DAVE MURPHY

State Representative • 56th Assembly District

Assembly Committee on Health
February 14, 2018
AB 596, Long term care accounts

Chair Sanfelippo and members of the committee,

Thank you for hearing my bill on long term care savings accounts, Assembly Bill 596.
A person who wants to fund their long term care needs faces a struggle. Many companies are discontinuing this service, premiums can drastically increase sometimes causing them to lose their coverage, and these policies can lack essential coverage. The ability to have savings for their own needs gives our aging citizens the security of having their own nest egg. Wisconsinites who have some of their own money at the ready will be less dependent on Medicaid.

When we began working on this bill, we wanted long term care savings accounts to be affordable and accessible.

AB 596 makes this process affordable.

- A Wisconsin resident over age 18 can open an account.
- There's no income threshold.
- They can pay into the account as they are able.

AB 596 makes it accessible.

- There are no health criteria standards to setting up an account.

Ed-Vest was the model for this type of savings account. Like that program, this one allows people to invest in their own long term care account, administered by the Wisconsin Department of Health Services. Authorized parties including family members and friend can also contribute to an account. Once a medical professional deems an account holder meets the criteria of needing long term care, money can be withdrawn from the account and be exempt from taxation.

Account holders are required to spend the money in their account before they are qualified to apply for medical assistance. If there's a balance after the account holder's death, the balance can be transferred to a beneficiary for the purpose of using it as another long term care account.

Thank you for considering this important legislation.

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NAIFA WISCONSIN

NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS - WISCONSIN

Testimony by Bill McClenahan for NAIFA-WI
In opposition to AB 596 (Long-Term Care Savings Accounts)

The insurance agents and financial planners in NAIFA-Wisconsin want to commend the bipartisan authors of Assembly Bill 596 for their interest in helping people become financially prepared for their futures, including the strong possibility of needing long-term care.

Unfortunately, NAIFA members believe that a program to provide a state tax deduction for contributing to a long-term care savings account would not be effective. Very few consumers have the resources or willingness to save sufficient money to self-insure for long-term care, and a state tax exemption on those savings is unlikely to change that.

NAIFA-WI is also concerned that consumers may wrongly believe that saving a small amount of money is actually sufficient to cover potential future costs for care, giving them a ***false sense of security***. For that reason, ***we oppose*** the creation of this new government program.

In addition, contributing to accounts like IRAs should be a higher priority for most people, given the federal tax deduction and greater flexibility in the allowable uses of the funds.

NAIFA's concerns about ineffectiveness are borne out by the experience in Nebraska, the only state with a similar program. That state has decided to end its LTC savings plan, effective January 1, 2018.

A letter to participants from the Nebraska State Treasurer said, "participation levels never reached desired goals in this well-intentioned program." He said the program was ineffective in encouraging savings for LTC costs or in reducing LTC burdens on taxpayers. He added that "the low level of participation does not justify the expense of administering the plan."

The Nebraska program was created in 2006, but had only 506 accounts by 2014, with contributions averaging $1,467. In contrast, that state's education savings program has 197,000 participants.

As in Nebraska, the authors of the Wisconsin LTC savings bill certainly are well-intentioned. However, a better strategy may be to increase state efforts to educate citizens about the potential costs of long-term care, the drawbacks of relying on Medicaid, the level of savings it would take to self-insure, and the potential benefits of purchasing LTC insurance (including though the state's Partnership program). The more people are prepared for long-term care costs, the less reliance there will be on expensive government programs, like Medicaid. Connecticut, New York and Texas are among the states with effective education programs.

Again, we want to commend the authors for their interest in an important issue. NAIFA members are happy to work with them on a program to help educate Wisconsin citizens about the need to financially prepare for the possibility of long-term care.

