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Q&A with an Experienced Insurance Professional New to Long-Term Care: An Interview with Matt Capell

What's your background? How did you end up in the LTC industry?

I have come full circle to insurance. When I graduated college, the internet boom was in full swing. So naturally I took a job in … investment banking, focused on insurance companies and community banks. My job was to comb through financial statements, sift through data, build complex models in Excel (or Lotus 1-2-3!), and create presentations to support M&A and capital raising transactions. I then moved on to do the same for telecom and technology companies before entering venture capital. Once I realized that entrepreneurs have more fun, I jumped to the "operating side," focusing on health care software, claims processing and payment processing. After a stint working in strategy for a large assisted living operator, I was offered the opportunity to be CEO of a business that provided billing and collection services to homecare agencies. A large portion of our business was managing LTC claims for policyholders and providers, in addition to over 300 other third-party payers like Medicaid, the VA and even private pay. About one year ago, I was recruited to join LTCG to head up their new Provider Solutions unit.

Compared to your past industry, what kind of efficiencies can the LTC industry obtain?

My early career taught me pattern recognition. I had the privilege of evaluating and analyzing thousands of companies to understand their operations, revenue models, profitability, and how they apply technology to their business. I then spent a chunk of my career in software, payment processing, and health care claims, where I saw how trillions of transactions were validated and executed using technology. The great part is that you can borrow concepts from one industry and bring them to the next. What jumps out at me the most is that LTC carriers paid out $9.2 billion last year, paying full retail prices via paper check for invoices—often handwritten—received via fax. There is so much opportunity in this industry! Aside from the obvious efficiency gains, the industry could benefit from richer, real-time data, predictive analytics, fraud detection, and a better experience for both claimant and carrier. LTC is the last corner of "health care" to embrace concepts like provider networks and electronic claims. That is understandable from the perspective that many LTC blocks are closed and the influx of claims is a recent phenomenon. But given the scrutiny from Wall Street and growing claims volume, the time is now to change.

What do you think care providers misinterpret about the LTC insurance industry?

Payers and providers have always been at odds in all areas of the health care continuum. Now that I have been on both sides of the LTC fence, I know that homecare agencies and other providers believe that insurance companies intentionally overcomplicate the process, drag their feet and deny claims. On the flipside, those in the insurance world—LTC included—suspect that all providers are gaming the system at best, and committing fraud at worst. In reality, we share a common mission to help elderly care recipients and their families. I believe there is genuine interest by the LTC industry in doing the right thing for claimants. Both sides would benefit from greater transparency and efforts to understand one another. There are ways we can help each other, and my job at LTCG is to develop and launch products around that mission.

What do you see as a blind spot in our industry?

Wage pressure pushing up the cost of care. Not only is there a tremendous caregiver shortage and the ongoing "fight for $15" movement driving up caregiver wages, but over the last five years there have been concerted efforts by labor unions and departments of labor at the state and federal level to increase compensation in the homecare industry. For example, a longstanding overtime exemption in homecare, which kept high-hour cases affordable for seniors was eliminated, plus the Department of Labor has discouraged paying per diem rates. As a result, a live-in caregiver should now be paid hourly and would flip into overtime by Tuesday of each week. Claimants and carriers will pay more for homecare, or many claimants will just move into an assisted living facility which may now be less expensive. But unfortunately, this same labor pool works in assisted living facilities too.

What was the most surprising aspect of the LTCI industry once you understood the nuances?

Since moving from the provider side to the carrier side, there have been a few surprises. First of all, the complexity of the products. There are so many different policy levers in infinite combinations that complicate all aspects of our business. Secondly, the "information gap" we have between underwriting and the point of claim. While we are good at collecting premiums, we generally do not gather other information about a policyholder's lifestyle or health condition that could help us reduce incidence or intensity of claims. Finally, everyone knows each other in the LTC industry! Meetings and conferences are like high school reunions. That said, people have been very welcoming to a newcomer like me.

What are you most excited about?

The opportunity to bend the cost curve in the LTC industry by bridging the gaps between carriers, policyholders and care providers. I believe we can make a material dent in the rate of spend, which ultimately benefits both claimants and carriers. ■

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