they can afford the massively expensive nursing home or assisted living expenses in their later years, they are being hit with 30-40 percent premium increases that they must pay or lose the coverage that they have owned for a long time. I contacted the Department of Insurance and they informed me this was their number one complaint issue from consumers. I believe I've drafted a bill that is fair to both the purchasers and the companies that choose to do business in our state that will directly protect consumers while dealing with the underlying reason for these complaints.

[Senate Bill 979](#), if enacted, would not allow any insurance company to issue long-term care insurance without filing the classification of risks and the premium rates with the director of the Missouri Department of Insurance. What happened several years ago is that insurance companies came into Missouri and sold rock bottom premium, long-term care policies in which the premium charged would not cover the life of the policy. This gained insurance companies market share and new policy holders by undercutting the competition.

After having the contract for a few years, consumers started to see drastic rate increases to cover the artificially low premiums that the company didn't collect when they issued the policies. Consumers were faced with a choice: cancel the policy and lose all the credit they had paid over those years or pay a 30 to 40 percent increase with no guarantee it would not increase again the next year. By having the Department of Insurance approve the rates when issuing a policy, they can mathematically determine if the policy premiums are sufficient to cover the risk and be a viable policy for consumers.

For the policies sold before this law, we would be capping a maximum increase of 15 percent in one calendar year on premiums. What we have found is states that have these provisions have protected consumers, where states like Missouri that do not have these protections have paid part of the cost of the undercharged policies in other states. Long-term care insurance companies could charge Missourians higher premium increases for coverage to offset costs in another state, thereby making Missouri consumers pay for their policy costs and the costs of those in other states.

Long term care insurance is a great idea and a key part of many retirement and estate plans. Making sure that the consumer is protected when purchasing a contract is the job of the state who approves these policies to be sold in Missouri. It would also allow our most frail citizens to know they have protection when it comes to buying important coverage that could keep them well taken care of, without depleting their entire savings if they need nursing home care in their golden years — an average of \$40,000 per year in costs.

I hope to see you at my town hall meetings. To discuss these and other matters important to you, please contact my office.

Lincoln County Town Hall

Date/Time: Monday, March 8, 7 p.m.

Location: Lincoln Co. Health Dept. Community Room
#5 Health Department Drive, Highway Troy, MO 63379

St. Charles County Town Hall

Date/Time: Saturday, March 20, 1 p.m.

Location: O'Fallon City Hall, Multi-Purpose Room
100 North Main Street O'Fallon, MO 63366

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