STATE OF NEBRASKA

Don Stenberg, State Treasurer

- State Capitol, Suite 2005
- P.O. Box 94788
- Lincoln, NE 68509
- 402-471-2455
- treasurer.nebraska.gov

July 2017

RE: Termination of Nebraska's Long-Term Care Savings Plan on January 1, 2018

Dear Long-Term Care Savings Plan Participant:

Nebraska's Long-Term Care Savings Plan will terminate effective January 1, 2018, as a result of legislation passed in the 2016 Legislature. Neb. Rev. Stat. §§ 77-6101, 77-6105, 77-2716.

As a participant in the Long-Term Care Savings Plan, on the termination date (January 1, 2018), you may withdraw the full balance of your account on or after that date without any tax penalty. You may also choose to leave the balance in the account to be used in the future as a standard savings account.

An account owner wishing to withdraw funds before the termination date is subject to a 10 percent penalty on the amount withdrawn unless the amount is used for long-term care insurance premiums or long-term care expenses.

While the program is set to terminate on January 1, 2018, contributions made in 2017 will be eligible for the Nebraska state income tax deduction. Any contributions made to a Long-Term Care Savings Plan account at one of the Participating Financial Institutions, may be deducted on your Nebraska tax return up to $1,000 (or up to $2,000 for a married individual filing a joint return). Contributions must be made by December 31, 2017.

The Long-Term Care Savings Plan was created by the Nebraska Legislature in 2006 with the expectation that the program would give Nebraskans options and would encourage Nebraskans to save for their long-term care needs. The worthy goal was to reduce older Nebraskans' dependency on Medicaid and promote personal responsibility.

However, participation levels never reached desired goals in this well-intentioned program. The Legislative Performance Audit Committee determined in 2015 that the plan was ineffective both in encouraging Nebraskans to save for long-term care needs and in reducing the long-term care burden on Nebraska taxpayers. "Getting people to save for long-term care is a problem around the country, one the current policy options have not been very good at solving," the committee chair concluded.

Therefore, the Long-Term Care Savings Plan is being terminated because the low level of participation does not justify the expense of administering the plan. The plan is being terminated in a way to ensure minimal impact on program participants.

No action is required at this time. After January 1, 2018, I encourage you to work with the financial institution that holds and services your Long-Term Care Savings Plan account to determine if you wish to withdrawal your funds without penalty, transition the balance of your account to another savings account, or keep your funds on deposit to be used at your discretion.

The State Treasurer's Office appreciates account owners who did invest in the Long-Term Care Savings Plan through the years and the community banks that managed these accounts on behalf of the State of Nebraska. The Treasurer's Office encourages account owners to seek other ways to save for their future needs and strongly recommends that all Nebraskans carefully plan for their later years through savings, investments, trusts, long-term care insurance, and advance directives.

If you have any questions, please contact the financial institution that services your Long-Term Care Savings Plan account, or contact Rachel Biar in my office at 402-471-1088 or rachel.biar@nebraska.gov for assistance.

Yours truly,

Don Stenberg
Nebraska State Treasurer

Greater Wisconsin Agency on Aging Resources, Inc.

Wisconsin Aging | Advocacy | Network

February 14, 2018

To: Representative Sanfelippo, Chair
Members, Assembly Committee on Health

From: Janet Zander, Advocacy & Public Policy Coordinator
Greater Wisconsin Agency on Aging Resources, Inc. & the Wisconsin Aging Advocacy Network

Re: Support for AB 596 Long-Term Care Investment Accounts

Good afternoon, Chair Sanfelippo, Vice Chair Bernier and members of the Committee. I am Janet Zander, Advocacy & Public Policy Coordinator for the Greater Wisconsin Agency on Aging Resources (GWAAR), one of three Area Agencies on Aging in Wisconsin. I am also here representing the Wisconsin Aging Advocacy Network (WAAN), a collaborative group of older adults and aging network partners – including Wisconsin's three Area Agencies on Aging and other professional associations representing Wisconsin's senior centers, nutrition directors, aging units and Aging & Disability Resource Centers (ADRCs), Benefit Specialists, Adult Day Services, the Alzheimer's Association, the Wisconsin Institute for Healthy Aging, and the Wisconsin Senior Corps Association. This network of older adults and professionals work with and for Wisconsin's older adults to shape public policy that improves the quality of life of older people throughout the state.

