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FORECASTING & FUTURISM SECTION TO AID IN UPCOMING DELPHI STUDY

By Ben Wolzenski

This note was written as the Social Insurance and Public Finance Section was considering a Delphi study regarding Social Security. What is a Delphi study and what kind of results might it produce? In brief, the Delphi method is an iterative forecasting method that uses a panel of experts and a moderator. The panelists anonymously submit responses to a series of questions; the moderator feeds all responses back to the panelists (again, anonymously); the next “round” begins: Panelists are asked if they wish to revise their answers in light of what they have learned from others’ responses. The process continues for a pre-determined number of “rounds” or until results stabilize.

Members from the Forecasting and Futurism Section, acting as methodology experts, work within the section to co-sponsor Delphi studies with other sections, whose members act as subject matter experts. The 2005 “Study of the Use of the Delphi Method ... Forecasting Selected U.S. Economic Variables and Determining Rationales for Judgments” was co-sponsored by the Investment Section; the 2009 “Blue Ocean Strategies in Technology for Business Acquisition by the Life Insurance Industry” was co-sponsored by the Technology Section and the Marketing and Distribution Section. Most recently, “Land This Plane—A Delphi Study about Long-Term Care in the United States” was co-sponsored by the Long Term Care Think Tank and was published in April 2014. A reprint of that article follows this note. It is a leading example of the kind of results that a Delphi study might produce.

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

By Ben Wolzenski

This article first appeared in the December 2013 issue of *Forecasting & Futurism* and is reprinted here with permission.

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 February 1 with a reply requested by February 18. Replies were compiled, analyzed and discussed at the LTC



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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 August 14 with an extended deadline for reply of September 20. The final report was due to be presented at the Society of Actuaries (SOA) Annual Meeting on October 22, well after the date when this article was submitted. 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 by the time this newsletter is released.

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
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
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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. 

ENDNOTES

- 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 SOA staff.