

April 1, 2008

Dear Member of Congress:

We are writing regarding the Long-Term Care Affordability and Security Act of 2007 (H.R. 3363, S. 2337), an important, bipartisan measure that encourages Americans to plan for their long-term care and retirement security needs. The bill has generated support from a broad cross-section of the long-term care community, because it makes long-term care insurance more accessible and affordable for working Americans and provides enhanced consumer protections. On behalf of our members, we urge you to cosponsor the legislation.

Long-term care costs can present a financial crisis for families. A one-year stay in a nursing home averages more than \$75,000 for a private room. By 2030, the same stay will likely exceed an estimated \$140,000. In 2007, the average cost of assisted living was almost \$36,000 annually -- and over \$51,000 for dementia care. Home care services are expensive as well, currently an average of over \$1,100 per month for two hours of home care per day. Most Americans cannot save enough to cover these high costs -- or costs for other long-term care services -- on their own. Long-term care can also present a future financial crisis for the government. Increasing costs spell greater burdens on Medicaid, which provides financial coverage when older adults and people with disabilities exhaust their assets and qualify for Medicaid benefits.

By allowing long-term care insurance to be offered in employer-sponsored cafeteria plans and flexible spending arrangements, the legislation is intended to reach the many middle-class Americans who learn about their retirement security needs at their place of employment. Planning for long-term care constitutes an essential component of the retirement planning process. Moreover, the bill's targeted approach could produce long-term budget savings, at a modest short-term cost to the federal government.

The legislation also includes essential provisions that would update and provide additional consumer protections for tax-qualified long-term care insurance policies. Strong consumer protections for long-term care insurance are absolutely critical to making these policies meaningful and valuable to consumers.

We appreciate your consideration of this critical issue, and look forward to working with you as the bill moves through the legislative process.

Sincerely,

AARP
Alzheimer's Association
America's Health Insurance Plans
American Benefits Council
American Council of Life Insurers
American Seniors Housing Association
Association of Health Insurance Advisors
Financial Services Roundtable
National Association of Health Underwriters
Society for Human Resource Management
American Health Care Association/National Center for Assisted Living
The Council of Insurance Agents and Brokers