

Analysis: Reneging on Long-Term Care?

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WASHINGTON, May 25 (UPI) -- As the market for long-term care insurance expands, seniors may find their golden years at risk in the midst an insurance gold rush.

"These are people who are sick, tired and old," said Frank Darras, a California attorney who specializes in long-term care cases.

"They bought a product supposed to give them security and dignity when they needed it most and now their claims are being denied," Darras told United Press International.

Since long-term care plans promising to cover the cost of nursing home care became available two decades ago, they have seen skyrocketing popularity among baby boomers looking ahead to retirement.

There are currently about 7 million policies in the United States, and experts estimate the market is potentially worth billions, but the newness of the product also means there are market kinks to be worked out.

Competing for market share, many insurers offered plans with expansive benefits and very low premiums. Now that seniors are ready to collect their benefits, the industry shows signs of strain.

Following the lead of state-level regulators, the House Energy and Commerce Committee launched an investigation this week of reports that insurers are wrongfully denying claims, reducing benefits and sharply increasing premiums for the policies.

In letters to Conseco and Penn Treaty American, two of the largest long-term insurance carriers, Chairman John Dingell, D-Mich., and Oversight and Investigations Subcommittee Chairman Bart Stupak, D-Mich., asked for documentation proving the companies are not engaging in "unfair and deceptive business practices."

Darras said he sees about 50 cases per month from seniors across the country who say they are not getting their long-term care benefits -- most often because their claims have been denied.

"The claims process is burdensome, difficult, confusing and old, sick people can't fight that hard," he said. "Carriers have been genius about turning the claims department in to a profit center."

Other seniors see their premiums increase by 50 percent or 100 percent in just a few years, but the investigations under way will bring needed attention to the difficulties seniors are facing, he said.

"Nobody would like to see someone trip an old person and throw them under a bus -- this is a case of seniors getting cheated and that's just as rotten as it gets."

But insurers say most policyholders never have a customer service problem, and the plans will help alleviate the looming fiscal crunch of an aging population.

"A vast majority of people have no problems at all," Mohit Ghose, spokesman for America's Health Insurance Plans, a health insurance industry trade group, told UPI.

There are some cases where premiums are raised, but companies are doing so to reflect reality and not bilk their beneficiaries, he said.

"What happens across industries is that companies learn from experience," he said. "Plans may have to be revised to actuarially take into account the costs of long-term care today."

And the insurance industry as a whole, he added, "is working to make sure people with these products understand these products are going to be there for them."

Regardless of whether abuses are widespread, the scrutiny is an important protection for seniors caught up in a new industry that is growing so fast, said Glen Reed, past president of the American Health Lawyers Association.

"I don't see a cause, generally, for alarm about long-term care policies," Reed told UPI. "But it could be reassuring to policyholders that attention is being cast on possible abuse."

"People have to have some confidence the companies are going to stand by the policies they write."