I am here today speaking in support of AB 596 relating to long-term care investment accounts and making appropriations.

According to the U.S. Census population projections, approximately 79 Wisconsinites will turn 65 every day between 2015 – 2030. The U.S Department of Health and Human Services (HHS) Office of the Assistant Secretary for Planning and Evaluation (ASPE) reports about half of Americans turning 65 will develop a disability serious enough to require long-term care services. According to the APSE, on average, these individuals "will incur $138,000 in future long-term services and supports costs, which could be financed by setting aside $70,000 today (2016 figures). Families will pay about half of the costs themselves out-of-pocket, with the rest covered by public programs and private insurance."[1] Those needing care for longer periods of time will incur far greater costs.

As many who need long-term care (LTC) services quickly discover, Medicare does not cover most LTC costs. For some individuals, long-term care insurance may be an appropriate option, but as the Wisconsin Office of the Commissioner of Insurance (OCI) points out, "...long-term care insurance is not for everyone."[2] Aging unit and Aging and Disability Resource Center (ADRC) staff have seen all too often, those with low-to-moderate incomes that are not eligible for Medical Assistance and/or are unable to purchase or to continue to afford paying LTC insurance premiums as they age. A number of older adults have reported experiencing very large premium increases (40-60%) to maintain their current LTC insurance coverage. Some individuals who have had their policies for a long time choose to pay the increases if they can, but it is not uncommon for consumers faced with rising premium costs to choose to reduce their coverage to lower their costs.[3] Some individuals with rising LTC insurance premiums have purchased a nonforfeiture benefit option and may be able to choose to stop paying their premiums and still receive some, albeit reduced, benefits. Unfortunately, not all consumers who purchased LTC insurance, elected to (for financial or other reasons) purchase a nonforfeiture benefit option. If these individuals discontinue unaffordable premium payments they will be left without a LTC insurance benefit and their own savings will be reduced by the amount of funds paid in premiums over the years; reducing the likelihood they will be able to assist with their own LTC expenses. Challenges facing the LTC insurance industry have resulted in a significant number of insurers pulling out of the market altogether.[4] Aging unit and ADRC staff have heard from consumers who were unfortunate enough to purchase LTC insurance from companies that became insolvent or went bankrupt. These customers were left not only without a LTC benefit plan, but in most cases, their economic security was greatly diminished by years of LTC insurance premium payments.

According to the Kaiser Family Foundation, in 2016, half of all Medicare beneficiaries had savings below $75,000.[5] With Medicare covering very few LTC costs, only about 10% of older adults nationwide owning LTC insurance[6], and over half us expected to incur substantial LTC costs; additional options for helping us to save to meet our own LTC expenses would clearly be beneficial.

AB 596 which requires the state Department of Health Services to establish a long-term care investment program is one of these additional options. Under this program, LTC investment account owners would be permitted to make annual contributions to their accounts in amounts up to $5,500 - $8,500, depending upon their age. These contributions would be exempt from taxation, as would be any earning on their account balance if they are redeposited into the account. Any funds used for qualifying LTC expenses would also be exempt from taxation. An account owner may also authorize others to contribute to his/her LTC investment account. Creating a safe way in which individuals of various income levels could begin to save for their future LTC needs will not only help individuals to be better prepared, but it begins to develop an individual and family "routine" of saving for LTC needs.

