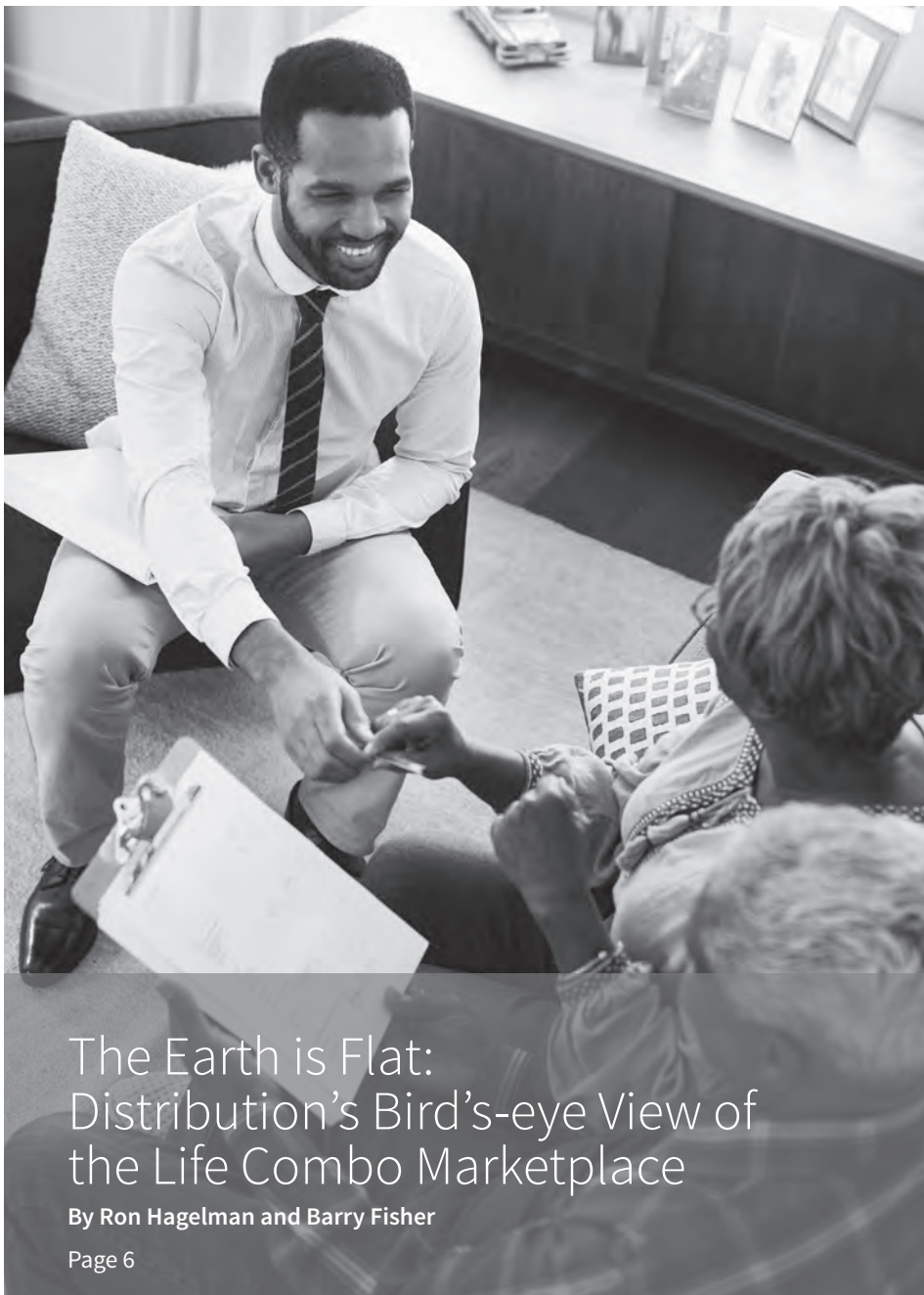


Long-Term Care News



**SOCIETY OF
ACTUARIES**

**LONG TERM CARE
INSURANCE
SECTION**



The Earth is Flat:
Distribution's Bird's-eye View of
the Life Combo Marketplace

By Ron Hagelman and Barry Fisher

Page 6

- 3 Chairperson's Corner**
By Chris Giese
- 4 Editor's Corner**
By Alex Vichinsky
- 5 Up Front With the SOA Staff Fellow**
By Joe Wurzburger
- 6 The Earth is Flat:
Distribution's Bird's-eye View of
the Life Combo Marketplace**
By Ron Hagelman and Barry Fisher
- 10 You Could be Underinvesting
in Your LTC Block: Claims
Modernization is the Next
"Rate Increase"**
By Mark Yoest, Nathan Berggoetz
and Allison Schroeder
- 14 Summary of 2019 ILTCI
Conference Tracks**
By Peggy Hauser
- 22 Is Your Spouse Contagious?**
By Al Schmitz, Ali Yeager and
Jeremy Hamilton
- 25 Living With Alzheimer's Disease**
By Tom Doyle
- 27 Q&A With an Experienced
Insurance Professional New to
Long-Term Care**
An Interview with Sean Pena
- 29 People Really do Care About
Long-Term Care:
Or, Not Quite Present at
the Creation**
By John Cutler

Long-Term Care News

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Chairperson's Corner

By Chris Giese

As we move through the summer, I thought it would be a good time to take a step back and remind everyone of the Long Term Care Insurance Section's mission statement:

To encourage and facilitate the professional development of its members, affiliates and other interested parties who are involved in long-term care issues, through thought leadership and educational outreach.

A great example of this outreach took place earlier this year. Back in May, the section presented at a public hearing on LTC rate increases commissioned by the state of Virginia. The presentation, which has also been used with other states, provides an explanation of LTC product features, pricing, reserves and premium rate increases. While LTC insurance may never be widely seen as a straightforward product, the presentation simplifies the description for a nontechnical audience. Picture illustrations of savings accounts and a piggy bank like you might have had as kid. Seeing the benefit of this education firsthand was gratifying.

Looking forward to the rest of this year, we are continuing as a section to explore ways to deliver on our mission statement. This will include not only our already planned activities such as newsletters, webcasts, and relevant website content but also seeking other opportunities with regulators and policymakers. We envision the outreach will cover the spectrum from existing solutions of stand-alone insurance and combination products to contributing to conversations on emerging private and public solutions. We are always happy to hear about opportunities where our section can fill this education role, so do not hesitate to reach out to any of the current council members with your



ideas or suggestions. We also will be conducting our bi-annual membership survey this fall to hone in on the activities our members believe are most important.

Another intense election cycle looms right around the corner. Hopefully, LTC will have a seat at the table. Either way, action and attention grow concerning LTC financing, with no better example than the Long-Term Care Trust Act recently passed in the State of Washington. This will be a critical time where the LTC Section and its volunteers—like those of you reading this newsletter—are needed to provide thought leadership and education! If you have been waiting for the right time to volunteer, the time is now! ■



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Editor's Corner

By Alex Vichinsky

I was first introduced to the Long Term Care Insurance Section when I co-authored the “New to LTC” article for the April issue of this newsletter. From there, I was offered the opportunity to serve as co-editor for the newsletter. Being fairly new to LTC, I accepted the opportunity with hopes of seeing a variety of perspectives on the industry. I can confidently say the articles I’ve reviewed thus far have introduced me to valuable outlooks and insights that I likely wouldn’t have encountered otherwise.

In this newsletter, an interesting mix of topics is covered. You’ll read about the intriguing ideas of claims modernization and

spousal contagion. Also included is a summary of the several of the tracks at this year’s Intercompany Long-Term Care Insurance Conference Association meeting. We have a powerful personal story that highlights the profound impacts and need for long-term care. Reflections on the Long Term Care Discussion Group and perspectives on consumer needs are provided by industry veterans. Lastly, we continue on with the “New to LTC” article.

I want to thank each of the authors who contributed to this issue. While it’s always challenging to make the time to write an article, the unique experiences and ideas of our contributors continue to benefit the readers and the section. I look forward to reading your future contributions. ■



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Up Front With the SOA Staff Fellow

By Joe Wurzburger

A couple of issues ago, I wrote about disruption and innovation, specifically with respect to InsurTech. Since that time, I have had even more exposure to the dynamic world of InsurTech, and I am thrilled that the Society of Actuaries (SOA) and its Long Term Care Insurance Section are right there in the middle of everything.

As you may recall, the SOA, in collaboration with Maddock Douglas, is hosting an event called the LTC Tech Summit. While the planning process has experienced some unexpected twists and turns (which can be expected when creating a brand-new event), the program has really come to life over the past few months. If you have an interest in what the future of our industry will look like, consider this to be can't-miss viewing. Encounter some of the most innovative startups and entrepreneurs who are making impacts in several areas, including:

- Alzheimer's and dementia care
- Proactive prevention programs
- Fraud reduction
- Affordable aging in place
- Smart home technology
- Care management
- And much, much more!

One day, one stage—a fast-paced program filled with new ideas and creativity awaits you.

The organizing committee has been hard at work identifying and screening innovators for the conference. Witnessing that process has made it abundantly clear to me there is an amazing amount of creativity being utilized by entrepreneurs to forge meaningful solutions to issues that challenge the long-term care industry. This event will enable these solutions to be discovered by those who can put them to good use, including but



not limited to entities such as long-term care insurers, managed Medicaid programs and Medicaid agencies.

The event will take place Nov. 7 in California's Silicon Valley, right in the nation's hotbed of technological innovation, and it will truly be an event. One day, one stage—a fast-paced program filled with new ideas and creativity awaits you. For those of you who can be there in person, you'll have plenty of opportunity to interact directly with entrepreneurs, both during their sessions as well as during the evening's networking reception.

The best news, however, is for those of you who can't make it there in person but wish you could. This event is being optimized for livestreaming. While you'll miss out on some of the in-person networking (not to mention the persistent rumors of a cool giveaway for in-person attendees), you will still have a top-notch experience attending right from your home or office. So don't let logistics force you to miss this—sign up for the livestream!

If you have not done so already, visit www.soa.org/2019ltc for more info and to register.

I hope to see you there! ■



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The Earth is Flat: Distribution's Bird's-eye View of the Life Combo Marketplace

By Ron Hagelman and Barry Fisher

Editor's Note: Originally submitted by Ron Hagelman and Barry Fisher as an editorial, this article has been adapted for Long-Term Care News by the Society of Actuaries.

"The flat Earth model is an archaic conception of Earth's shape as a plane or disk."

—Wikipedia

For a significant portion of human existence, most believed the Earth was a flat disk floating in a body of water. Lack of perspective generally leads to incorrect conclusions and undesirable results. Even after Aristotle provided observational proof that planet Earth was spherical (330 B.C.), it took centuries for many of our ancestors to accept this reality. Today, the pseudo-science latter-day advocates of flat-Earth theory can be readily found on the internet. And of course, lest we forget, if one does not accept the truth of some new philosophy or concept, one is branded a "flat-earthier."

