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Long-Term Care Planning: A Worksite Perspective

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In the past, employer sponsored long-term care (LTC) programs typically involved a group policy, offered as a stand-alone voluntary benefit, off-cycle from other benefit options. They were fairly “turnkey” and offered a limited number of options and choices, making it simple for the employee to make a selection and move on. After the initial open enrollment, these plans continued to hold a place in the employee benefits portfolio for new hires and the occasional late entrant enrollee, but they mostly sat dormant.

Over the past several years, most of these traditional group plans have closed. There are many reasons for this development, which include morbidity, mortality, lapse rates, interest rates, underwriting concerns, and the unique regulatory environment challenges of a group policy. On the surface, the industry looked like it was collapsing, leaving employers and advisors to wonder if this risk makes sense for them to address in their employee benefits strategy.

For those of us on the inside, we know that the data emerging from 40+ years of experience was pointing us in the direction of a paradigm shift. The carriers, the plans, the underwriting, the pricing and the platforms for these LTC programs had to change substantially to reflect the experience, the economy, the consumer’s preferences, and the regulatory process. The new employer sponsored LTC market that has emerged now includes group and individual (often referred to as “multi-life”) policies, preferred underwriting, spousal discounts, and more robust plan choices.

Today’s worksite has also evolved and changed, with three distinct generations of employees, each embracing different life-style, benefit and financial priorities, as well as different preferences for the use of technology and communication. With seven out of ten of these employees reporting that financial worries are their most common cause of stress, employers are moving past pure benefit program strategies and taking on a more holistic approach to supporting the needs of their multi-generational workforce.

This has given rise to the concept of Financial Wellness programs in the worksite. Employers looking to address workplace stress and productivity are integrating these Financial Wellness programs into their benefit plan offering to educate and empower the employee in the areas of budgeting, planning and saving. The result is less financial stress, better health and better benefit plan decisions that align their needs, priorities and finances.

For the Gen Xers and Baby Boomers, “retirement readiness” is a more pressing concern, and these programs are proving to have a very beneficial effect, according to a recent article in USA Today and a report by the Consumer Financial Protection Bureau (CFPB). In addition to income planning, these employees need to clearly understand the risk, cost and potential solutions to covering out-of-pocket expenses for health care and personal care in retirement.

A comprehensive Financial Wellness strategy includes these discussions, and an integrated benefits program includes a LTC plan so employees have the option to obtain this protection to cover this significant gap in their retirement. Adding an LTC option to the benefit portfolio provides employees with the education they need to make informed decisions at an earlier age, as well as access to this protection under the most advantageous underwriting criteria and gender rate neutrality.

For the LTC industry, these financial wellness programs are re-invigorating the awareness of this planning and the interest in employer sponsored LTC plans. For the employer, they significantly enhance the benefit portfolio without requiring premium contributions.

LTC planning and program implementations have and will continue to have a significant impact in the employer worksite. Employers know that the need for this protection is rising, and their mature employees still need access to these programs. As the market continues to evolve and change, so will the options and platforms used to deliver this protection. Today’s worksite LTC advisor also continues to evolve and adapt their capabilities and decision support tools to support these new plan options. ■



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