Only 12 years ago, Congress enacted section 529 of the Internal Revenue Code establishing Qualified tuition plans (529s) to encourage saving for future college costs. In 2001, interest in 529 plans began to grow, as Congress passed an Act making qualified distributions tax-exempt. According to Fidelity, an estimated "72% of families are now saving for college, with 41% taking advantage of 529 plans. And according to the College Savings Plan Network, the average family with a 529 has a balance of close to $21,000, which is actually a record high."[7]

LTC investment accounts not only serve as a tax-advantaged savings vehicle, these accounts offer many other advantages. LTC investment accounts offer flexibility and can be used for a range of long-term care and health care needs. Within the established rules of the program, account owners can determine both the amount and timing of contributions (with no worries about mandatory contributions at set times). This flexibility allows account holders to better manage their personal budgets. In addition, contributions to the fund can be made by the account owner, as well as others designated by the account owner (e.g. family members and friends). As designated LTC funds, these funds would be spent first before qualifying for Medical Assistance and other public programs that provide long-term care services; however, these assets would not be included in determining financial eligibility for other non-long-term care benefit programs. Lastly, an account holder may name a beneficiary on their account, who upon the death of the original account owner, may retain any unused accounts in the fund (if eligible to be an account owner) to take over ownership and establish their own LTC investment account.

As the nation continues to struggle with the challenges of financing long-term care, Wisconsin could pioneer a new tax-advantaged long-term care investment program offering an additional option to support and encourage adults to save for their own long-term care needs. Creating the LTC investment account program is the first step. Let's all look forward to a future where the majority of adults will own long-term care accounts and be better prepared for their future needs and employers will include contributions to these accounts as part of a comprehensive benefit package.

Thank you for this opportunity to offer testimony in support of this bill (AB 596 – Long-Term Care Investment Accounts). I am happy to respond to any questions you may have.

Contact:
Janet Zander, GWAAR,
Advocacy & Public Policy Coordinator
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[1]https://aspe.hhs.gov/system/files/pdf/106211/ElderLTCrb-rev.pdf
[2] https://oci.wi.gov/Documents/Consumers/PI-047.pdf
[3]https://www.kiplinger.com/article/insurance/T036-C000-S002-trade-offs-to-pay-for-long-term-care.html
[4]https://www.forbes.com/sites/howardgleckman/2016/08/01/another-big-long-term-care-insurance-premium-hike/#57795c5642a4
[5]https://www.kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2016-2035/
[6]https://www.forbes.com/sites/howardgleckman/2016/08/18/who-owns-long-term-care-insurance/#54493ee82f05
[7]https://www.fool.com/retirement/2016/10/30/heres-what-the-average-american-is-saving-for-coll.aspx

WAN Advocacy
Wisconsin Aging
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Long-Term Care Investment Savings Program: AB 596

Core Member Organizations

- Aging and Disability Professionals Association of Wisconsin *(ADPAW)*
- Alzheimer's Association SE Wisconsin Chapter
- Wisconsin Adult Day Services Association *(WADSA)*
- Wisconsin Association of Area Agencies on Aging *(W4A)*
- Wisconsin Association of Benefit Specialists *(WABS)*
- Wisconsin Association of Nutrition Directors *(WAND)*
- Wisconsin Association of Senior Centers *(WASC)*
- Wisconsin Institute for Healthy Aging *(WIHA)*

The Wisconsin Aging Advocacy Network is a collaborative group of individuals and associations working with and for Wisconsin's older adults to shape public policy to improve their quality of life.

November 2017

WAAN's Position: Develop a tax-advantaged state long term care investment savings program to help people plan and prepare for their future long-term care expenses.

The Need for a Tax-Advantaged Long-Term Care (LTC) Investment Savings Program

According to the U.S. Department of Health and Human Services (HHS) Office of the Assistant Secretary for Planning and Evaluation (ASPE), about half (52%) of Americans turning 65 today will develop a disability requiring long-term services and supports (LTSS), which include basic activities of daily life. Last year ASPE reported "On average, an American turning 65 today will incur $138,000 in future LTSS costs, which could be financed by setting aside $70,000 today.[1]" For those needing assistance for longer periods of time, the costs can be far greater – climbing into the hundreds of thousands of dollars. Health insurance, including Medicare, does not cover most LTSS expenses, leaving many people trying to pay out-of-pocket. Those with low- to moderate- incomes may be ineligible for Medical Assistance, and unable to afford long-term care insurance premiums.

Contributing to an investment savings account specifically dedicated for long-term care would provide individuals the opportunity to build a reserve fund to pay for LTSS-related expenses.