Now that we have more credible data regarding long-term care risk, is our world flat or round?

- What have we learned from the claims history we now have? Generally, we expected the worst and were mostly right.
- We probably knew the desire for sales could lead to competitive pricing in a new market.
- We underestimated the demand consumers would have for this new category of products.
- We followed the money and ended up with a product generally geared toward a more affluent market.
- Consensus continues to be elusive regarding the basic question: "How much is enough?"

- While the burgeoning combo market was fueled by regulation and legislation, we probably could have known a contingent approach to a marginal risk was more appropriate than a product with multiple benefits.

Does the long-term care insurance industry have its share of flat-Earth thinking that needs to be reconsidered? We can offer several "sure things" that need to land in the dustbin of history:

- All chronic illness risk is catastrophic.
- Premiums could go up, but since the company has never raised rates, they probably won't.
- Forcing agents to take eight to 16 hours of continuing education every two years will make them experts.
- Discounted, living benefits will simply, by their inclusion, provide an adequate response to the risk.
- State partnership plans will increase market penetration.
- Tax incentives, in and of themselves, will drive sales.

Does the long-term care insurance industry have its share of flat-Earth thinking that needs to be reconsidered?

Please bear with two elder "statesmen" of the marketing arena to make an observation. There are only two reasons Americans purchase long-term care or chronic illness coverage:

- Fear, felt by adult children with parents currently receiving care, that it can happen to them, and
- personal incentives to protect and preserve financial legacies.

In addition, we are currently mired in an identity crisis. What on earth shall we call the myriad new insurance planning choices being created by insurance carriers, and how do we describe the services policies paid for? No one wants to call what we're now selling long-term care insurance: too much bad press. We agree that, by law, we cannot call Internal Revenue Code §101(g) chronic illness accelerated benefit riders (ABRs) long-term care insurance. However, consider this: when comparing two policies with nearly identical qualifying event language,

one with an IRC §7702(b) and the other a §101(g), what distinction can we make? Is there any real difference other than the source of funds? Does it make any strategic difference what we call it? Currently, the field is using a number of naming options:

- The policy formerly known as long-term care insurance,
- chronic illness coverage,
- long-term support services care, and
- extended care coverage.

Is it any wonder that agents/advisers remain baffled when we introduce yet another policy designed to pay for something most consumers don't want to think about? With the rapid aging-out of many long-term care insurance specialists, we are working with a generation of financial-planning newcomers that chase the latest technologically advanced financial instrument with bright shiny objects attached.

In some ways, the current surge of combo product sales is following the same path that traditional long-term care insurance trod from 1997 to 2010, what many of us consider the golden age of traditional LTCL:

- Many remained focused on the affluent—the smallest demographic cohort.
- We're still trying to sell comprehensive coverage to everyone—too much to too few.
- We're not taking a stand against illusory policy benefits.
- The industry's consumer outreach seems to be limited.
- Agent/adviser training is inconsistent and might be off-target.
- We haven't made this easy for anyone!

Are we really going to stick to the same flat-Earth thinking employed by our not-so-distant ancestors, or can we break out and try something new that may appeal to a wider audience? In designing new combo offerings, what questions should we ask so we don't make the same mistakes?

WHO IS OR SHOULD BE THE CUSTOMER AND WHAT DO THEY WANT?

The industry has done a fairly good job of convincing affluent consumers to purchase comprehensive traditional and combo

policies to protect their assets and income. In fact, companies currently offering combo policies with long-term care (IRC §7702b) or meaningful chronic illness (IRC §101g) accelerated benefits continue to scramble after well-off customers.¹

There's no fault in this approach; as the legendary bank robber Willie Sutton said, "I rob banks because that's where the money is." However, the middle mass market represents a significant portion of the population.² So why not go where the people are?

We have for some time advocated focusing on the underserved middle mass market. These consumers are most at risk of being unable to choose the care they want because they are often encouraged or compelled to impoverish themselves to qualify for Medicaid benefits. These consumers are 50 to 70 years old, earn \$75,000 to \$150,000 per year and have liquid assets of \$100,000 to \$300,000. This large market would be well served with access to an affordable, simple, supplemental long-term care or chronic illness solution that would prevent them from slipping from private pay into welfare.

There should be only one goal for those concerned with extended-care risk mitigation: to help guarantee the dignity and personal choice that comes from remaining a private pay consumer. Therefore, we must acknowledge two equally valid approaches to the risk:

- Transfer the majority of it to an insurance company, and
- secure additional funding to supplement other sources of income at the time of claim



What are customers looking for when it comes to their insurance company and financial advisers? For insight, we turned to the 2012 Ernst & Young Voice of the Customer Survey,³ the 2015 Deloitte Life Insurance Consumer Purchase Behavior study⁴ and the 2016 SOA Middle Market Life Insurance Thought Leaders report.⁵ The good news is consumers generally trust the life insurance industry. Even better, LIMRA reported that in 2016, over half of Americans (172 million) owned some form of life insurance.⁶ This is up from a 50-year low in 2010, when they reported that “56 percent of households had *no* individual life insurance policy.”

These studies confirm that consumers want a relationship with an adviser who will discuss their insurance needs and provide them with guidance. However, the public is becoming more self-actualized in their decision-making process. They want clear, simple and concise information about their options and how the financial instruments they purchase will work for them over time. Product transparency is critical. The Deloitte study sums it up clearly: “Our study suggests that the life insurance ‘winners’ of tomorrow will likely be those organizations that blend an advice-driven approach with a digitally enhanced engagement strategy to help meet evolving consumer expectations.”

The Ernst & Young and Deloitte studies agree, it is critical to respond to the changing needs of our customers as their life cycle progresses. Strikingly, the life events we focused on in the 1970s continue to hold true; marriage, parenthood, home ownership and retirement are all key buying times for life insurance. By successfully weaving the life insurance and chronic illness messages into a consistent marketing effort, we can encourage a wider group of Americans to consider insurance planning with a guaranteed product that can withstand a lifetime of transitions.

There are hurdles to success in this marketplace, including competition for premium dollars, pricing, underwriting, providing pertinent information through various channels, and agent recruitment and training. However, these obstacles can be surmounted with affordable insurance products that appeal to consumers during various stages of their lives.

THE FORGOTTEN CUSTOMER

In our experience, life and long-term care insurance products have historically been designed in the home office with limited consumer research and little to no input from agents or distributors. Having been excluded from the process, these same agents and distributors are often unsurprised if these products ultimately underperform.

The Society of Actuaries reported that when most consumers are asked why they didn't purchase life insurance, the answer is that “no one asked them.”⁷ As previously noted, consumers want



to work with agents and advisers they know and trust. Perhaps those agents and advisers ought to be considered earlier in the creation, development and distribution loop before releasing a new insurance product. If you're asking valued distributors to spend their own time and money promoting a new policy, it might do some good to ask them what they want. It's not always just the lowest premium and the highest commissions.

AVOIDING THE BAD OLD DAYS

Many IRC §101g chronic illness accelerated benefit riders currently being introduced into the marketplace are a boon to consumers, agents and insurance companies. They allow us to address many of the pitfalls we grapple with on various sides of the equation. However, the life insurance industry needs to do a better job of eliminating old versions of chronic illness ABRs often hidden behind a consumer appeal to “living benefits.”

These “no current cost” riders are often represented as a comprehensive inventory of potential catastrophic contingencies. The problem with the “discount” method is that it's impossible to precisely define the actual benefit paid when a claim occurs. The discounting method represents an uncertain claims future. Offering benefits that are difficult to quantify could raise some basic fiduciary concerns.

Discounted ABRs resemble the illusory benefits so often vilified in the pre-Health Insurance Portability and Accountability Act of 1996 days of LTCL. The potential for consumer disappointments when attempting to qualify for benefits under these products will certainly be followed by consumer complaints and

regulatory scrutiny. The negative press discounted ABRs garner will sully the reputations of companies using all types of chronic illness definitions and benefits. Current allowable \$101g benefit qualifying language closely resembles that found in HIPAA-sanctioned long-term care insurance. Here's an opportunity for the industry to exert a level of self-policing and to do the right thing.

VERITAS VOS LIBERABIT (THE TRUTH WILL SET YOU FREE)

As a parallel to Aristotle's day, we now have observational truth that the world of chronic-illness risk management is not flat. There is no need to confine ourselves to the myths and methods of days past. Creating viable and reliable private-sector extended-care insurance solutions is important work; clearly, we have a great deal of opportunity ahead of us. ■



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You Could be Underinvesting in Your LTC Block: Claims Modernization is the Next “Rate Increase”

By Mark Yoest, Nathan Berggoetz and Allison Schroeder

The state of the long-term care insurance industry in 2019, in which double- or triple-digit rate increases and billion-dollar reserve strengthenings has become the norm, presents a massive opportunity for innovative carriers and care providers. Many carriers—and especially those whose LTC blocks are in run out—are not actively investing in the operations of their LTC blocks. Rather than settling for status quo operations and (in many cases) relying on additional premium revenue from policyholders to stave off the next recognition of a loss, LTC carriers should seek to expand their toolkit to combat deteriorating experience.

There is a significant opportunity for carriers to invest in modernizing their LTC claims practices to improve financial outcomes. Modernization seeks to delay claim onset, reduce the unit cost of care and improve the value delivered to policyholders. For an LTC carrier, effective roll out of an LTC claims modernization program can directly impact reserve adequacy and profitability. For care providers taking part in the program, LTC claims modernization can in turn drive volume, increase the daily average revenue received, and provide a more secure source of revenue compared to other private payers.

THE CASE FOR CHANGE

The LTC insurance industry is facing various challenges. Significant recent reserve-strengthening events have plagued many companies facing poor experience and inadequate pricing. In 2018, there were multiple, significant reserve-strengthening events that made large waves in the industry. Partially driving the reserve strengthening is the continued industry challenge to identify and observe morbidity improvement in an insured LTC population and craft reasonable expectations for future morbidity improvement. Further, the impact of Accounting

Standards Update 2018-12¹ (long-duration targeted improvements) could result in the loss of carriers’ ability to offset older book of business deficiencies with more recent issued policy margins, thereby potentially causing the need for additional strengthening of reserves.

The attempts at solutions to these problems have not adequately addressed carriers’ challenges. Primarily, many LTC carriers have focused on filing round-after-round of rate increases to try to return the business to breakeven and/or avoid a reserve strengthening. However, these rate increases may reach a limit with regulators and the insured. Rightly, LTC think tanks have focused on how insurance can address a societal need for LTC through new products, funding approaches and other various means. But such efforts have generally not sought to address carrier solvency for already sold LTC policies, or through innovation/modernization of operations.

Modernization of LTC claims is an approach to manage current LTC books of business and improve outcomes for insureds, carriers, providers and governments.

