

MINUTES OF THE HOUSE KANSAS FUTURES COMMITTEE

The meeting was called to order by Chairman Carlos Mayans at 1:30 p.m. on March 20, 2001 in Room 526-S of the State Capitol.

All members were present except: Representative David Huff - excused
Representative Mike O'Neal - excused

Committee staff present: April Holman, Legislative Research Department
Lynne Holt, Legislative Research Department
Amy Kramer, Legislative Research Department
Lois Hedrick, Committee Secretary

Conferees appearing before the committee:
David Landwehr, Senior Long Term Care Specialist, ACSIA Insurance
Services, Wichita

Others attending: See attached list

The minutes of March 15, 2001 were distributed and approved.

"Benefits and Options of Long Term Care Insurance"

Mr. Landwehr indicated he is a graduate of the Institute for Estate Planning and for the past eight years has focused on long term care insurance to assist clients in preserving financial independence when long term health care becomes a requisite.

In his testimony, Mr. Landwehr answered questions he has received about the insurance (see *Long Term Care FAQ, Attachment 1*). Funding and quality of life issues, decided by the client, are the major choices in addressing the issue. Currently, nursing home care costs average between \$32,000 and \$85,000 a year, depending on location in our country. Many clients purchase long term care insurance; but there are others (who because of the desire for access, choice, control and independence) remain in their homes where family members or friends provide needed care. An example of costs is when home health aides are needed it is \$50 to \$60 a day for services given. He stated, "With the growing numbers of the aged in the next 10-20-30 years, long term care coverage must be considered by middle income Americans and, if possible, purchased at an early age to provide the benefits when they are needed."

He stated each long term care policy is designed to the client's decisions as to the:

- Amount of daily benefit
- Amount of coverage dedicated to nursing facility care, or an alternate care daily benefit, or for home and community care
- Minimum length of time benefits are to be available.

Other options are offered, such as survivorship benefits, waiver of premium in certain situations, long term benefits for Alzheimer's, senility, Parkinson's and dementia, and other conditions. Eligibility to receive benefits means that the insured must require substantial assistance in performing two or more of six everyday activities, known as "activities of daily living (validated by an assessment required by federal regulations), or if substantial supervisory assistance is required due to a cognitive loss.

Mr. Landwehr indicated that several companies offer long term care insurance policies to those age 18 through 84. Premium costs depend upon the health, age, and benefits chosen. (Page 2 of Attachment 1 charts a cost comparison for coverage offered to a healthy client at various ages.) He noted it is important to research the companies offering such insurance and to compare costs and benefits. When asked if these kinds of companies may go bankrupt, he indicated they may, but the state of Kansas requires the Kansas Guaranty Association to indemnify those companies so policyholders do not lose coverage. Chairman

CONTINUATION SHEET

MINUTES OF THE HOUSE KANSAS FUTURES COMMITTEE at 1:30 p.m. on March 20, 2001 in Room 526-S of the State Capitol.

Mayans indicated one source to research the stability of companies is Best's *Guidance for Insurance* that may be found in public libraries.

The next meeting is scheduled for March 26, 2001.