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A Conversation About the Delphi Study on Long-Term Care Financing Solutions

By Ben Wolzenski and Ron Hagelman

Editor's note: *Ron Hagelman is co-chair of the LTC Think Tank, and both Ron and Ben were members of the project team for "Land This Plane"—How America Should Deal With The Pending Long Term Care Crisis: A Research Study Using The Delphi Method.*

Ben: Ron, thanks for your time today. I'd like to explore your thoughts on the use of the Delphi Method to study LTC financing solutions. But first, please remind our readers of the state of LTC financing in the United States.

Ron: The CLASS Act [Community Living Assistance Services and Supports] was demonstrated to be actuarially unsound and was surgically removed from The Affordable Care Act. A new Commission on Long Term Care was created when the American Taxpayer Relief Act of 2012 was signed into law on Jan. 2, 2013. The Commission was composed of 15 appointees from the President and both parties in the Senate and House of Representatives. The Final Report was published on Sept. 18, 2013 on a nine to six bi-partisan vote. There is recognition of the clear and present danger of inaction. The report delivered to the President ends with "We request your highest attention to this Report and urge you to take action to maintain momentum toward creating a Long Term Services and Supports system that will meet the needs of all Americans with functional or cognitive needs now and in coming generations." While the Commission supported "a comprehensive and balanced approach to public and private responsibility" its members ultimately failed to agree on a specific financing option.

Ben: I guess that is not surprising, considering that the Commission was composed of political appointees. What expertise did the LTC Think Tank bring to the issue?

Ron: The LTC Think Tank has more than 70 member "experts": regulators, actuaries, market/sales leaders and insurance company executives. We have worked constantly to try to find consensus and discern ways to move private insurance solutions forward. A smaller group was needed for this type of subjective opinion consensus building. We therefore

created a Long Term Care cohort of 40 experts selected proportionally by discipline category.

Ben: It is time to remind our readers of how the Delphi method works. The Delphi method provides a means of gathering the opinions of a panel of experts and finding the extent to which there is a consensus among them. It consists of anonymous rounds of opinion gathering, which are fed back to the panel of experts (again, anonymously) for their further responses. In group meetings or discussions there can be issues with deferral to hierarchy or aggressive behavior. Having the opinions anonymously compiled and fed back by a moderator helps to remove these effects. In addition, the use of multiple anonymous rounds allows panelists to revise their views as the study progresses, without any pressure to maintain a publically expressed opinion. So, Ron, how did the Delphi method play out in this study?

Ron: The final study results generated six principles that received the support of large majorities of the panelists. For ease for the readers, we've agreed those principles will be shown in bullet point format. They are:

- Principle 1: A Robust and Efficient LTC System—Need for a robust and efficient LTC system: 88 percent of panelists agreed.
Private insurance should be a part of solution: 100 percent of panelists agreed;
- Principle 2: Social Insurance—Social Insurance is a necessary part of the solution: 88 percent of panelists agreed;
- Principle 3: Changes in Medicaid—Medicaid Reform, tighten eligibility: 79 percent of panelists agreed;
- Principle 4: Changes to Regulations and Legislation—Outlined a need to modify the NAIC Model Act;
- Principle 5: An Active Government Role—Need government sponsored public awareness: 92 percent of panelists agreed; and

- Principle 6: Improved Marketing and Sales—Improve LTCI Training: 83 percent of panelists agreed.

Ben: This three-round Delphi study produced surprising consensus from our diverse group of panelists. Ron, how would you wrap this up?

Ron: What is clear to all those committed to the eventual success of this market is that business as usual will not get us to the level of market penetration required to achieve critical mass in solving what many believe may be America's largest unprotected risk. The Delphi method has allowed us to identify all the moving parts of a new future, better focused on potentially achievable reforms. We have, I believe, developed a true road map for a new and reinvigorated campaign to increase company participation, look for leadership from public sources to increase awareness and tax incentives, achieve needed reforms from existing government programs, obtain more flexible product options from the NAIC, produce greater professional agent participation in LTC risk abatement, explore reinsurance and take another hard look at new and innovative product design. ▼

[See the complete Delphi study at <http://www.soa.org/Research/Research-Projects/Ltc/research-2014-ltp-ltc.aspx>.]



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