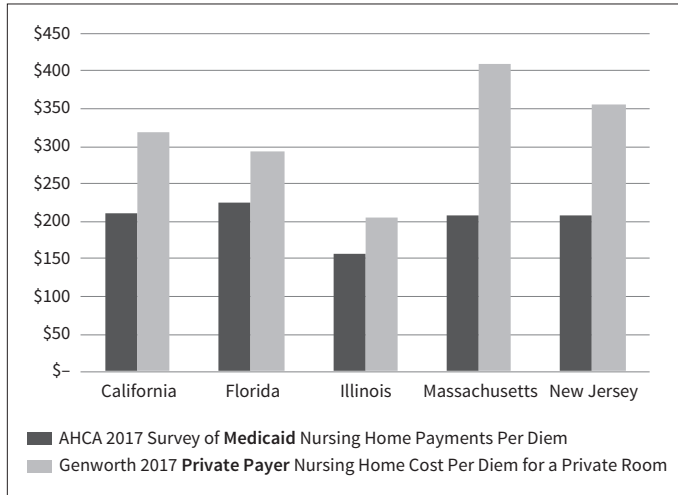
Modernization of LTC claims is an approach to manage current LTC books of business and improve outcomes for insureds, carriers, providers and governments.

MODERNIZING LTC CLAIMS MANAGEMENT

The first step to modernization is the establishment of a network of nursing home and home care providers for whom the carrier has assessed the quality of care delivery, and with whom the carrier has negotiated discounted reimbursement rates in exchange for a commitment to drive claimants to those providers. Such an arrangement can simultaneously work in the mutual interests of each of the insured (by reducing insured cost and by helping the claimant and family members navigate a difficult life decision), the carrier (by reducing daily amounts paid and increasing policyholder satisfaction) and the provider (by driving volume to the provider at better rates than publicly financed alternatives). Lower Medicaid reimbursement rates relative to private pay rates, coupled with the significant volume of claims paid by Medicaid, creates the provider network opportunity (see Figure 1).

To the extent carriers can increase the volume of their policyholders utilizing an in-network provider (also addressed by modernization), more providers may likely be incentivized to

Figure 1
2017 Nursing Home per Diem Rates by Payer
(Five Largest Medicaid LTC States)



Sources: Hansen Hunter & Company, PC. 2018. A Report on Shortfalls in Medicaid Funding for Nursing Center Care. American Health Care Association. November. https://www.ahcanca.org/facility_operations/medicaid/Documents/2017%20Shortfall%20Methodology%20Summary.pdf; CareScout. June 2017. Genworth 2017 Cost of Care Survey conducted by CareScout. https://www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/cost-of-care/179702_2017CofC_Monthly_091317.pdf.

join a carrier’s network. Overall revenue for the provider will likely increase as the mix of payers shifts from Medicaid to LTC carriers and underutilized resources (e.g., beds, nurses) decrease. Investment in care-management approaches are needed to drive volume to in-network providers since in-force contracts do not presently allow carriers to require insureds to utilize specific providers.²

A second step to modernization is care management, which should better equip and inform care managers. Carriers can focus on improving the experience of policyholders by connecting each with a dedicated and informed care manager that provides support throughout the entire life cycle of a policy: preclaim, claim review, plan-of-care development and transitioning through the various sites of care.

Care managers should proactively establish a relationship with the insured at the preclaim stage to outline preventive steps that could be used to potentially delay or avoid the onset of claims and to explain the range of benefits, available providers and the care-management process. On an ongoing basis, analysis should be conducted to identify those insureds 1) with conditions or at-risk lifestyle factors that indicate an increased likelihood of a near-term LTC claim and 2) that would be likely to benefit from early intervention to reduce the claim risk. Once a claim is submitted but before a site of care is chosen by the insured, the cause of disability and circumstances of the insured should be

assessed to help the insured determine an appropriate site of care from a list of providers, highlighting those that meet the carrier’s standards for quality of care and pointing out those providers with whom the carrier has negotiated discounts for its insureds.

Throughout the life of the claim, the close interaction of the care manager and the policyholder can improve outcomes for the carrier and the policyholder. The care manager should help determine the applicable frequency of care, taking action to extend claimant independence by recommending and providing needed services at lower intensity sites of care, collecting feedback on quality of care at preferred providers to manage the network, and providing input on the need of any proposed transition to a more intense site of care. At each point of transition, a short list of credentialed, networked providers and cost scenarios for each should be provided to the insured. Quality, amenities and cost-saving insights on recommended providers are key to driving volume.

STAKEHOLDERS WIN

To reiterate, LTC claims modernization can result in benefits to all key stakeholders: providers, policyholders, carriers and, potentially, even government programs. See Table 1.

Table 1
LTC Claims Modernization: Potential Benefits by Key Stakeholder

Providers	Policyholders
<ul style="list-style-type: none"> Increased occupancy/utilization Increased average per diem revenue More manageable receivables (as carriers become a higher portion of the private payer revenue base) 	<ul style="list-style-type: none"> Improved care-management process Higher level of confidence in their site of care choice Reduced out-of-pocket expenses Extended pool of benefits
Carriers	Government
<ul style="list-style-type: none"> Reduced incurred claim costs via: <ul style="list-style-type: none"> Reduced per diem cost Benefit consumption deferral Delayed onset of claim Delayed transition to more expensive sites of care Improved reserve adequacy Increased customer satisfaction Improved support by regulators, who are likely to appreciate efforts to improve LTC financial outcomes on a basis other than constant rate increases 	<ul style="list-style-type: none"> Increased viability of the private LTC market, resultant de-risking of Medicare/Medicaid Lower carrier dependence on rate increases as the go-to solution to improve financial outcomes Improved care and service to constituents

EXPANDING THE CONCEPT

The potential benefits of this claims modernization approach can be fruitful beyond the immediate gains to key stakeholders. In a future state when LTC claims modernization concepts have reached maturity, there are additional opportunities to lower costs and earn additional revenue from this investment. Product development could include offering PPO- or HMO-like products that further incentivize networked provider utilization. New Medicare Advantage supplemental benefits flexibility rules from the Centers for Medicare & Medicaid Services could be supported by LTC carriers with experience managing LTC claims and owning LTC provider networks. LTC carriers can vertically integrate with providers to further drive quality and savings. Provider networks could be leased to other carriers to create fee-based income from network leasing fees, thus providing a minimally capital invasive revenue stream. Last, such investments could create opportunities to drive scale and profit growth through acquisition of blocks of LTC business that could see reduced cost upon acquisition by utilizing the buyer's modernized LTC claims tools.

LTC carriers have essentially pulled all levers at their disposal to improve LTC income but one. The time is now for carriers to find a viable and long-term solution to deteriorating experience facing the LTC industry. Investment in claims modernization can be a win-win for all stakeholders involved. ■



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- Jacquelyn B. James, Director of the Boston College Center on Aging & Work and the Sloan Research Network on Aging & Work
- Ronnie Klein, FSA, MAAA, Director of the Global Ageing program at The Geneva Association



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Summary of 2019 ILTCI Conference Tracks

By Peggy Hauser

The Intercompany Long-Term Care Insurance (ILTCI) Conference Association held its meeting this March in Chicago. The conference provided another year of highly engaging sessions over a number of tracks.

The Actuarial and Finance sessions covered innovative solutions, risk management, reporting and closed block management, and were led by some of our leading experts in the industry.

In the area of innovative solutions, “Combo Product Hot Topics: Valuation, Assumption Setting, Tax & Regulation” explored the momentum in these products, including new product pricing, tax reform implications, and regulatory and compliance trends. “Hot Products on the Spot” brought a discussion on solutions to making long-term care insurance products more attractive to both insurance companies and consumers, inviting lively subgroup discussions.

Several sessions took an in-depth look at risk management and reporting. In “Morbidity Improvement,” the panel examined recent industry news and industry studies on the use of morbidity improvement as well as perspectives from regulators and equity analysts. “Valuation—GAAP Targeted Improvements” provided practical advice on how to get ready for the new standard, including a timeline and overview of transition methods, a deep dive on liability for future policy benefits and transition considerations. A panel took a look at the standard that became effective for yearend 2017 in “Actuarial Guideline 51 Update,” including how it has impacted processes for asset adequacy testing, and how it helps regulators monitor LTC blocks of business more effectively.

“Uniting the Forces: Actuarial Science, Medicine and Innovation” explored emerging topics that affect experience and assumptions setting for long-term care claims, including the outcome of the Society of Actuaries (SOA) medical symposium, diagnoses, the level and cost-of-care variances, advancements in technology, long-term support and services, and detection, early intervention, prevention, delay of onset and management of LTC claims.

With a look back to closed blocks of LTC business, in “LTCI Closed Blocks: A Market Perspective,” the panel discussed hot

topics, including the recent mergers and acquisitions market and insurance business transfers.

The session titled “Capital Market and Risk Transfer Perspective on Long-Term Care Insurance” used a question-and-answer format to discuss perspectives from the asset management, rating agency and risk transfer points of view, and touched upon an investment adviser’s assessment of reserve adequacy, product performance focus areas for a new entrant and subsequent rating implications.

Many states have promoted strategies over the years to encourage individuals to plan for how they would pay for care. ...

On the final day, an interactive session on actuarial professionalism covering code of conduct, “Actuarial Standards of Practice” and more was led by a diverse panel of experts, and incorporated a number of compelling case studies and a fun and interactive baseball-themed game.

Highlights from other tracks follows.

PUBLIC POLICY AND ALTERNATIVE FINANCING SOLUTIONS

State Initiatives for LTC Financing Reform

Long-term services and supports (LTSS) can be costly for those needing care, for family caregivers and for state Medicaid programs—the largest public payer of care. States have long been concerned with the impact of growing LTSS expenses on the financial and emotional well-being of their residents and on their Medicaid budgets. Also driving state concerns are limited private market growth, federal policymaking gridlock, and a growing realization that strains on the budget and delivery systems will only increase. Recognizing this, many states have promoted strategies over the years to encourage individuals to plan for how they would pay for care and offered private long-term care insurance to public employees, and some have implemented tax incentives for the purchase of private insurance. However, to date, these efforts have had only limited success. As the financial pressures on states continue, some states have begun to explore (California, Michigan and Minnesota) or to put forward (Washington, Hawaii and Maine) new state-based insurance programs to address this daunting financing challenge. Just this week, Washington passed the Long-Term Care Trust Act, creating the first social insurance program for LTC in the country.

This session covered analyses from a soon-to-be released report from the National Academy of Social Insurance (NASI), part of the academy's broader efforts to flesh out policy options that may help address these challenges and aid states as they explore development of LTSS social insurance programs. This session outlined the key design components states must consider in the development of LTSS finance reforms and the coverage and pricing implications of alternative design choices.

