

# The State of Long-Term Care Insurance: 2025

Senior Issues (B) Task Force  
Monday, March 24, 2025

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American Academy of Actuaries

# About the Academy

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To serve the public and the U.S. actuarial profession.



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## **Standards:**

Setting qualification, practice, and professionalism standards



## **Impact:**

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## The Current State of Long-Term Care Insurance (LTCI)

- The need, the public programs, recent sales and management of existing legacy/inforce policies

## Potential Future Impacts on the LTCI Industry

- Recent discussions with NAIC regulators on the premium rate increase review process
- Specific areas of potential uncertainty and their future impacts on LTCI markets

# Issue Brief: The State of Long-Term Care Insurance—2025

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- [Issue brief released](#)
- [February 13<sup>th</sup> Webinar](#)

The image shows the cover of an issue brief report. The top left corner features the logo of the American Academy of Actuaries. The main title is 'Issue Brief: The State of Long-Term Care Insurance—2025', with the date 'FEBRUARY 2025' in the top right. Below the title is a 'Key Points' section with four bullet points. The first bullet point discusses long-term care insurance (LTCI) coverage for long-term care services and supports (LTSS), noting that while it is not traditional health insurance, it can be used to cover care costs and protect beneficiaries. The second bullet point mentions the rapidly increasing number of older people in the United States and the need for LTSS, highlighting uncertainties in the LTCI marketplace. The third bullet point notes that LTCI coverage now plays a significant role in the marketplace and may address concerns involving people who pay for but never use benefits. The fourth bullet point discusses the rising cost of health care and the resulting multi-month premium rate increases, mentioning that insurers are strengthening their data analytics and policyholder engagement approaches. At the bottom left of the cover is the American Academy of Actuaries logo and contact information. At the bottom right, there are three footnotes: Footnote 1 defines the 'baby boomer' generation; Footnote 2 provides a URL for the American Academy of Actuaries; Footnote 3 provides a URL for the American Society for Planning and Evaluation (ASPE).

**AMERICAN ACADEMY of ACTUARIES**

**Issue Brief**

**The State of Long-Term Care Insurance—2025**

FEBRUARY 2025

**Key Points**

- Long-term care insurance (LTCI) covers the costs of long-term care services and supports (LTSS), which can include skilled nursing, assisted living facility, and home-based care. While the coverage is not traditional health insurance, LTCI may be used both to cover care costs and protect beneficiary assets.
- The rapidly increasing number of older people in the United States will greatly increase the need for LTSS. There are several uncertainties facing the LTCI marketplace, including state and federal public programs and their future impacts on LTCI markets; interest rates; COVID-19 impacts; and dementia research.
- In addition to traditional standalone LTCI products, "hybrid" products, which combine life or annuity products with LTCI coverage now play a significant role in the marketplace and may address concerns involving people who pay for but never use benefits. Another newer alternative, short-term care (STC), which offers up to 12 months of coverage, also appears to be on the rise.
- The rising cost of health care has resulted in multi-month premium rate increases. Both insurers and regulators are working to improve communication to policyholders about these changes and available coverage options. Insurers are also strengthening their data analytics and policyholder engagement approaches to implement claim and pre-claim management strategies.

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1 The "baby boomer" generation typically refers those born between 1946 and 1964, per U.S. Census.  
2 The Actuary, Actuarial Services, Act and Act of 2024. November 2024  
3 American Society for Planning and Evaluation (ASPE), "What's the Evidence: Bank of America and Bank of America's 2024 Report."

# The Need for Long-Term Services and Support (LTSS)

## *Aging Population*

- 73M baby boomers
- All baby boomers over 65 by 2030
- 70% of 65+ develop severe LTSS needs\*

[\\*https://aspe.hhs.gov/reports/what-lifetime-risk-needing-receiving-long-term-services-supports-0](https://aspe.hhs.gov/reports/what-lifetime-risk-needing-receiving-long-term-services-supports-0)

## *Annual LTSS Costs (2021\*)*

- Total spend: \$468B
- Public spend: \$334B
- Private spend: \$134B

[\\*https://crsreports.congress.gov/product/pdf/IF/IF10343](https://crsreports.congress.gov/product/pdf/IF/IF10343)

# Public Programs Covering LTSS

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## ***In Place***

- Medicaid
- Medicare
- WA Cares
- Paid Family Medical Leave (12 states)

## ***Being Discussed***

- WISH Act\*
- Medicare LTSS Act\*
- State-level (e.g., CA, MN, NY)

[\\*https://aspe.hhs.gov/reports/long-term-services-supports-reform](https://aspe.hhs.gov/reports/long-term-services-supports-reform)

# LTC Insurance Funding Approaches

## ***2023 Estimated Sales by Policy Count***



Sources: ILTCI Conference, LIMRA/LOMA

## What Will Have the Biggest Impacts on Future LTCI Markets?

(78 Total Respondents)

State or Federal LTC/LTSS programs	62%
Tax incentives for LTC insurance products	41%
A limited Medicare home health care benefit	41%
Product innovation in LTC insurance	35%
Enhanced distribution – worksite/affinity/401k purchase	30%
Enhancements to LTC insurance regulations	23%
Care coordination and support tools	22%
Embedded wellness incentives	19%
New carriers offering LTC insurance	14%



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# Opportunities to Manage LTCI

Rate Increase Management

A common option being leveraged today by carriers on older blocks.

Claims Management \*

Fraud, waste, and abuse programs are common. Carriers manage policyholder's care once they go on claim – not earlier.

Population Care Management \*

Looking at managing policyholders in the pre-claim period. Programs are in their infancy.

Reinsurance

While some reinsurance deals have transpired, appetite for morbidity has been limited due to the risk profile. Improving.

Divest the Block

While deals are contemplated, acquisitions and carve-outs have a limited buyer pool.

\*Requires significant infrastructure and an analytic approach

# Opportunities to Expand and Strengthen Industry Solutions

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- The Baby Boomer generation
- State and Federal Reform opportunities
- Reaching the Middle-Income market
- Integrated Care solutions
- Enabling Medicaid programs nationwide
- Care prevention and support

What **WE** can and should do

## Questions?

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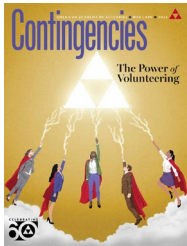
For more information, please contact  
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# Other Academy Resources

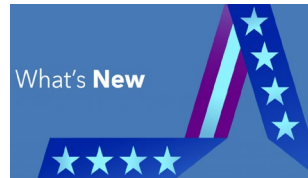
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## Access the Following Resources:



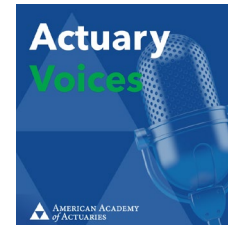
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