



SOCIETY OF ACTUARIES

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Four Questions

“A moment’s insight is sometimes worth a life’s experience.”

With this quote from Oliver Wendell Holmes, Sr. in mind, we pose a series of identical questions to diverse long-term care insurance industry leaders asking them to share thoughts that we hope will yield meaningful and interesting insights for all. We thank Terry Truesdell and John Cutler for taking the time to respond to our questions.

Q: LOOKING BACK, WHAT ONE CHANGE DO YOU BELIEVE WOULD HAVE ENABLED ADDITIONAL CONSUMERS TO BE PROTECTED FROM THE IMPACT OF LONG-TERM CARE EXPENSES?

Truesdell: First off, I recognize that hindsight is always 20/20. I think that if we had established a different standard for the “right” long-term care policy benefit design, we would be far better off as an industry. What I mean by this is that rather than set the bar at you-must-sell compound 5 percent, lifetime maximum which has proven to be very costly for both insurers and consumers, we should have been looking at other types of options that solve the problem differently—more buy as-you-go rather than funding these rich benefits over the life of the policy.

Cutler: If one could go back when programs like Social Security and Medicare were created and incorporate long-term care (LTC) into them instead of Medicaid.

Q: AND LOOKING AHEAD?

Truesdell: I think we have to align with the government to help them understand the benefits of creating a favorable buying environment through tax incentives. Obviously, an above-the-line tax deduction would be great but understanding it may not be possible to achieve that. There are other ideas that would make buying more attractive such as using 401K/403B/IRA dollars on a penalty-free basis for LTCI premiums. State governments in particular should be convinced that long-term care insurance can play a role in ameliorating their Medicaid budget issues.

Cutler: Looking forward, probably the best change would be something like incorporating a social program that backstops risk (for both the individual and the private market) but allows or motivates people to move money into a private insurance program to better protect themselves than can be afforded by the government alone.

Q: WHAT JOB WERE YOU DOING PRIOR TO STARTING YOUR WORK IN LTC? OR, IF YOU HAD TO PICK ANOTHER JOB/CAREER, WHAT WOULD YOU BE DOING?

Truesdell: I love the LTC job, industry and people so I can’t think of anything I would rather do than be in long-term care. I have spent most of my career in the insurance business. I had worked in retail prior to insurance but I truly love this field of work.

Cutler: Probably banging my head against the wall just as I am now but at some cool think tank kind of place where it is OK to wear tweed jackets and smoke a pipe.

Q: WHAT KEEPS YOU UP AT NIGHT WHEN THINKING ABOUT YOUR SPECIFIC LTC FOCUS AREA?

Truesdell: It has come to me over time that you really can’t change anything in the middle of the night—that real change is a day job. I try not to let things bother me at night. It’s not that there aren’t huge issues out there, but I focus on what I can control and the change that I can implement.

Cutler: That’s a tough one since I can sleep through probably just about anything. I guess what BOTHERS me most is that we never seem to get long-term care past being No. 4 or No. 5 on whatever list people keep of the three most important things they have to do (both as individuals and as policymakers). There are always needs and concerns ahead of long-term care. ■



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