Medicare Advantage Expansion Into Personal and LTSS

This session explored recent changes in Centers for Medicare & Medicaid Services rules that would allow some expansion of LTSS into Medicare Advantage (MA) plans for enrollees who: (1) have one or more comorbid and medically complex chronic conditions that are life threatening or significantly limit their overall health or function; (2) have a high risk of hospitalization or other adverse health outcomes; and (3) require intensive care coordination. Different LTSS options can be provided to those who meet these criteria and they may be targeted non-uniformly as long as they are offered based on objective criteria (e.g., "a reasonable likelihood of improving" from a specific chronic illness). MA plans have fairly broad discretion in developing these supplemental benefits. Some examples include home-delivered meals, non-emergency transportation, home modifications, caregiver support programs, housekeeping, medical equipment, personal care services and palliative care.

While these services can be very important to individuals receiving them and can help maintain or improve an individual's health or functional condition, it is important to note the limitations of these benefits. MA plans are not offering what we traditionally think of as long-term care and they are not offering benefits and services to a HIPAA-dependent population. Some of the limitations are as follows:

- The amount available to the plan for these benefits is very limited—based on the amount of the rebate dollars the plan received in that plan year for their performance.
- The benefit can vary from year to year so enrollees are not guaranteed any continuity in the supplemental LTSS they are receiving.
- Enrollees can and do switch plans from year to year so they may change from an MA plan offering supplemental LTSS to one that does not offer the same benefit or offers no benefit.

There is also still a great deal of uncertainty from the MA plans' perspective with regard to the type of benefits CMS will allow them to offer and the criteria that will be used to determine how

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benefits can be offered. While this new policy offers potential for better coordination of care for those with complex medical conditions, it will take time for the full potential of this new offering to be realized.

Relying on Family Caregivers: Are They Ready, Willing and Able?

Numerous studies show how extensively those who need LTC rely upon family caregivers and other informal care providers for a wide array of help with activities of daily living, instrumental ADLs and even skilled care needs such as wound care, administering IVs and other tasks. But how well prepared are these individuals to take on these caregiving tasks? The love, devotion and desire to care is often there—many times well beyond what

it is emotionally and physically feasible to do. But do family members need (or want) training and support to properly take on these roles? Should this be offered? Required? Some recent state-based proposals for state-funded LTC included a requirement for family caregiver training, certification and more. Is this appropriate? Too much? Not enough? If family members will be paid under either private insurance or a social insurance framework, what requirements should they have to fulfill either before, during or after? Are there lessons we can learn from today's private LTICI?

A panel of experts, drawing on their own personal experience as caregivers along with their expertise working with family caregivers, addressed these and other topics. They identified resources available to help support and provide on-demand training and guidance to family caregivers while also speaking to the constraints caregivers face in accessing these resources. Time and not self-identifying as a caregiver are probably the two major constraints. Different channels for more readily disseminating caregiver training and support were discussed. LTC insurers should become aware of these resources and form partnerships with them to better utilize the caregiver training benefit within their policies so that they can support and sustain family caregivers. Not providing the support and tools they need can be harmful to both the insured and their loved ones.

What's Up, Doc? Geriatric Neurology and the Implications for LTC Insurance

This session treated a standing room-only crowd to a very informative panel discussion with two of the nation's leading geriatric neurologists (Drs. Neelum Aggarwal and Anitha Rao). They discussed, in detail, various aspects of cognition and brain health and the relationship of these conditions to long-term care and long-term care insurance.

Beginning with the basics of Alzheimer's, dementia and delirium, the panel discussed issues and challenges with getting the diagnosis early and right, communicating the diagnosis, designing personalized plans of care for patients given their diagnoses and the challenges of patient compliance.

With the importance of dementia and cognitive claims to the long-term care industry, the insights of the panelists were extremely valuable. A key part of the session was the seamless way the doctors integrated the latest technical information on "where we are" as a nation with Alzheimer's cures and treatments, with examples from their work as clinicians treating patients.

From a prevention point of view, both presenters emphasized the importance for seniors to stay physically active (get out and walk), eat healthy diets that fit with their personalities and cultures, and socialize.



Evidenced-Based Nutrition for Healthier Futures

In this session, Dr. Aggarwal joined Dr. Monique Tello and Lauren Biscotti to discuss the importance of nutrition as we age. A second standing room-only crowd was treated to both a theoretical discussion of the evidence for why diet and nutrition play such an important role in our health and how consumers can simply and easily adopt healthy eating behaviors. Both doctors talked about personal case studies of their patients showing the impact of improving diets on key health indicators such as blood pressure, cholesterol, body mass index and high blood sugar, and how changes in diet had reduced dependency on medicines.

A key aspect of Dr. Aggarwal's presentation was linking preliminary results from some of the large national studies underway including the MIND Trial to Prevent Alzheimer's, which tests the impact of a better diet on mitigating the disease. Dr. Tello's presentation featured several easy-to-make recipes from her recent book that were both appetizing and effective, along with additional evidence that good nutrition works.

This session provided good foundational evidence of the impact diet can have on our health and on minimizing the impact of chronic diseases as we age—an important step in encouraging our insureds to live healthier lives.

Political Pundits Pontificate: The Political/Policy Environment in 2019

This session was a fitting close to the public policy track as aging expert Bob Blancato assembled a very knowledgeable team of D.C. experts to provide a sense of the political challenges and opportunities long-term care financing and aging in general face in the current political environment in Washington. This session featured perhaps the highest degree of audience interaction of any in the public policy track, as early in the session Mr. Blancato sought questions from the audience. Somewhat surprisingly, the panelists, while recognizing the difficulty long-term care faces when much of the D.C. discussion centers around acute health care, were upbeat on the possibilities of

additional progress being made on long-term care and aging policy as we look to the future.

MARKETING & DISTRIBUTION

You Say Tomato, I Say Tomahto

With the advent of new LTC planning solutions, it can be tough to cut through the noise and find the best way to explain these offerings to consumers, distinguish them from one another and determine the best fit. This session explored best practices and surveyed the tools and resources available to distribution.

Forecasting Future Health Care Costs Using Technology

This session examined the way we use cost of care as part of the sales conversation, and asked, “Are we doing it all wrong?” Projecting long-term care costs is about much more than just shock and awe, and the session covered evidence-based approaches to forecasting costs as part of a financial plan, and looked at the technology and resources available to assist in this important task.

What Would YOU Do? Worksite LTC Insurance Edition

Based on the popular ABC hidden camera show “What Would YOU Do,” this session confronted common challenges. Distributors and carriers were asked what they did when confronted with the challenges of worksite LTCI sales and enrollments, and crowdsourced solutions from the audience.

Finding Opportunities in a Book of Business

As an industry, we are constantly asking producers to talk to their clients about LTC planning, but we don’t always take the steps to empower them to target the right people. The panel discussed ways to coach advisers through an examination of their book of business to find the right people to talk to at the right time, and introduced strategies on how to increase sales through this process.

How to Create a Winning Digital Marketing Plan

This session had a special guest—John Chang, a marketing leader in IBM’s Watson division, digital marketing coach and faculty at New York University. Digital marketing is such an important topic that an outsider’s view of the LTCI industry was very beneficial. Among the topics discussed were channel optimization, creating and automating a marketing strategy, best practices of adjacent industries, and a discussion of insurance industry blind spots when it comes to digital marketing.

Changing the Optics: Long-Term Care Insurance, A GROWING Industry!

The LTCI industry has gone through some pretty transformative changes in the last decade. A symptom of the changes has been a lack of trust in LTC solutions in the media. The panel

discussed ways to improve our relationship with the media so they will start covering LTCI in a way that is more in line with the optimistic reality of the present, rather than re-litigating the challenges of the past.

LEGAL, COMPLIANCE & REGULATORY

Long-Term Care Market Conduct Examinations

This panel, featuring Allison Kusel of Genworth, Michele Jordan of John Hancock and Stephanie Duchene of Mayer Brown, gave a detailed description of best practices when dealing with market conduct examinations from regulators. The panel discussed initial intake procedures, and recommended proactive outreach to regulators to ensure that both sides have a common understanding of the scope of the examination and the points on which the regulators might want to focus. As the exam progresses, the panel recommended identifying key resources for the regulators and working to thoroughly and directly answer the questions posed by the regulators during the examination. As the examination reaches its conclusion, the panel recommended maintaining cognizance over the exam to protect against an overreaching regulator and considering creative ways to memorialize the findings of the examination and minimize future litigation risk. Finally, the panel discussed tips and tactics for handling enforcement actions, fines and adverse rulings. At the end of the session, there was a helpful discussion of current trends in the world of market conduct exams, including the use of contract examiners, multi-state exams, increased numbers of exams focused on long-term care insurance, examiners with limited LTCI knowledge and expertise, and increasingly limited resources available to departments of insurance and other regulatory agencies to conduct market conduct examinations.

As an industry, we are constantly asking producers to talk to their clients about LTC planning, but we don’t always take the steps to empower them to target the right people.

Litigation Trends

This panel applied real-world litigation examples to encourage “what would you do?” participation from the audience. Following a substantive update on continued litigation trends in the industry and a thorough report on rate increase litigation (including the industry’s most recent success in the DiRito matter), the panel switched to a mock court session. The focus was narrowed to several commonplace scenarios arising out of claims-based litigation today (start date of benefits disputes,

cognitive impairment issues, suspected fraud and lapse) and involved the audience in assessing the good facts, bad facts, possible outcomes, best practices and potential ways to avoid litigation in the future.

Ask the Regulators

The American Council of Life Insurer's Chuck Piacentini moderated a Q&A session with Pennsylvania Department of Insurance Commissioner Jessica Altman, Nebraska Chief Actuary Rhonda Ahrens, Minnesota Chief Life Actuary Fred Andersen and Connecticut Life and Health Division Director Paul Lombardo. It was an active discussion, much of which concerned rate and solvency issues. Ms. Ahrens relayed some negative experience with companies approaching her state seeking disproportionate rate increases. She said that, when Nebraska is approached by an insurer proposing a rate increase, it wants to know that Nebraska consumers are not being overcharged to compensate for other states where rate increases have not been accepted or will not even be proposed. Mr. Lombardo discussed Connecticut's unique rule that, in assessing whether a rate increase is justified, regulators will look only to Connecticut experience. Mr. Anderson provided his view on companies seeking to separate failing blocks of business. He suggested he was more likely to recommend approval of such a restructuring where the company as a whole was not well capitalized, and thus likely to fail, unless the problematic block was segregated. Where an otherwise healthy insurer could allocate resources to help a failing block of business, however, he thinks the consumer would be better served if the company were not permitted to jettison the failing block.

