



February 24, 2009

The Honorable Adam Putnam  
US House of Representatives  
442 Cannon House Office Building  
Washington, DC 20515

Dear Representative Putnam:

I am writing to thank you for introducing HR 897, the Long-Term Care and Retirement Security Act. As you may know, America's Health Insurance Plans (AHIP) is the national association representing approximately 1,300 health insurance plans that provide coverage to more than 200 million Americans. AHIP's members, which represent about 90 percent of the current long-term care (LTC) insurance marketplace, are committed to meeting the needs of our nation's aging and disabled population. We very much appreciate your commitment to easing the financial burden that our nation and American families face when confronted with the high – and often unexpected – cost of long-term care.

We are writing to share with you the work we have done on how to improve our current LTC system and stand ready to work with you on this very important issue. As you know, the aging of the baby-boom generation poses multiple challenges for policymakers. More men and women are approaching retirement than ever before and they will live longer than any previous generation. By 2030, people over 65 will comprise 20 percent of our total population, up from 12 percent today. With public programs presenting greater fiscal burdens in the years ahead, a crucial policy question will be how to create an appropriate balance between the obligation of government to provide a safety net for those who need it and the obligation of citizens to protect themselves to the extent they are able to do so.

AHIP strongly supports the legislative proposals contained within your bill, which would provide enhanced tax deductions for LTC insurance premiums while also enabling employers to offer LTC insurance as an option under cafeteria plans and flexible spending arrangements (FSAs). We are confident that enactment of these provisions would yield significant progress in increasing the number of Americans who protect themselves against the high cost of LTC.

A recent AHIP study estimates that state Medicaid programs will spend \$1.6 trillion on LTC expenses over the next twenty years. When Federal matching funds are included, total government expenditures on LTC will exceed \$3.7 trillion. Medicaid spending for LTC will grow at a faster rate than total health care spending and faster than Medicare.



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In 2008, it is estimated that 15 states spent \$1 billion on Medicaid LTC services. By 2027, 25 states will be spending \$1 billion or more.

Your legislation will encourage more Americans to prepare for future long-term care expenses and we look forward to working with you and your staff for passage of this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen", written in a cursive style.

Karen Ignagni