Purpose of a LTC Investment Program

The LTC Investment Program would be a flexible, tax-advantaged savings vehicle for individuals to create a fund to pay for many of their future long-term care needs. A designated investment savings account for long-term care would be preferred over a the more restrictive 401(k) and medical savings accounts.

Advantages of a LTC Investment Savings Program vs. Other Savings Options

Tax benefits of this fund would reflect eligible state tax exemptions, making the account an attractive investment. The account holder would determine the amount and timing of fund contributions (vs. having a mandatory monthly premium/contribution). With this control, account holders would be able to better manage their personal budgets.

Account contributions could come from several sources, such as family members, friends or interested parties, similar to Wisconsin's Edvest program.

Once an account holder meets the criteria for long-term care needs, the funds could be used to pay for range of LTSS care needs

Since the funds could not be cashed in for other uses, any funds in the savings account would be excluded in determining financial eligibility for a state program (with the exception of Medical Assistance).

Account holders would be required to spend the money in their account to qualify for Medical Assistance.

Although not tied to employment, employers could to offer employees the option to contribute to an LTC account through an automatic payroll deduction.

Should an account holder have a balance upon death, the balance could be used for outstanding medical costs and or/funeral expenses. Any remaining funds could pass to the account holder's beneficiaries for their own personal LTC Investment Fund.

Eligibility for a Long-Term Care Investment Account

To participate individuals, married couples, or domestic partners must be

- 18 years of age
- United States citizen or have United States permanent resident status.

A trust may also qualify for an LTC Account if it is not a special-needs trust.

Oversight

The Department of Health Services would establish a LTC Investment Program which is administered and promoted by a manager who would set policy and oversee investments. The bill creates a procedure for the manager selection and contract execution.

Wisconsin as a Pioneer

According to current information, Wisconsin would be a pioneer in offering a tax-advantaged long-term care investment program. The only other state offering a long-term care savings plan is Nebraska.

[1] https://aspe.hhs.gov/system/files/pdf/106211/ElderLTCrb-rev.pdf

WAAN Advocacy
Wisconsin Aging | Advocacy | Network

Contact WAAN

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Find this and other WAAN issue briefs at:

http://gwaar.org/waan

Testimony – Feb. 2018

AB 596/SB 758

Long Term Care Investment Program

Mr. Chair and Committee Members,

Thank you for the opportunity to testify on AB 596.

My name is Robert Weink. I am the president of the Wisconsin Chapter of the Home Care Association of America and I have been the owner of a home care company (Midwest Home Care, LLC) for over 21 years.

Our aging population is growing at an alarming rate and this growing rate is out pacing the number of caregivers to assist our aging population. Many families across Wisconsin including my own are challenged with navigating long term care, coordinating care and paying for long term care. AB 596 is one small way individuals and families in Wisconsin can put money away to help pay for long term care and perhaps be less of a burden on public funds for long term care.

Between now and 2050, the population of Americans over the age of 65 will nearly double to 84 million, and their base of support will shrink by over 50%. Nearly 40% of these adults will need help with daily living activities. Americans aged 85 and older are another growing population, expected to triple by 2040. Adults aged 60 and older with children live an average of 280 miles away from their kids, meaning if they need help, they'll often have to pay someone close by to provide it.

These numbers have intense significance on our future as a country, and if they aren't enough, consider a 2017 poll of over 8,000 people that showed 57% of Americans have less than $1,000 in their savings accounts. This is rainy day money for most people, dipped into for car emergencies and vacations or put away for college funds. Long-term care needs aren't top-of-mind when people are only squirrelling away a tiny fraction of their income.

I have seen firsthand the needs of my clients, some simply requiring companionship with others needing 24/7 health monitoring and assistance. It's taught me that we can't possibly know what to expect as we age, but we'll all need some form of care eventually, whether it's in-home caregiving or an extended stay in a hospital. If

57% of Americans aren't saving for these potential futures, then how will they pay for them when they arrive?