Legislative Trends Leading to Litigation

This breakout session featured a slide presentation and discussion led by moderator Nolan Tully, partner at Drinker Biddle & Reath LLP, and panelists Jane Brue, vice president of compliance at LTCG, and Steven Brogan, associate at Drinker Biddle & Reath LLP. Ms. Brue opened with a discussion of the key factors driving the cost of compliance, the value proposition for investing in compliance resources, and the importance and advantages of creating collaborative partnerships across an organization. She continued with a discussion of trends in market conduct examination topics, among other discrete compliance issues. Mr. Brogan discussed legislative and regulatory trends surrounding lapse and reinstatement, e-commerce, and data privacy and security, with a particular focus on the California Consumer Privacy Act of 2018 (including pending amendments to clarify the scope of the landmark privacy law and the forthcoming rules from the California attorney general's office).

CLAIMS & UNDERWRITING

Underwriting and Sales Partnership

Due to the ever-increasing numbers of financial representative attending the ILTCI, the program committee wanted to create

a session with a focus on financial representatives and their role in the LTC insurance industry. This session, presented by sales and underwriting experts from Transamerica and CNO Financial Group, explored the partnership between the underwriters and sales agents from both a captive agency and brokerage distribution sales model perspective. Best practices for effective communication, collaboration and mutual understanding between underwriters—who need to effectively assess the proposed insured's health status and other risk factors—and the financial representatives who want to help their clients meet their LTC insurance needs were discussed.

Topics covered during this highly interactive session included exploring the importance of the partnership between the underwriter and agent, effectively educating financial representatives on the underwriting process, gathering requirements and analyzing all information to complete a comprehensive assessment of the risk the applicant presents to the insurer. The impacts of customer expectations regarding faster decision-making and the financial representative's need to be kept aware of the status of the LTC policy application so that their client can be regularly updated on their application's status were also discussed. The prequalification process was identified as a very important part of the financial representative's role since this process helps the sales associate to set expectations with their client regarding the likelihood of the policy being issued standard, rated or declined due to the client's health history. The last topic covered was to explore the tools and resources that help to build an effective and collaborative relationship between the underwriter and agent. Effective training of agents on factors impacting policy issuance and ratings, consistent and timely communication between the underwriter and sales associate, honesty and openness between the two individuals and follow through on commitments from both parties were also identified as critical to building and maintaining a successful underwriting and sales relationship whether the sales representative is a captive agent or an independent broker.

Contestable or Incontestable: What is Your Claim?

In this interactive session, a panel including underwriting, claims and legal professionals explored the decision-making process and philosophy behind contestable claims and long-term care policy rescissions. The session began by level setting with the definitions of contestable claims and basic education. From there, the group engaged in an interesting dialog that walked the participants through the real-life progression of a contestable claim, starting with the claims panelist. From claims, they ventured into the mind of underwriting by looking at what underwriting's role is in the early claim process and how what information was known during the underwriting process impacts the decision of whether or not carriers pursue rescissions for material misrepresentation. The legal track discussed the complexity of weighing



all the information and the potential implications and risks for a carrier with rescissions, legal and state law concerns, and when does a carrier simply decide to just let a policy stand. The session wrapped up with contestable claim case studies in which the participants weighed in on whether or not they thought an early claim was rescindable and on what basis.

To TQ or not TQ? That is the Question

In this panel discussion with live polling and active audience participation, challenges the industry is facing in administering tax-qualified claims were debated. Although the conditions of eligibility included in tax-qualified policies are set forth by the Health Insurance Portability and Accountability Act of 1996, the definitions of key elements are ambiguous. A panel of claims experts, including an attorney, licensed health care practitioners and a claims executive, used case studies to engage the audience and explore the different interpretations of key words, such as “substantial” and “severe,” from both the claim adjudication and legal perspective. Discussion also centered on whether or not “requiring” the assistance met the conditions of eligibility or does the claimant have to be “receiving” the assistance to be eligible. The session wrapped up with highlighting the importance of ensuring policies and procedures are in place to guide accurate, consistent decision-making.

Understanding Our Customer: The Insured and the Family Caregiver

This panel discussion educated the audience of claims professionals about the day-to-day experiences and struggles of claimants and their families who are not only coordinating care but providing care as well. The panelists came from varied backgrounds and shared their personal experiences and their innovative ideas of how best to prepare caregivers to provide consistent and effective care to claimants. Captivating stories about the experience of being a family caregiver and the role

the claims department can play in making that experience better and less stressful were shared. Attendees received advice about how to use customer feedback to make effective process improvements to ease the family caregiver burden.

Society of Actuaries Anti-Fraud Survey: Results and Next Steps

This interactive session gave a preview of the Society of Actuaries Anti-Fraud Survey results, which will be published this year. In 2018, the SOA Long Term Care Section Council approved an initiative to survey LTC companies on their perspectives and practices regarding LTC claims fraud, waste and abuse. There are many stakeholders (policyholders, regulators, insurance and reinsurance companies and other industry participants) who stand to benefit from a better understanding of these risks and the best practice strategies to address them. Thirteen companies completed the survey, for a response rate of 87 percent. Questions in the survey related to the adjudication and payment of benefits under long-term care insurance contracts, specifically related to threats and types of fraud; industry effectiveness, tools and resources; referral and detection; relief and resolution; and, lastly, regulatory issues.

After reviewing the results, the session participants broke into small groups to generate ideas about what’s next. What should groups like the SOA, ILTCI and others be doing to address fraud, waste and abuse in our industry? Universally, it was agreed we need to continue to educate one another and further engage with the regulatory community so they understand the challenges we face. There was a general consensus that our industry has not yet demonstrated effectiveness in addressing fraud, waste and abuse; most companies are not using predictive analytics to help with fraud detection; the tools and techniques employed by other lines of business are difficult to bring into long-term care insurance because of existing policy language and regulations and there is a strong desire to continue to share best practices and educate one another and regulators about the difficulties the industry faces when attempting to address these issues.

MANAGEMENT AND OPERATIONS

Automation Leading to Straight Through Claims Processing

This session consisted of panelists representing three companies: two LTCI carriers and one large third-party administrator (TPA). While we live in a technology-enabled world, LTCI is still playing catch up with other product lines. Additionally, it is not uncommon for new business opportunities to get more priority over claims needs due to the focus on distribution. The session used live polling to understand the audience’s thoughts on a number of topics, including what functions within your company are most advanced in terms of a tech-enabled customer

experience and which of these functions has the greatest opportunity for future impact. The audience then focused on claims and where in the claims process a tech-enabled customer experience would have the greatest opportunity for future impact: policyholder intake, eligibility decision/process, provider decision/process, claims payment or other. The over-arching theme of the session: Other lines of business utilize technology and automation to improve quality and increase efficiency, not to mention non-insurance businesses with which we interact routinely. Even pizza can be ordered online for a straight-through experience. It's time for LTCI to catch up.

Everything Operations Except Claims

While claims is a large focus of LTC operations, one cannot underestimate the importance and impact of the non-claims operations, including call center, policyholder services and billing. This session included three experienced operations leaders: one from a carrier and two representing TPAs. Panelists discussed approaches to effectively manage these operations and technology to provide more self-service tools. The panel also focused on other challenging operational issues including reinstatement processing and rate increases. Finally, other pain points were discussed, including address management, death management, systems upgrades and conversions, and ongoing process improvement. Throughout the discussion, the panel balanced the lessons of the past with a vision of the impact of technology on the future execution of these key operational functions.

Generation Gap in the Workplace: One Size Can't Fit All

Managing a diverse set of employees is hard regardless of the industry one is in. Two to 4 percent of a company's bottom line productivity is lost due to generational differences and miscommunication. This interactive session focused on how to manage four generations in the workplace: baby boomers, Gen Xers, millennials and Gen Zers. The four panelists, spanning the generations, led discussions on the following topics: work/life balance, attracting and motivating talent, succession planning/career path, and core performances. Table discussions followed each topic, with each table sharing a key takeaway from their discussion with the entire room. There was no lack of conversation or good ideas to be shared.

Reinsurers/Acquirers to the Rescue

With an increasing number of closed blocks, recent reinsurer/acquirer activity has been encouraging. This session provided a platform to hear from three experienced executives who have been involved with an acquisition or reinsurance arrangement. The session was structured as a Q&A. Topics included: thoughts on LTC risks and the types of blocks each company/person is interested in, understanding the philosophy regarding the administration of acquired/reinsured blocks, lessons learned and

predictions for the future. There were key messages from this session including: each entity has different interests; whether it is a legacy block or post-rate-stability block, it takes diligence and time to assess blocks; the involvement of the day-to-day administration varies significantly by the acquirer/reinsurer; and it is believed that the mergers and acquisitions market will be limited and we should expect meaningful pricing gaps between the bid/ask price.

Vendor Management: Ongoing Engagement and Collaboration

Whether you outsource your block or administer it internally, it is likely you utilize a vendor for some or all of your business. This session was interactive with live polling. The panelists represented three carriers who all use vendors for a large part of their LTC business. Vendor management is a discipline that enables organizations to control costs, drive service excellence and mitigate risks. The session focused on the vendor management life cycle, developing a strategic partnership with your vendor and maintaining it over time. Vendor management best practices were highlighted including selecting the right vendor, communicating constantly, monitoring outcomes, managing the relationship, negotiating a win-win agreement, aligning priorities and prioritizing long-term relationships over short-term gains.

Policy Features that Keep You Up at Night

This session was led by three experienced LTC leaders representing operations, legal and actuarial. The panelists had identified a number of features that keep them up at night. These features were the focus of the discussion: restoration of benefits, alternative plan of care, assisted living facilities, independent providers and proof-of-loss provisions. The session provided insight on how a few words, or lack of words, can make a big difference in how a policy provision is interpreted. Through live polling, the audience provided their feedback. There are definitely lessons to be learned for those carriers writing new business and lessons to be learned for carriers administering some of these challenging features.

FOR MORE INFORMATION

The ILTCI is the industry-leading long-term care insurance conference dedicated to education and networking among LTCI professionals. If you want to know more about the conference or the topics in this article, visit www.iltconf.org or contact Christi Trimble at info@iltconf.org. ■



Peggy Hauser, FSA, MAAA, was the chair of the 2019 ILTCI Conference. She is a managing director at PwC and can be reached at peggy.hauser@pwc.com.



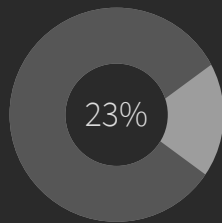
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Is Your Spouse Contagious?

By Al Schmitz, Ali Yeager and Jeremy Hamilton

The influence of “contagion” among spouses has been widely studied and observed for everything from emotions and depression to dementia, obesity and mortality. Readers may be familiar with the “broken heart syndrome” or “widowhood effect,” where a widow has a heightened risk of death shortly after losing a loved one. Given these demonstrated cases of a spousal contagion impact, we considered an important question: How does spousal contagion influence long-term care needs?

Spouses often serve the role of informal caregiver, which can result in both physical and psychological “wear down” impacts that eventually lead to LTC claims for the spouse providing the care. Alternatively, when one spouse dies, the other may no longer be able to care for himself or herself and may require formal LTC services.

