

# The Council for Affordable Health Insurance



February 17, 2005

The Honorable Lee Terry  
U.S. House of Representative  
1524 Longworth House Office Building  
Washington, D.C. 20515

Dear Rep. Terry:

On behalf of the Council for Affordable Health Insurance (CAHI), we are writing to express our strong support for H.R. 976, the Long-Term Care Insurance Act of 2005. CAHI was organized in 1992 as a research and advocacy organization devoted to positive, market-based health care reforms that preserve freedom of choice for individuals and encourage a competitive health insurance market. CAHI companies are active in the individual, small group, Health Savings Account and senior markets.

The Long-Term Care Insurance Act would allow individuals to use their Individual Retirement Accounts (IRAs), 401(k) and 403(b) plans to purchase long-term care insurance (LTCI) with pretax dollars without penalty. Many people put off buying LTCI until it is too late or too expensive. The key is to buy coverage at younger ages when premiums are quite affordable. Many Americans are saving for their retirement through IRAs, 401(k) and 403(b) plans. Allowing taxpayers to use funds from these plans to buy LTCI provides an attractive motivation for consumers to take personal responsibility for their long term care needs and encourages its purchase at younger ages, when premiums are more affordable.

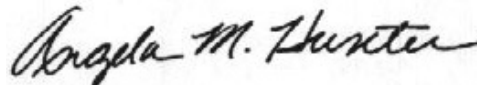
Our country is headed toward a demographic melt down on long term care costs. Life expectancy continues to increase, and baby boomers will soon begin turning 65 in 2010. As 77 million baby boomers retire, the 65+ population will double. It is estimated that at least 40 percent of Americans 65 and older will require long-term care services. Only six percent of Americans today own a long-term care policy. Almost seventy-five percent of nursing home care is publicly funded: Medicaid – 58.7%, Medicare – 14.7%. Private LTCI could significantly reduce Medicaid's future institutional care expenses while giving insured people many more alternatives to nursing homes, such as home care, adult day care, foster care and assisted living.

The Long-Term Care Insurance Act is a win-win solution. We need to encourage people to take responsibility today for the purchase of LTCI. Not to do so will result in increased and unsustainable financial burden on the federal government and taxpayers. By giving Americans the incentives to purchase LTCI, Congress can help millions of families protect their retirement and financial security. We commend the sponsors of this legislation and pledge our support in working for its enactment.

Sincerely,



Merrill Matthews  
Director



Angela M. Hunter  
Director of Federal Affairs