



SOCIETY OF ACTUARIES

Article from:

The Actuary

February 1988 – Volume 22, No. 2

Bien Venue à Montréal!

by Phyllis A. Doran

The 1987 Annual Meeting held in Montréal marked the end of my year as Chairperson of the Program Committee. The meeting was a satisfactory conclusion after a year spent working on program content and the quality of speakers and their presentations.

One of the highlights of the meeting was Michael Cowell's session on AIDS. The panel included Dr. Robert Redfield who discussed the epidemiological projections and their effect on mortality and morbidity trends.

Another well attended session was a Teaching Session on "Getting to Yes." The Associate Director of the Harvard Negotiation Project at Harvard Law School walked registrants through the negotiation process. The session included discussion of measuring success in negotiation and choosing a negotiating style.

The 1988 Program Committee has studied the evaluations from these two sessions and others at that meeting in planning for the 1988 Annual Meeting in Boston.

Exhibits from reinsurance, consulting, and computer software firms again added to the educational opportunities available at the meeting in Montréal. A catalog of exhibitors with a short description of their products or services is available from the Society for a \$6 prepayment fee. Send your order to: SOA, Attn. Librarian, P.O. Box 95668, Chicago, IL 60694.

Thank you to all meeting participants during the 1987 program year. Your willingness to share knowledge with fellow members of the profession is appreciated. I hope you will continue the experience in future program years.

Phyllis A. Doran is a Consulting Actuary with Milliman & Robertson, Inc. She is a member of the Board of Governors and served as the 1987 Program Committee Chairperson.

Correction Notice

Joseph J. Buff's employment information was incorrect in the December 1987 *Actuary*. ("Asset/Liability Management"). He is a Consulting Actuary at Tillinghast/Towers Perrin. We sincerely regret this error.

Montreal Speakers See Expanding Role for Long-Term Care Insurance

by Dale C. Griffin

The 1987 annual meeting in Montreal included a Panel Discussion on "The Future of Long-Term Care" (LTC), sponsored by the Futurism Section. Panelists agreed that the future will bring expansion of private insurance in the LTC field. The panelists did not expect an expanded government role in financing LTC. They expected that the forecasted increase in services needed as the baby boomers age would be financed increasingly by private insurance, both group and individual. One panelist, Stanley Wallack, stated that he thought the market for LTC insurance will encourage development of dramatically new kinds of products which combine insurance and managed care.

Mr. Hal Barney, F.S.A., of Johnson and Higgins, Inc., led off the session. He helped develop the section generation of LTC products of the American Association of Retired Persons while at Prudential, and is now consulting on LTC financing. He started with demographic projections of the U.S. age distribution through the year 2035. These forecasts are critical to the future of LTC for two reasons. First is the tremendous growth which will occur in the "old old" population as the baby boomers (born in 1945-1965) age. Second, the age distribution "squares off" by 2035, leaving fewer young people to support the older people, which will make government financing of LTC politically difficult, which in turn will encourage financing through private insurance.

Mr. Barney cited the large variation by individual in the amount spent on nursing home stays as a strong reason for using insurance, especially for catastrophic costs. He said that he therefore expects to see lengthening of benefit periods. Given the elderly's growing awareness of their lack of LTC coverage, and their increasing affluence, he predicted an increasing market for LTC insurance. Employers will play a key role in this expansion of LTC insurance, even without actually financing the cost. A

large percentage of employees report problems caring for elderly relatives, which he predicted will lead to steps by employers to sponsor and encourage LTC programs, including insurance. He emphasized the actuary's role in shaping the future of LTC insurance by designing sound, stable products which will reduce pressure for tighter regulation or more government involvement.

Stanley Wallack, Ph.D., with LifePlans, Inc. and Brandeis University, an economist with a background in government and in private market managed care approaches to LTC, was the second speaker. He challenged actuaries and the insurance industry to develop products which will meet the evolving desires of the market rather than "privatizing Medicaid." He considered current products inadequate and spelled out market forces which he believed would lead to new kinds of products. His work in surveying the characteristics and desires of the elderly has led him to the conclusion that they want three separate things from LTC insurance. The emphasis on these different desires changes as the elderly grow older. "Younger" elderly are most concerned with protection of income and estates against a catastrophic nursing home stay. At all ages the elderly are concerned about staying at home rather than moving to an institution. The "old old" become increasingly concerned with access to a quality nursing home if they need one. The typical current LTC policy, which he characterized as having a 2-year nursing home benefit period, home health care only after a nursing home stay, and no assistance with access to a quality nursing home, falls short on all three preferences of the elderly. The short benefit period does not cover the financial risk. Home health services are probably not available, since a nursing home stay will probably not occur, and the policy does not help with access to a good nursing home.

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