We studied LTC insurance claim data of married couples, where both spouses have LTC coverage, to examine the influence on claim incidence (or frequency of claim occurrence) for one spouse when the other spouse commences a claim or dies. The higher level of claim incidence in the presence of a contagion factor is significant. This article provides high-level results of spousal claim analysis and discusses potential implications to the LTC insurance market.

SUMMARY RESULTS

Our analysis focused on the incidence of the “healthy” spouse (referred to hereafter as the “second” spouse) for the time period following the “first” spouse’s event (claim incidence or death, depending on the analysis).

The observed incidence for the second spouse after the first spouse commences a claim is consistently higher than we would otherwise expect using composite marital experience assumptions from Milliman’s 2017 Long-Term Care Guidelines (guidelines), suggesting a marked contagion impact. Figure 1 demonstrates the contagion impact following a claim of the first spouse.

The impact is most pronounced within a year of the first spouse’s claim. Observed incidence is about 450 percent of

Figure 1
Actual-to-Expected Incidence, Second Spouse After LTC Claim for First Spouse

Years Since First Spouse’s Claim	Female	Male	Composite
Less than 1 year	425%	481%	453%
Greater than 1 year	158%	176%	166%
Total	213%	249%	230%

Note: “First Spouse” = first spouse of couple to incur an LTC claim, “Second Spouse” = remaining “healthy” spouse.

Figure 2
Actual-to-Expected Incidence, Second Spouse After Death for First Spouse

Years Since First Spouse’s Death	Female	Male	Composite
Less than 1 year	304%	320%	310%
Greater than 1 year	117%	132%	122%
Total	148%	168%	155%

Note: “First Spouse” = first spouse of couple to die, regardless of prior LTC claim incurred, “Second Spouse” = surviving “healthy” spouse.

the guidelines composite marital expected incidence. In other words, a policyholder is about 4.5 times more likely to incur an LTC claim within a year of that person’s spouse incurring an LTC claim than would otherwise be expected in the absence of information about the spouse’s claim. The contagion impact grades down over time but, even after several years, does not fully return to composite marital expected incidence, suggesting a sustained contagion impact.

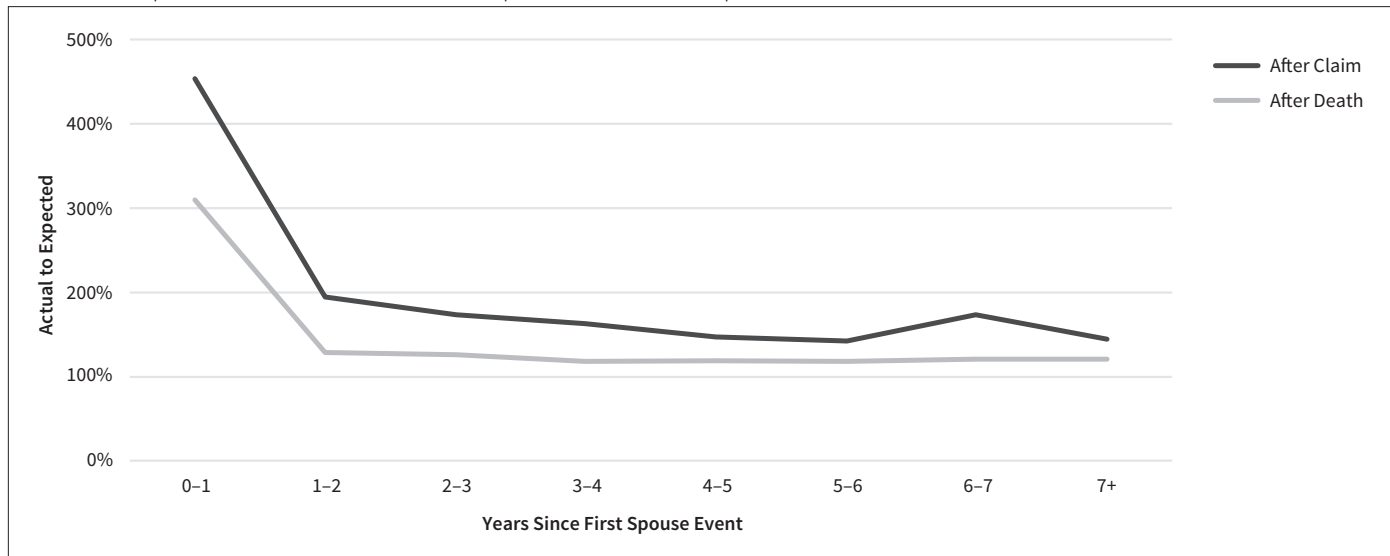
Similarly, the impact of spousal contagion after the death of the first spouse is noteworthy. Figure 2 demonstrates the contagion impact following the death of the first spouse.

In the first year following the death of a spouse, a policyholder is about three times more likely to incur an LTC claim than would otherwise be expected in the absence of spousal mortality information. Conversely, the incidence of one spouse would be lower than composite expectations if it is known that the other spouse is currently alive.

ADDITIONAL RESEARCH OBSERVATIONS

First, the contagion impact for either the claim or death of the first spouse grades down over time. We examined data for multiple years subsequent to the first event. While credibility of the data decreases over time, the claim incidence appears higher even seven years after the event of the first spouse. See Figure 3.

Figure 3
Actual-to-Expected Incidence of Second Spouse (After First Spouse's Event)



Second, the impact of claim contagion varies by the care setting of the first spouse. The actual-to-expected claim incidence of the second spouse is higher in the first year following a claim for facility care than for home care. However, in the second year following the claim of the first spouse, and after, the actual-to-expected claim incidence is higher if the first spouse entered home care versus facility care. See Figure 4.

Figure 4
Actual-to-Expected Incidence, Second Spouse After LTC Claim for First Spouse Based on Care Setting of First Spouse LTC Claim

Years Since First Spouse's Claim	Facility	Home Care
Less than 1 year	480%	416%
Greater than 1 year	139%	178%
Total	218%	229%

Note: "First Spouse" = first spouse of couple to incur an LTC claim, "Second Spouse" = remaining "healthy" spouse.

Third, these analyses illustrate contagion impacts relative to marital policyholder experience. The magnitude of the contagion impact can also be observed relative to "single" policyholder experience. The contagion impact relative to single expectations indicates a similar pattern of results. Claim experience in the first year after the claim or death of the first spouse is higher than single policyholder experience. The trend of subsequent years is close to the single experience following the first spouse's death and the trend is somewhat higher than single experience following the first spouse going on claim.

DATA AND ANALYSIS

We utilized LTC insurance data to study the contagion impact. To evaluate LTC incidence among spouses, our analysis considered only married insureds where both spouses purchased policies. This resulting data set is significant, including nearly 10 million life-years of exposure and nearly 50,000 claims for over 500,000 couples.

Using the couples' experience data, we identified which spouse had the first event, if either (i.e., an LTC claim incidence or death, depending on the study). To quantify the contagion impact, we measured the LTC claim incidence of the second spouse relative to the expected LTC guidelines claim incidence, based on demographic and coverage characteristics such as age, gender, type of coverage, policy duration, etc. This actual-to-expected comparison reflects the significance of the first spouse's event on the second spouse's likelihood of LTC claim, relative to expected assumptions that otherwise ignore the status of the first spouse.

The results of this analysis should be used with caution. This analysis is based on LTC insured data for which insureds were subject to underwriting and accepted coverage. The results should not be extrapolated to the population as a whole. The study population was limited to married insureds where both spouses were required to have purchased policies to receive a spousal discount to ensure claim data would be available for both spouses. A change to the married definition (e.g., only one spouse was required to purchase an LTC policy) may lead to different results.



IMPLICATIONS

The implications of spousal contagion on LTC are potentially far-reaching. The discussion that follows focuses on some of the actuarial modeling implications associated with spousal contagion.

Traditional Pricing and Projections of LTC Insurance Business

Many LTC insurance plans have historically provided spousal discounts, which have varied in terms of spousal requirements. For example, some companies have required both spouses be accepted for coverage and purchase policies to obtain the discount. For other companies, the married couple has simply needed to apply and one spouse can obtain the discount whether or not the other spouse purchases a policy.

The actuarial pricing of policies with the spousal discount reflects claim experience on these policies that is significantly lower than “single” claim experience in the early policy years, but generally grades toward single experience in the later policy durations. The married claim experience is lower initially partially because one spouse provides informal care. After death or divorce, the informal care ceases, so morbidity is closer to the single claim experience. The marital savings wears off as the cumulative impact of death and divorce increasingly impacts the block of originally issued married policyholders. The end result is often marital projected claims that start significantly lower than single and grade toward single over time.

Implicit in this marital claim cost pattern (for those issued as married) are death and divorce rates, and the resulting morbidity impacts subsequent to the death, disability or divorce of a spouse. If the claim experience for one spouse is higher in the year following a claim (or death) of the other spouse, that pattern is already inherent in the overall claim cost assumptions.

In other words, the contagion impact is already reflected in the aggregate marital claim cost pattern.

Contagion Modeling

While the traditional approach is actuarially sound and appropriate, specifically recognizing contagion impacts can help refine spousal modeling or explain spousal results. For example:

- In examining an in-force block of business, if it can be determined that a large portion of policyholders issued with spousal discounts are currently widowed, an adjustment to future claim expectations may be warranted.
- In underwriting a new policy, perhaps the length of time since a spouse has incurred a claim or died could be considered when issuing a policy.
- In reviewing spousal claim experience, the contagion impact may help explain actual-to-expected claim experience.
- In general, for any policy with joint spousal benefits, such as shared care riders or joint life combination products, explicitly modeling contagion can help refine overall results.

FUTURE ANALYSIS

We are examining additional impacts from spousal contagion. What is the impact on length of claim for contagion claims? How can we consider the impact of divorce versus death versus claim? What are the implications by the care setting, including assisted living facilities, for both the first and second spouses? What are the potential projection and pricing impacts of contagion? Are there trends in the level and severity of contagion impacts? These are all areas ripe for additional research. ■



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Living With Alzheimer's Disease

By Tom Doyle

Editor's Note: This excerpt is from a presentation done by a panelist at the Intercompany Long-Term Care Insurance Conference Association closing session in Chicago in March. We can never fully express our thanks to the Alzheimer's Association and Tom Doyle for the courage to share his moving story and optimism for the future.

It is great to be with you today. I don't know if you can tell but I am shaking. I am not shaking totally because of nervousness—although speaking to a group of almost 1,000 participants can be nerve-wracking, especially for a person living with Alzheimer's—but the shaking is because I have also been diagnosed with Parkinson's.

My name is Tom Doyle and I am living with Alzheimer's. I live with my husband, Levi, on the north side of Chicago. We have been together for 15 years and have been married for nine years. He is not only my husband but also my care partner. I also have three children, two boys and a girl, from a previous marriage, as well as four grandchildren.

