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Managing the Impact of Long-Term Care Needs and
Expense on Retirement Security Monograph

**An Overview of the U.S. LTC Insurance Market
(Past and Present):
The Economic Need for LTC Insurance, the History of
LTC Regulation & Taxation and the Development of
LTC Product Design Features**

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ABSTRACT

We provide reasons for why U.S. individuals should save for and buy private long-term care (LTC) insurance in the context of demographic trends and increasing cost and coverage constraints on Medicare, Medicaid and the federal budget. Then, we review the history of national regulation (including the recently repealed CLASS Act), especially with respect to pricing and rate review processes. We also examine the U.S. tax code, as it has affected LTC insurance, with specific focus on distinguishing between qualified and non-qualified LTC policies and the lack of a cash surrender value, non-forfeiture clauses, and marketability due to long waiting periods. Next, we examine the LTC insurance market from the early years (1980s and 1990s) through today, with emphasis on the inadequacy of the level-premium structure, dissatisfaction with core LTC products from both consumers and insurance companies, and which carriers have either left the market or persisted into 2014. Finally, we contrast the primary features of LTC product design (so far) to what is needed to make LTC insurance viable going forward, with specific discussion on benefit triggers, coverage portability, non-forfeiture provisions, initial price levels and contract language, all as they help better align the interests of policyholders, regulators and insurers.