U.S. Senate

Special Committee on Aging Hearing

June 3, 2009 at 2:00pm

216 Hart Senate Office Building

- Chairman Kohl and Committee members, thank you for the opportunity to speak with you today on behalf of Genworth Financial.

- My name is Buck Stinson. I am the President of Insurance Products for Genworth Financial, which includes the Long Term Care insurance business. Genworth Financial provides retirement income, life, long term care, and mortgage insurance coverage to more than 15 million customers in 25 countries.

- As one of the pioneers in long term care insurance, we have become a leader in the industry providing services to over 1.3 million policyholders nationwide.

- Today, I would like to speak to the following four topics of interest to the committee:

    - Our insurance offerings, including the State Long Term Care Partnership Program
    - Our framework for financial stability
    - Genworth's views on the intersection of healthcare reform and long term care financing
    - And, last, some brief comments on our support for the legislation proposed by Chairman Kohl

- Long term care insurance is important for several reasons: It generally provides peace of mind to policyholders and their families. For many Americans it also represents a critical part of a sound plan for retirement – providing quality care and care coordination services and preserving funding sources for future family needs.

- The public-private State Partnerships for Long Term Care are a joint solution positioning private insurance as the primary payer of long term care expenses. This program is helping consumers receive needed care and at the same time allowing states to achieve cost-savings to alleviate the already strained Medicaid system.

- And in fact the fundamental premise of the partnership program works. 2009 data indicate that only one in one-thousand Partnership qualified policyholders exhausted the full benefits of their insurance policy and accessed Medicaid. That means private insurance can be used to preserve and protect the viability of Medicaid.

- As these partnership programs have now expanded to 30 additional states, we have learned that most purchasers are from middle-income families. This portion of the population is unlikely to have the considerable assets necessary to self-finance their long term care needs, but wants to maintain a modest level of assets while receiving quality services.

- In addition to the State Partnership Programs, we are proud to participate in the “Own Your Future” public awareness campaign. The campaign helps to educate millions of Americans about the importance of advance planning for their own long term care needs in advance. We strongly encourage this committee to continue their support for this very important public education and awareness campaign.

- Next, I would like to discuss our risk management framework.

- As the largest and oldest long term care insurer in America, we take seriously our responsibility to remain strong financially and to fulfill our commitment to our policy holders.

- We do so by managing our company within a responsible risk management framework. In fact it has allowed us to pay over $6 1/2 billion in claims for care in nursing homes, assisted living facilities and in the home.

- Genworth pays over 95 percent of all long term care insurance claims submitted.

- Turning to the intersection of health care reform and long term care financing, we believe it’s essential that we differentiate acute care from long term care. Studies show that every American will need acute care during their lifetime, while only half of Americans will need some form of long term care. So, when exploring policy solutions a universal solution may be appropriate for acute care, while we believe a more targeted approach would be more prudent for long term care.

- For example wealthy and many middle-class Americans can either self-finance or purchase private long term care insurance. Meanwhile the most vulnerable will be protected by Medicaid.
- This leaves a fourth or “tip-over” portion of the population. They are the segment of the population that has limited income and thus generally can not include long term care planning in their overall retirement strategy. But they can be reached by a targeted program similar to the State Partnership Program, helping them avoid spending down their assets to Medicaid.
- Finally, Mr. Chairman we commend you on proposing the Confidence in Long Term Care Act of 2009. Legislation that supports consistency of oversight, transparency of information and ensures the protection of our senior population will provide greater confidence and encourage families to proactively plan for their long term care needs. We stand ready to work with you as it moves forward in the Committee.