Professionally, I have been a teacher, principal, superintendent and university professor.

I had an incredible career as a professor and university administrator. I was chair of the teacher education department, served as a faculty senator and was on the senate negotiating team working with administration to create a new contract for faculty. I loved my students and received almost perfect scores on my student evaluations. My life had purpose, meaning and joy.

But then, my world was turned upside down. At that time, I was seeing a psychologist and one day he commented that he had noticed I was losing words and forgetting what I said. I was repeating myself. When I heard this, my anxiety started to increase. At home, my husband confessed he had also noticed I was losing words and forgetting things. He also added that I had become disorganized and could not follow through on simple tasks in my home office as I prepared to teach and during the teaching of online classes. I too began to notice these changes.

The most devastating thing that happened though is that I was no longer able to remember lectures I had given for years. During class, my students would ask questions and I couldn't recall the answers. I remember trying to cope and hide the symptoms by instead asking the students if they thought they knew the answer to questions. I could no longer grade papers efficiently. I would get lost in the middle of grading a paper and have to go back and begin again. Though I had always been extemporaneous, I started to script my classes so that I could read verbatim my lecture. Shortly after these symptoms began, my student evaluations began to go down. All of these changes increased my anxiety. Before I taught a class, I would become so nervous that I would sometimes have a panic attack. I knew I couldn't go on like this; I needed to talk to someone about the changes in cognitive function.

I spoke to my neurologist, who I was seeing for Parkinson's, and shared the problems that I was having at home and at work. He gave me a short memory test and said it indicated I had mild cognitive impairment. Later testing indicated a diagnosis of Alzheimer's disease. My psychologist, neurologist and husband all agreed that I could no longer function on the job. I met with the chairs of my department and told them what was happening and I didn't think I could continue on the job. They each touched my arms as a gesture of love and said that I didn't need to come in anymore. So, on Aug. 9, I was employed in my dream job and, on Aug. 10, I was on full-time disability and retired.

I was devastated. I couldn't believe what was happening to me. This was probably the darkest hour of my life. This disease robbed me of my sense of purpose, meaning and joy. I began to go through the stages of grief that first year and a half. I considered my work peers my friends, and, when I was no longer



working, it felt like I had lost them. I was embarrassed because when I would get into a conversation, I would often get lost. I would lose words. I started to lose my ability to comprehend reading materials. I began to isolate myself from other people. My husband was going to school so most days I would just sit at home. I was so lonely. At first my colleagues from the university would call but that stopped after about the first six months. They had moved on but I hadn't and didn't believe I could.

About that time my incredible husband, Levi, asked me if I would experience more support in Illinois since my family—father, brothers, nieces and nephews—lived in the Chicago area. I said yes even though I was leaving my daughter and one of my sons in southern California and Levi was leaving all of his family. What a sacrifice he made!

Throughout this time I was still searching for purpose and meaning for my life. I decided that since I found so much purpose in working that I would get a job at Walmart. Well, I lasted three days. I was working the cash register and it would ask me for my employee ID number before every transaction. I couldn't remember it. I had to put it in my phone and with every customer who waited in line I had to pull out my phone to remember my ID. This was so frustrating for me and definitely the customers. My line would grow because I was so slow. On the third day seeing my line almost half way down an aisle, I walked away from the register, went to the assistant manager and said I couldn't do the job. I literally left my cash register and went and clocked out. I was a failure at Walmart.

I had to find a sense of purpose elsewhere and, luckily, my doctor put me in touch with the Alzheimer's Association. I reached out to my local chapter and became very involved with their programs. I attended both younger onset and early-stage support groups. I began to tell my story of living with Alzheimer's to groups of people in a variety of different organizations including second-year medical students at the University of Illinois-Chicago.

Then I was nominated for and selected to serve on the Alzheimer's Association National Early-Stage Advisory Group. This role has given me the opportunity to share both my story and the incredible work of the Alzheimer's Association with a nationwide audience. Additionally, I was recently nominated and elected to serve on the board of directors of the national Alzheimer's Association. From the very beginning of my relationship with the Alzheimer's Association, they have given my life purpose, meaning and joy.

The work of the Alzheimer's Association is amazing. Research is being done to find a cure for this terrible disease. We are close. Great strides have been made in research to find ways of

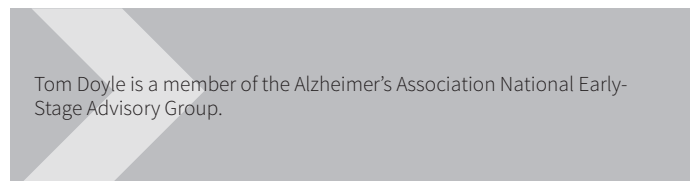
stopping the disease even before the symptoms begin to show. The association is finding more and more means for early detection of the disease and treatment that will stop the progression of the disease, eliminating the tragic effects of the disease.

Now that I've outlined some of the major successes I've experienced since my diagnosis, I do have a regret that I must confess to you today. I regret not knowing more about the importance of having long-term care insurance prior to my diagnosis. Like many others, I never thought ahead about what the consequences would be if I was diagnosed with and suffered the debilitating effects of a chronic or terminal disease. I wish I would have known more about this field when I could have planned for my financial future. I do not have long-term care insurance, and therefore am left with only Medicare and its supplement to pay the cost for my treatment. I worry what will happen if something changes and Levi cannot take care of me. It's possible that we may need to access government assistance for future care, which could result in fewer choices and a diminished ability to select care options that appeal to my values and preferences.

It is so important that a person has a plan for long-term care, whether they can imagine a future where they would need to use it or not. Based on the financial plans and decisions Levi and I now navigate, I have stressed to my children that they do not know when a calamity may strike and they may need long-term care. I have suggested to each of them that they purchase long-term care insurance now before they get into a situation like mine—which we know can happen to anyone! I admire your work and the services you offer and advocate for, in order to help people who may need long-term care have more choice and less stress.

So today we celebrate! I have reason to celebrate because I live a life of purpose and joy. I serve as a spokesperson for people who need to hear about Alzheimer's, what it is like to live with Alzheimer's and, most importantly, how to live well with Alzheimer's! We also have reason to celebrate all of you and your incredible work, which can connect people with benefits that will enable them to live well—even if they find themselves needing long-term care.

My name is Tom Doyle. I have Alzheimer's but Alzheimer's does not have me. ■



Q&A With an Experienced Insurance Professional New to Long-Term Care

An Interview With Sean Pena



Sean Pena, FSA, MAAA, is a senior consulting actuary for LTCG.

When did you join the long-term care world and what was your background prior to joining?

I joined LTCG very recently, in April 2019. Prior to joining, I spent the past 12 years of my career in life insurance. For the first five years of my career, I worked at a small life insurance company with a European parent company. The department was very small so I had my hands in everything there, including cash flow testing, statutory and International Financial Reporting Standards (IFRS) reporting and embedded value. I switched over to life insurance and annuity consulting the past seven years of my career. I worked on a variety of projects including life insurance pricing, valuation, reserve financing transactions, in-force management actions and litigation, and asset and liability financial projection modeling.

What led you to make the switch from life insurance to LTC? What have been some of the challenges of this transition?

It was a difficult decision. I spent 12 years building my life product expertise, great relationships and my reputation. I was exploring new positions that would allow me to take on new challenges and opportunities in my career. I initially thought that it was a bad move to throw away my life insurance experience to switch to the LTC world. However, I was fortunate enough to work with most of the LTCG team while at my prior job and built strong personal and professional relationships. This connection helped me to put aside these concerns and take a more in-depth look at making the move.

Building financial projection models requires the same skill set across life and LTC products. ...

After researching and speaking with those in the LTC industry, I came to the realization that I would be enhancing my actuarial knowledge and skills, not starting over. Assessing LTC risks and quantifying LTC business requires the same core skill set as life insurance, while also challenging myself with learning new LTC concepts. My experiences so far have proven this to be true.

Building financial projection models requires the same skill set across life and LTC products, including the same software programs and coding techniques. I am also presented with the new challenge of coding unique LTC product features and assumptions, such as first principles multi-state models for both traditional and combo products. I've really enjoyed the process of analyzing the results of the extensive number of liability paths that occur with claim recoveries and transfers. It's been very interesting understanding how these paths are affected by various product features (e.g., restoration of benefits) or assumption sensitivities, and thinking about how to best communicate the results of these risks.

My experience developing analysis and support for life insurance in-force management actions, on universal life (UL) cost of insurance (COI) rates or yearly renewable term (YRT) reinsurance rates translates very well to LTC premium rate increase actions. Despite the different parties involved (lawyers and arbitrators vs. regulators), all of these decisions create a tricky balancing act of managing various competing interests, ensuring solvency and applying contractual terms. It has been interesting working under a more prescribed process (i.e., rate stabilization acts).

The lack of a cash value on LTC products, unlike UL, has led to a very interesting dynamic of how to protect policyholders. This created a need for innovative and fair nonforfeiture options for policyholders in lieu of a rate increase. The process of quantifying how much certain product features are worth (e.g., how valuable is a reduction in benefit inflation options) has provided me with valuable insight into how the value of a long-term care insurance (LTCI) policy varies drastically by plan, company and pricing era.

Setting morbidity assumptions requires the same actuarial judgment and logical thinking that I have established through life insurance experience studies over my career. I have some past experience with disability products and appreciate the additional layer of complexity from morbidity assumption components. I look forward to the added challenge of observing, quantifying and rationalizing how certain product features affect these assumptions.

Valuation models, prescribed laws on statutory reserving, asset adequacy testing, GAAP FAS 60¹ and targeted improvements are very similar across traditional life and LTC products. Additionally, I look forward to helping with the interpretation and implementation of AG51,² as well as leveraging my VM20³ experience to roll out principle-based reserves (PBR) for LTC combo products.

What thoughts do you have on the current challenges of the existing standalone LTCI market?

The challenges within the LTC industry create an abundance of opportunities to develop new and improved products. My

decision to join the LTC industry at this point in my career is because I am confident this is not a shrinking industry, but one that is in need of change and offers exciting challenges. I look forward to helping direct writers make more marketable and sustainable LTC products with stronger guaranteed benefits to policyholders. The most obvious fit for me is helping with the development of hybrid life and annuity products.

It gives a lot of meaning to my work to have the opportunity to help shape long-term care public policy and public opinion, and develop innovative products. I've experienced family members who have struggled with the ability to get the long-term care they deserved so I am aware first hand of the need for LTCI.

The actuarial profession is small as it is and the LTC world is much smaller, which has its pros and cons for establishing yourself in the industry. I was in one school district my entire life so I don't know the feeling of being new, but I suppose it feels a bit like being a transfer student. Hopefully this article is a good introduction, so stop me at the next Intercompany Long Term Care Insurance Conference Association Inc. (ILTCI) or SOA conference and say hi to the new kid. ■

ENDNOTES

- 1 Financial Accounting Standards Board. 1982. Statement of Financial Accounting Standards No. 60: Accounting and Reporting by Insurance Enterprises.
- 2 National Association of Insurance Commissioners. Actuarial Guideline 51: The Application of Asset Adequacy Testing to Long-Term Insurance Reserves. Last updated April 18, 2019.
- 3 National Association of Insurance Commissioners. VM-20: Requirements for Principle-Based Reserves for Life Products. *Valuation Manual*. Updated Jan. 1, 2018.



