



August 11, 2016

The Honorable Ron Johnson  
Chairman  
The Committee on Homeland Security  
and Governmental Affairs

The Honorable Tom Carper  
Ranking Member  
The Committee on Homeland Security  
and Governmental Affairs

The Honorable Jason Chaffetz  
Chairman  
The Committee on Oversight and  
Government Reform

The Honorable Elijah Cummings  
Ranking Member  
The Committee on Oversight and  
Government Reform

Dear Chairman Johnson, Senator Carper, Chairman Chaffetz, and Congressman Cummings:

On behalf of the National Treasury Employees Union (NTEU) and our more than 150,000 federal workers at over 30 government agencies, I am writing to ask that in your roles as overseers of federal employee benefit programs that you hold hearings to review the recently-announced staggering premium increases in the Federal Long Term Care Insurance Program (FLTCIP).

As you know, since its establishment in 2000, FLTCIP has been the largest employer-sponsored long-term care insurance program in the nation, with approximately 274,000 enrollees as of the end of Fiscal Year 2015. NTEU worked actively with your Committees on the authorizing legislation to create the program, and throughout the last seven-year contract renewal period and associated premium rate increase, as well as on needed program transparency and consumer items.

Once again, FLTCIP enrollees are being notified that owing to poor actuarial assumptions in the areas of claims, morbidity, mortality, and investments, that they must bear the responsibility of absorbing massive premium increases. While enrollees face an average 83 percent rate increase, some individuals are experiencing increases as large as 126 percent. As an example, one NTEU member from Illinois who contacted me upon receiving his individual FLTCIP packet will see his monthly premium rise from \$325.84 to \$736.40. While the program must be able to support paying current and future claims, this type of premium increase is not viable, and frankly will not be doable on the part of the vast majority of enrollees. Individuals are being given personalized options for lowered premiums, however, these solutions require enrollees to immediately reduce coverage levels, particularly by trading away inflation protection, which is the chief reason policy-holders purchased this type of insurance and the key component needed for adequate long-term care in the view of financial planners.

NTEU was pleased to be invited to a briefing by the U.S. Office of Personnel Management (OPM) concerning the rate increases which included agency and Long Term Care Partners officials who

discussed the inadequate actuarial assumptions that miscalculated longevity, the length of claims, as well as the underperformance of investments, particularly low bond rates. However, what greatly troubles NTEU is what came from lessons learned following the need to increase premiums in 2009 at the time of the last contract renewal, when great emphasis was placed by OPM, Long Term Care Partners, and Congress on the 2.0 version of the program to utilize revised actuarial assumptions and to perform additional and ongoing oversight in this area, which includes the required status reports of actual claims experiences and investment strategy and performance.

I appreciate your attention in addressing needed oversight of FLTCIP on behalf of our federal employees, retirees, and their family members, and believe that in addition to hearings, Congress must consider program changes to provide relief to enrollees. I would also ask you to consider granting additional time to enrollees to review their individual packets and coverage options, as the current decision window of September 30<sup>th</sup> is very narrow, and may not afford ample time for individuals and their family members and financial counselors to make informed decisions.

Sincerely,

A handwritten signature in black ink, reading "Anthony M. Reardon". The signature is fluid and cursive, with the first name being the most prominent.

Anthony M. Reardon  
National President