When we consider this question and all of the facts that led me to it, I arrive at more questions. Why aren't Americans saving money? What prevents them from seeing the benefits of long-term care planning? Who is going to pay for the care they need when they inevitably age and enter post-retirement life? The answer to that last question is apparent right now: the public will pay. In 2011, just for seniors between ages 86 and 96, Medicare per capita spending on skilled nursing facility services increased by more 50 percent while per capita spending on hospice tripled, and costs have only risen from then.

What all of this says to me is that people need more savings options and they need simple ones. They need restrictions and barriers removed from their lives and more structure with regards to their finances. AB 596 provides a savings plan to Wisconsinites that is free of income and health screening requirements while creating awareness for long-term care planning, something that is desperately needed in this country.

I encourage you to support AB 596 as one part of an ongoing solution to our caregiver crisis and our aging population's needs.

Thank you!

Robert Weink robert@midwesthomecare.com 608 276-6000
4916 E. Broadway
Madison, WI 53716

Mr. Chair and Committee Members,

Thank you for the opportunity to testify today on Assembly bill 596. My name is Jill McHone and I am the Director of the Fitchburg Senior Center. I have been with the Senior Center for 25 years and have a great deal of experience supporting older adults through the aging process.

I am a strong advocate for the Long Term Care Investment Savings Program. The concept of long term care insurance is good, but it does not meet the needs of many people that are on limited incomes and/or need more flexibility in determining what types of care will be paid for by the funds.

At the Fitchburg Senior Center we have 2 social workers that work with older adults in our community. Over the years we have seen many clients not able to afford the increasing premiums of their insurance so have had to drop their coverage. And this doesn't just happen to older adults. Friends of mine (in their 50's) had coverage for several years and after one lost their job, they could no longer afford the increasing premiums. They had to discontinue coverage and lost a great deal of their investment.

We have also had clients that aged into their 90's and had met their capped reimbursement level so coverage was discontinued.

Another common situation we have witnessed is clients' coverage (policy) changing overtime restricting certain levels of care or services that were at one time covered under that same policy.

Due to the rising costs of long term care and the fact that people are living longer, many LTC policies are no longer being offered. And if you are interested in obtaining a LTC insurance policy, you are required to pass a health screening, which can be a deterrent for many. Lastly, those that do have policies still have to be medically certified by doctors to be approved for any increase services.

The Long Term Care Investment Savings Program lets the investor choose a contribution that aligns with their financial ability, allows for others to contribute to the fund, offers a great deal of flexibility in regards to care that will be paid for, and over all, just offers both young and old a simple way to be in charge of their long term care future.

Thank you again for allowing me to speak on behalf of this program.

Sincerely,

Jill McHone, Director
Fitchburg Senior Center

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Testimony
In Support of AB 596
Committee on Health
February 14, 2018

Committee Chair and Members:

I am speaking today in support of AB596 – relating to long-term care investment accounts. A program like this will be very helpful to state residents as they age. It will encourage the public to address potential needs in advance and relieve the burden of long-term care costs for themselves and their families. I would have liked a program like this 20 years ago.

Twenty plus years ago, my father-in-law died from the complications of Alzheimer's. My husband was concerned that he might suffer the same fate and did not wish to burden his family with those types of expenses so we bought long-term care insurance. We made a decision to budget for the insurance costs instead of other things that we would have liked. We were fortunate that we could afford to do so. Many folks are not so fortunate. Over the 20 years, we have seen the premiums more than double and the benefits reduced. Again, we were fortunate in that we purchased the insurance with a company that is still in the business. Many others saw their initial investments disappear as the companies went out of the long-term care business.

Today, there are limited options for this type of insurance and the premium costs are extremely high. A program such as this will provide a viable option to those wishing to prepare for worry free aging. Additionally, the ability to take these contributions as a deduction on their state income tax will be a big incentive for folks to contribute to these accounts.

Implementing a program like this will reduce the burdens on both families and the health care system in general. Being financially prepared for their future health care issues will have a calming effect on their overall health thus reducing the burden on the health care system.