People Really do Care About Long-Term Care: Or, Not Quite Present at the Creation

By John Cutler

Author's Note: Many, many years ago a woman who was involved with long-term care insurance decided that all the other people involved with LTCI should come together and talk about issues. Since she was a lobbyist for the industry and not a home office or legal sort, she decided to ignore issuing an antitrust statement at the beginning of these meetings. In fact, she opened them up to everyone. And soon they had advocates, government officials and Capitol Hill staffers as well as industry leaders in attendance. She credits the group, and its meetings, with the creation of a major LTCI initiative, namely the Long-Term Care Security Act of 2000 and the Federal Long Term Care Insurance Program.

Way back in the last century—well, barely, since it was 1999—Sandy Cook, then with Unum, started the Long Term Care Discussion Group (LTCDG). For 20 years, this group has invited speakers in on issues of all sorts, mostly (but not always) around the topic of long-term care. At first it was more insurance focused. But that tended to shift to general issues of financing. LTC involves delivery so there were sessions on that. And so on and so on.

SESSIONS OVER THE YEARS

The LTCDG and the Society of Actuaries (SOA) have a long relationship and have jointly produced a number of sessions. The SOA's Post Retirement Needs and Risk Committee worked on the topic of long-term care and retirement risk; the LTC Section on the various research efforts that lead to the Retirement Plus idea as well as a life product that turns into long-term care protection at age 65, among others.

In 1999, we hosted a one-day program on Capitol Hill with Sen. Dave Durenberger, as the keynote speaker, and Deputy Assistant to the President for Health Policy Chris Jennings. In 2002, we held the meeting at the Health and Human Services (HHS) headquarters, the Hubert H. Humphrey Building. This session revolved mainly around the new federal employees' long-term

care insurance program and related LTCI issues such as outreach and research. We also heard from Hill staffers on their congressional perspectives. Given how intense those programs were, we opted for a session every even year, after the federal elections, so that we would hear from Hill staff and/or lobbyists about legislative prospects for Congress and the administration (especially after changes in political party).

We like to keep up with various organizations and their work or research. We hosted Nora Super, then executive director of the White House Conference on Aging. Gretchen Alkema of the SCAN Foundation spoke on the framework for approaching LTC financing. AARP, LeadingAge and RTI International have hosted sessions on their work, including the redoubtable Josh Wiener from RTI on the minimum wage proposal and its impact on nursing homes and assisted living facilities.

As you might imagine, LTCI-related sessions are frequent. Some that stand out are research by Dr. Steve Holland on how long-term care insurance reduces end-of-life expenses and Nevada Insurance Commissioner Scott Kipper discussing the National Association of Insurance Commissioners regulatory efforts. We have also looked at taxation issues involving LTCI as well as combo products.

Medicare is always big. We have had topics around Altarum's MediCaring concept as well as the new (at the time) Comprehensive Assessment Reporting Evaluation (CARE) tool and another on issues around the Medicare nursing facility benefit. Minnesota's efforts to expand Medicare supplement products (both medigap and Medicare Advantage) were also highlighted in a couple sessions.

The aging network gets its due with sessions on things like the No Wrong Door program of the Administration for Community Living as well Medicaid's Balancing Incentives Program (involving HBCS).

For 20 years [the LTCDG] has invited speakers in on issues of all sorts, mostly (but not always) around the topic of long-term care.

State reform efforts are always of interest. We hosted a session on the Massachusetts health care reform (the precursor of the Affordable Care Act) before it was adopted. We also have had sessions on the Minnesota LTC reform proposals as well as the new Washington state LTC insurance program.

Over the years, we have looked to other nations, including the Netherlands, Germany and the United Kingdom. Both the Netherlands and Germany have robust social insurance coverage of portions of the long-term care risk. The U.K. session was on the idea of adding long-term care protections to immediate annuities, an idea now being looked at in the U.S.

Other sessions of note include those on the Medical Home concept, home equity, end-of-life care, dementia care, long-term care providers, housing stock, employers, caregiving, the Programs for the All-Inclusive Care for the Elderly, or PACE, and the Department of Veterans Affairs.

MEMBER REFLECTIONS

Organizing the many sessions for the Long Term Care Discussion Group over the years took a lot of effort from the group members and chairs. Insights from some of the chairs over the years follows.

Sandy Cook, Founder and First Chair

I was with Unum, and I read in the Congressional hearing notice that the Clinton administration was considering expanding personnel benefits offered to federal employees to include long-term care insurance. I believe they were considering group life, group universal life, and accidental death and dismemberment (AD&D) products.

Separate from this, hearings were held in the House Government Affairs Committee, chaired by Joe Scarborough, on these three product lines. Unum testified on AD&D because we owned a company in New Jersey which sold that product. It is an inexpensive product that can cover a range of things such as some travel insurance (where, for example, if someone died overseas, their body would be shipped back). That product was a big hit at the hearings, particularly for federal employees,

including members of Congress who had to travel a lot. (However, Congress never did decide to offer those products.)

At any rate, after the hearings, I called George Nesterczuk, the staffer for Government Affairs, and asked him why the committee had not included long-term care insurance in the hearings and he responded that it was a “bad product” and there was not a good enough track record on it. I responded that things had changed and the product had been perfected (Ha!), and offered to bring in a team of experts to brief him and the staff. There was some push back from the Democrats (e.g., Rep. Henry Waxman), but they were amenable to listening. So, staff met with a group of experts I had invited to join in a discussion.

As word got out, more and more people (companies) and entities such as the Office of Management and Budget, began to participate. Then the trade associations kicked in (American Council of Life Insurers and Health Insurance Association of America) to offer their advice. As the group grew, dissension arose as to what “kind” of product would be offered to the federal employees: a group or an individual product. It broke along those lines, with some companies proposing an individual product because, of course, that’s the product they sold. Other companies sought to have the product be a group product, for similar reasons. Logic prevailed and the group product was selected.

So, during those months, we decided it was most worthwhile to continue the discussion on long-term care and we set up a group that met monthly.

John Cutler, Original Participant and Later Co-Chair

I was working at HHS at the time the Clinton administration came up with several long-term care proposals. Two of these were actually mine. One was what became the Federal Long Term Care Insurance Program and the other was Own Your Future, an educational campaign through the governors to



Meeting of the LTC Discussion Group at AHIP (undated). Photo by John Cutler.

alert and educate people about long-term care risk. So, I started attending the group, which by this time was “officially” called the Long Term Care Discussion Group.

My most memorable meeting across the years was when Henry Claypool spoke; he was senior adviser to the administrator for Centers for Medicare and Medicaid Services and had us all over to the Old Executive Office Building for a session. Then there was a session where we had lined up Sen. Ron Wyden. I was sure his staffer would show up instead but it was the senator himself who came! One of the more popular meetings (over 50 in attendance and another two dozen by phone) was Mark Warschawsky, a member of the Federal Commission on Long Term Care. That was in 2013.

As an aside, for those lobbying Congress, when I was doing the initial outreach (aka marketing) to the Hill about members, family and staff being able to buy the product, I found interest as high or higher among Democratic members than Republicans. One meeting with the Democratic caucus had 20 members in attendance, which is like a gold-star moment for those of us working the Hill.

Susan Coronel, Original Participant and Later Co-Chair

One of the best attended—and most combative—Long Term Care Discussion Group gatherings was a session that focused on the Community Living Assistance Services and Supports (CLASS) Act. The CLASS Act was a facet of the Affordable Care Act. Sponsored by Sen. Ted Kennedy, the measure would have established a new federal LTC program. Connie Garner, Kennedy’s lead staffer for the act, was the featured speaker for the standing room-only session. In addition to leading efforts on the CLASS Act for the U.S. Senate, she also had her own family experience with disability issues. Her passion regarding long-term care and congressional efforts to address the issue was evident. There was some blunt talk during the session. And that was the point!

Karl Polzer, Current Co-Chair

I started participating in LTCDG meetings in 2006 just after joining the Agency for Health Care Administration’s National Center for Assisted Living. Sandy Cook was leading it then. We did a session in which I brought a couple staffers from the Hill whose bosses were sponsoring bills to make needed adjustments to Medicare Part D. The new law created a tough situation for dual eligibles in assisted living and in the community in affording medication co-pays. The LTCDG group meeting was a key part of a coordinated campaign I helped organize to address this issue, which eventually resulted in Section 3309 of the Affordable Care Act. This put these duals on equal footing with those in nursing homes by eliminating the Part D co-pays (small

but unaffordable for people receiving LTC). This revision has helped about a million people afford their medications.

I was asked to become a co-chair in 2010 and have really enjoyed making a contribution to the LTC policy community by promoting dialogue on research, policy, political and marketplace issues and developments. The group’s work on the rise and fall of the CLASS Act is a highlight. Josh Wiener’s presentation on the impact of raising the minimum wage on assisted living and continuing care retirement communities just months before his death was memorable. Debra Lipson’s talk evaluating Medicaid’s Money Follows the Person Rebalancing Demonstration Grant was sparkling. And those are only some of the many sessions where we saw key contributions to the debate on those issues.

Eileen Tell, Current Co-Chair

The group had a largely D.C.-focused membership and in-person and smaller overall event attendance. Today, we have members from all over the country (and occasionally abroad) because we have added the ability for folks to dial-in via a conference line. We now have twice as many (or more) at each meeting because we have both on-site and calling in. We’ve added a website to support the distribution of meeting materials and upcoming meeting notices for more than 500 members. While we have a core of roughly 75 to 100 who attend regularly, some topics draw a very different audience than another topic might. We have grown our membership through word of mouth and some use of LinkedIn. It is free, 100 percent volunteer supported for decades, politically neutral and very broad in scope.

FOR FURTHER INFORMATION

The Long Term Care Discussion Group is a voluntary, independent group that meets for the purpose of educating the policy community on all facets of long-term care. We convene monthly presentations exploring LTC policy, research and advocacy issues.

Signing up is free and open to all (this is not a membership organization per se). Participants span the entire spectrum of the long-term care policy community, including federal agency and congressional staff, researchers and representatives of a wide variety of stakeholder organizations. For more information or to be included on the distribution list, email LTCDiscussionGroup@gmail.com. More information can be found at <http://www.ltcdiscussiongroup.org/>. ■



John Cutler, JD, has most recently consulted for the State of Minnesota on Medicare and long-term care issues as well as been involved with several Society of Actuary projects and groups. He can be reached at johncutler@yahoo.com.



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