

Senator Mel Martinez (R-FL)
Aging Committee Hearing on Long-Term Care Insurance
Washington, DC
Wednesday, June 3, 2009

Thank you, Mr. Chairman for calling today's hearing. Today, there are many factors Americans consider when planning their personal and financial future - their income, health, housing security, leisure time, and emergencies. One factor that is often overlooked is the need to plan for long-term care.

Currently, the number of seniors requiring long-term care is on the rise. The Department of Health and Human Services estimates that today, about nine million men and women over the age of 65 are in need of long-term care.

By 2020, that number will be close to 12 million, underscoring the need for more personal and public resources dedicated to providing seniors with long-term care options.

A common barrier is cost. In Florida for example, a private room in a nursing home costs more than 70,000 dollars per year and a home health aide costs more than 40,000 dollars per year. These expenses could cause a person to quickly deplete their finances and become dependent on Medicaid.

Many seniors rely on family for their care.

Oftentimes, these caregivers are baby boomers, including those with children, who have been hit hard by the recession. As a result, it has become increasingly difficult for them to afford the expenses associated with providing care.

Many are surprised to learn that Medicare only pays for very limited long-term care services. Medicaid is the largest source of public financing for long-term care. But with family and public funding sources stretched thin due to the economic downturn, Congress should look for other options.

Personal planning, like purchasing a long-term care insurance policy, offers a viable way to save seniors' assets and reduce the burden on states and the federal government.

Presently, only about 10 percent of seniors have chosen to purchase this kind of financial backstop.

To encourage more Americans to purchase long-term care insurance, the federal government in 1996 joined states in the Long-Term Care Partnership Program.

The program offers enhanced long-term care insurance products that use Medicaid as a form of re-insurance and asset protection for consumers, while also saving the state money.

This model is promising and may become an integral part of building our nation's long-term care system. But the Partnership program, and long-term care insurance in general, is a relatively recent innovation that is still virtually unknown to most Americans.

As this industry continues to evolve, states should determine whether private long-term care insurance is sufficient to help each individual afford long-term care.

State Insurance Commissioners are in an important position to protect policyholders and make sure premiums are fair and will translate into future benefits. In my view, this is an issue that should continue to be addressed at the state level.

Today, we'll be hearing from our panelists on the benefits and challenges facing long-term care insurance policyholders and providers.

I look forward to hearing your ideas and I thank you for joining us here today. Thank you, Mr. Chairman.