



SOCIETY OF ACTUARIES

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“Land This Plane”—A Delphi Study about Long-Term Care in the United States

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ABSTRACT

Many Americans will need long term care (LTC) in future years, yet only 10 percent of those 50 and over have LTC insurance (LTCI), and public programs are not funded to provide care for all who need it. The Long Term Care Section and the Forecasting and Futurism Section have co-sponsored a Delphi study,¹ code named “Land This Plane,” with a lofty objective: to create a vision for how America ought to deal with the impending LTC crisis. This article describes the results of the study that were available at the time this article was written.

BACKGROUND

On Jan. 2, 2013, the “fiscal cliff” legislation formally repealed the Community Living Assistance Services and Supports (CLASS) Act and established a federal Commission on Long Term Care. The Sept. 18, 2013 pre-publication edition of that commission’s report states the crisis. “A dramatic projected increase in the need for LTSS [long-term services and support] in the coming decades will confront significant constraints in the resources available to provide LTSS.” Increasing numbers of elderly Americans who need care, combined with fewer caregivers and lower personal savings rates, will place even greater pressure on Medicaid and already stressed state and federal budgets.

On Jan. 4, 2013, members of the Long Term Care Think Tank invited Forecasting and Futurism section council members to join them in a discussion of a potential Delphi study.² The objective was no less than producing a consensus about how America should deal with the pending LTC crisis with a comprehensive, integrated solution. What would be the number and makeup of panelists, what would the questions cover, how would the logistics be handled, and could we move fast enough to provide input to the federal commission? A diverse panel of 50 experts was assembled: insurance executives and marketers; regulators and public policy advocates; and, of course, actuaries.

The questions were formulated, debated, finalized and sent to the panelists on Feb. 1 with a reply requested by Feb. 18. Replies were compiled, analyzed and discussed at the LTC Think Tank meeting in Dallas on March 3. The responses

covered over 100 pages of text, and the work team concluded that the best way to conduct a second round was to consolidate the first round input into six major principles, under which specific questions were posed. The second round went out on May 15, with replies due in early June. The third round had a similar format and mostly the same questions, and was primarily aimed at giving panelists a chance to review their co-panelists’ replies and give their final answers. It went out on Aug. 14 with an extended deadline for reply of Sept. 20. A report was presented at the Society of Actuaries Annual Meeting on Oct. 22. Along the way, however, interim results were shared with the Commission on Long Term Care, and it appears that some (but not all) of our conclusions found their way into the commission’s report, although the commission may have reached the same conclusions independently.

Here, then, are the six principles drawn from responses to the study, the nearly complete tabulation of the extent of panelists’ agreement with each principle, and some of the specific concepts underneath each principle. The full report of the study should be available online on the SOA website near the end of the first quarter of 2014.

PRINCIPLE 1: A ROBUST AND EFFICIENT LTC SYSTEM

All aspects of the LTC financing system need to incentivize family and household participation, responsible planning and behavior, and the most efficient use of LTC resources. An all-encompassing system should include incentives to plan for the future, purchase appropriate products, use appropriate care settings, and adopt healthy lifestyles to mitigate the need for LTC services.

Need a robust and efficient LTC system **88 percent agreed**

Private insurance should be part of solution **100 percent agreed**

System should incent:
Responsible LTC planning **100 percent agreed**

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Healthy lifestyles **75 percent agreed**

Household and family participation **84 percent agreed**

PRINCIPLE 2: SOCIAL INSURANCE

There is a need for the government to take an active role establishing or encouraging a limited LTC social insurance program to help finance care for people who can't purchase private LTCI due to either cost or underwriting issues. It will be open to all, but designed to meet the specific needs of the "middle class." It would be part of a public-private combination approach to LTC financing but not the single standalone solution.

Social insurance is a necessary part of the solution **88 percent agreed**

PRINCIPLE 3: CHANGES TO MEDICAID

Medicaid needs to be changed to tighten eligibility by closing loopholes, strengthening eligibility requirements, and enforcing the rules strictly. At the same time, it also needs to be modernized to enable care on a national basis in the full range of settings. This includes home- and community-based care if appropriate and cost effective.

Need Medicaid reform—tighten eligibility **79 percent agreed**

Need modernization—home- and community-based care **83 percent agreed**

PRINCIPLE 4: CHANGES TO REGULATIONS AND LEGISLATION

In order to successfully promote the availability of LTCI in a robust and competitive market, regulations and legislation including the NAIC Model Act need to be substantially modified to take account of a new business paradigm for LTCI. The new LTCI business paradigm will entail re-engineering the overall product so that carriers will be able to balance acceptable risk levels with the need to offer meaningful consumer benefits at affordable premiums. The Model Act and other federal and state regulation and legislative

revisions will need to take account of these new business realities while maintaining appropriate consumer protections.

Allow LTCI products with shorter benefit periods **61 percent agreed**

Allow adult day care as option vs. required **68 percent agreed**

Agree with term plus side fund concept **45 percent agreed**

Principle 5: An Active Government Role

The government must take an active role developing and implementing the LTC financing solution. Federal and state governments should actively "promote the general welfare" for the benefit of their citizenry as well as their own fiscal health. They should do this by educating and influencing people to promote responsible planning and healthy behaviors related to their future LTC needs.

Need an active government role **95 percent agreed**

Need government-sponsored public awareness **92 percent agreed**

Less restrictive Partnership regulations **85 percent agreed**

Tax incentives for LTC protection **75 percent agreed**

Modify rules on tax-deferred savings (401(k), etc.) **71 percent agreed**

National reinsurance plan **59 percent agreed**

PRINCIPLE 6: IMPROVED MARKETING AND SALES

The way LTCI is marketed and sold needs to be improved by "mainstreaming the message" that LTC represents a significant and largely unplanned-for financial risk that needs to be addressed by consumers.

Improve LTCI training **83 percent agreed**

LTCI knowledge should be core to CE designations **75 percent agreed**

I have now participated on the work team of two completed research studies sponsored by the SOA using the Delphi technique, and I have studied three other SOA-sponsored Delphi studies. I believe that this Delphi study is a new high-water mark in the quality of the Delphi panel and in the potential impact of an SOA-sponsored Delphi study, and I look forward to their future use by the Forecasting and Futurism Section in collaboration with other SOA sections. ▼

END NOTES

- ¹ For background on the Delphi technique, see “The Delphi Method” by Scott McInturff in the September 2009 issue of the Forecasting and Futurism Newsletter, available at <http://www.soa.org/library/newsletters/forecasting-futurism/2009/september/ffn-2009-iss1-mcinturff.aspx>.
- ² The project team included Roger Loomis, Ron Hagelman, John O’Leary, Jason Bushey, John Cutler, Amy Pahl and Steve Schoonveld from the LTC Think Tank; Brian Grossmiller, Clark Ramsey and Ben Wolzenski from the Forecasting and Futurism Section Council; and Steve Siegel of the Society of Actuaries staff.



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