Opening Statement of Senator George V. Voinovich, Ranking Member
Joint Hearing
Special Committee on Aging &
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?"
October 14, 2009

Chairmen Kohl and Akaka, thank you for calling today's hearing to discuss the future of the Federal Employees Long-Term Insurance Program.

More than a decade ago, Congress began exploring solutions to the growing problem of financing the cost of long-term care. With the support of the Administration, we enacted bipartisan legislation to give federal employees, including our men and women in uniform, a tool to finance their anticipated long-term care needs.

Following a competitive bidding process, the Office of Personnel Management began marketing the long-term care insurance product to federal employees, retirees, and their families. OPM's materials encouraged the purchase of long-term care insurance by federal employees at younger ages when premiums were lower and more affordable.

Although federal employees were offered a number of options, the materials emphasized the purchase of the automatic compound inflation option as a way to increase the daily benefit amount with no corresponding increase in premium. Employees were told "your benefits increase year after year, while your premium remains level."

Seven years after the initial enrollment period, OPM recently announced up to a twenty-five percent premium increase for a majority of enrollees, including those who selected automatic compound inflation protection. OPM subsequently modified its brochure by adding the phrase "However, premiums are not guaranteed.*"

The federal government set an example in 2002 by offering our nation's civil servants an important benefit to safeguard their hard-earned savings and assets. Many federal employees were led to believe they were locking in affordable premiums for life. Others viewed the availability of the plan as the government's Good Housekeeping Seal of Approval for this type of insurance product.

While OPM exceeded enrollment projections in 2002, it underestimated the number of employees who would let their coverage lapse and failed to act on the information provided during the life of the initial contract of the need for possible adjustments to the product.

Now, we have the potential for buyer's remorse and confusion, leading to lapses in coverage or a significant reduction in allowable benefits at a time when enrollees are closer to needing long-term care.

I'm anxious to hear and from OPM about the mistakes that have been made and so are the employees who believe they were misled. I also hope today's hearing will help educate current and future enrollees on the options available to them so they can make informed decisions. We owe it to the roughly quarter of a million civil servants who have enrolled and the millions of eligible enrollees to ensure the product provides affordable, comprehensive coverage that meets the insurance needs of employees beyond the next seven years.

Thank you.