Thank you for giving me the opportunity to speak to this issue.

Esther Olson

Testimony – Feb. 14, 2018
AB 596/SB 758
Long Term Care Investment Program

Mr. Chair and Committee Members,

Thank you for the opportunity to testify on AB 596 today.

My name is Ingrid Thompson. I am a retiree, but was formerly the Director of McFarland Senior Outreach Services, and a current member of WI Aging Advocacy Network.

As is the case for many bills and legislation, it comes out of a personal experience and the desire to find a solution to improve a situation. Such was true for me. In 2008, I had parents who were approaching 90 years old and had purchased a long term care insurance policy. When their health declined and they moved into an assisted living facility, they needed the benefits from the policy. Unfortunately, in their frail condition, they had to go through a lot of hoops and frustrating communications with their insurance company in order to access funds to pay for their long term care costs. At the same time my parents faced this scenario, I was close to 60 years old and thought it would be prudent to take out a long term care policy for myself. After investigating the current and potential future costs to having a policy, I felt that I was unable to carve out money from my budget to buy one.

Wisconsin's Ed-Vest was one of the first things that came to my mind as a vehicle to solve the dilemma of both my parents and myself. I ran the idea by several people, but nothing came of it until I became a member of the WI Aging Advocacy Network in 2012. At a meeting, I presented the idea of creating a long term care saving fund similar to Ed-Vest. The idea was met with enthusiasm and it began to take traction.

In March of 2013, a core group of 6 WAAN members with expertise in elder law, estate planning, finance, public policy and disability rights volunteered to help me refine this concept. We spent several months gathering information and talking with experts in various financial industries and businesses, including Ed-Vest, the Office of Insurance Commissioner and others.

We learned that long term care insurance is increasingly viewed as a "dinosaur". Many big companies have gotten out of the business (such as Wells Fargo, Met Life, and Strong) because there is no profit in it. Companies like Robert Baird saw sales of their long term care policies plummeting, and companies like Genworth and Allianz have had to continuously raise their premiums (sometimes up to 55%), and not enroll new policy holders, in order to stay afloat. The outlook is bleak for LTC policies to be available in the future.

We also learned from Allianz, that potential policy holders must have a threshold of a $50,000 income, and pass a health screening background in order for insurance companies to take a risk on them. These two factors alone eliminate many interested persons from purchasing long term care policies.

We also researched whether any other state offered a long term care savings plan, and were unable to find any state which had such a comprehensive and thoughtful plan as ours.

By mid summer of 2013, the WAAN core group was ready to present their concept to legislators. In August we met my legislators, as a starting point. The legislators were intrigued with the concept and agreed to move forward with it. They passed our information along to the Legislative Reference Bureau and asked them to draft a bill which had the template of Wisconsin's Ed-Vest. Over the past 4+ years the bill was drafted several times, receiving input from estate planners, insurance providers, attorneys, and the disability community. Now, at long last, we are prepared and excited for you to consider adopting this plan (AB 596) to use in Wisconsin.

This proposed savings plan would be available to all WI residents over the age of 18. Unlike other savings plan, this one is not tied to employment, or income, and can accept contributions from not only the account holder, but other authorized family members or friends. In addition, we plan to encourage employers to offer interested employees payroll deductions for these savings. People can contribute $5,500 per account, or $8,500 per account for those over age 50. Contributions are exempt from taxation. Upon the death of the account holder, the balance of the account can be used for funeral expenses and unpaid medical expenses. The remaining funds can be passed on to beneficiaries to either use as their long term care savings account or to cash in (with tax implications, however).

As of late 2017, Wisconsin's Ed-Vest has over $3 billion in assets, has over 166,000 accounts with an average of $17,000/per account. It has been awarded a 5-cap rating for "outstanding flexibility, attractive investments, and additional economic benefits." If this is any predictor of a successful program, we feel that our proposed savings plan has a good outlook.

We encourage you to support AB 596.

Thank you!

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