

STATEMENT OF SENATOR PAUL G. KIRK, JR.
Joint Hearing of the Special Committee on Aging and the Committee on Homeland
Security and Government Affairs, Subcommittee on Oversight of Government
Management, the Federal Workforce, and the District of Columbia
Sticker Shock: What's the True Cost of Federal Long-Term Care Insurance?
Wednesday, October 14, 2009

Chairman Kohl and Chairman Akaka, I commend you both for holding today's hearing. It is extraordinarily important to the tens of thousands of federal employees enrolled in the Long Term Care Insurance program who face a sharp hike in their premiums next year. We need to get to the bottom of this issue.

In coming days, nearly 2,000 federal employees and retirees in Massachusetts will learn that the choice they made to enroll in this program- and join the group that pays higher premiums *today* to protect against inflation *tomorrow*- will cost them even more, despite assurances by OPM and the insurer that enrollees wouldn't face premium increases.

For persons on fixed incomes, this increase will mean an especially difficult decision- either accept the rate increase by cutting elsewhere in their family budget, or abandon the investment they've made in this program over the years. The news is certainly not a good advertisement for their Long Term Care Insurance, which was supposed to make such care affordable if they have severe health needs in retirement.

I commend Chairman Kohl for sponsorship of the "Confidence in Long-Term Care Insurance Act," which will give consumers the support they need to navigate the jungle of different plans with varying benefit levels and conditions. It will also give greater oversight to the states of insurers' marketing materials.

Long Term Care Insurance is obviously an essential part of bringing health costs under control. As many as two-thirds of Americans who are 65 today will spend some time at home in need of long-term care services in the years ahead. These expenses can quickly exhaust a family's savings, and drive them into poverty and onto Medicaid.

Senator Kennedy was the chief sponsor of pending legislation, the CLASS Act, which will establish an alternative to Medicaid and make Long Term Care more affordable. It would be a voluntary program paid for by payroll withholding, and I'm optimistic that it will be enacted this year.

In the meantime, for federal employees and retirees facing this surprise rate increase, it is clear that reform cannot wait. Again, I commend our colleagues for holding this hearing, and I look forward to the testimony of our witnesses.