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Up Front with the SOA Staff Fellow

By Joe Wurzburger

People always come up and ask me if the Cubs are going to win in their lifetime, and I always give them the same answer: “How long are you planning on living?” – Steve Stone

I am a Cubs fan. I can't help it. For many years I lived within walking distance of Wrigley Field. I was in the bleachers when Greg Maddux recorded his 3,000th strikeout, despite a nearly three-hour rain delay spent mostly in the pouring rain. I was at the infamous game when Sammy Sosa corked his bat. I was across the street at a Wrigleyville bar, unable to afford a ticket to get in the ballpark, for the even more infamous Steve Bartman playoff game (and for the record, no, I don't blame Mr. Bartman for the events that transpired that night). And even though all he talked about afterwards was the popcorn, one of my favorite moments of fatherhood so far has been taking my son to his first Cubs game.

I, along with my fellow Cubs fans, have spent my lifetime saying, “Wait ‘til next year.” So Steve Stone's quote above rings true for me. But as those of you reading this also know, his question—“How long are you planning on living?”—carries tremendous importance in the world of long-term care financing, as well.

We need to think about how long we plan on living as we seek to minimize the risk of outliving our retirement savings. One of the biggest threats to this is the daunting cost of long-term care (LTC). There are various ways people finance LTC now: unpaid care from family or friends, personal savings or income, Medicaid, private long-term care insurance, and other financial products. For the most part, however, people neglect to plan ahead with regard to how they will pay for LTC needs. While there are some good payment options today, especially for the most and least affluent members of society, most would agree that there is a lot of room for improvement in terms of LTC financing options.

With this in mind, there are a number of initiatives currently underway throughout the LTC industry aimed at addressing the challenges of financing long-term care. I'd like to highlight some of them here.

- Society of Actuaries' LTC Think Tank: Many of you heard about the Society of Actuaries' LTC Think Tank already in the March 9, 2016 webcast. Hopefully, others will stop by to hear about it at the upcoming SOA Health Meeting. What you did—or will—hear about is the output of two inspiring days of innovative brainstorming. Back in October 2015, more than 40 of the leading and most creative minds in the world of long-term care convened near Chicago. This group consisted of more than just actuaries, and the ideas generated went beyond insurance product design to include other ways insurance companies, service providers, consumers, and even disruptors can get in the game of reducing the cost burden of long-term care. Over 80 ideas were generated, and more than a dozen were identified by the group as warranting further investigation.
 - Society of Actuaries' Committee on Post-Retirement Needs and Risk (CPRNR): The SOA's CPRNR has devoted a significant amount of attention over the past two years to long-term care financing. The impact of LTC on retirement is of special interest to this group. Look for essays on this topic in upcoming issues of the *Pension Section News*.
 - Urban Institute/Milliman, Inc. Policy Modeling Project: The SCAN Foundation, AARP, and LeadingAge partnered to fund a large body of actuarial and economic modeling that was completed by the Urban Institute and Milliman, Inc. The intent was to offer workable policy solutions to the LTC financing crisis, with the purpose of the modeling work being to create new analytic information comparing various high-level insurance options (<http://www.thescanfoundation.org/ltc-financing-initiative>).
- This work was showcased at a recent *HealthAffairs* briefing. On Nov. 17, 2015, *HealthAffairs* hosted a series of panel presentations on Financing Long-Term Services and Supports in Washington, DC. Of primary focus was *HealthAffairs'* report, *Financing Long-Term Services and Supports: Options Reflect Trade-Offs for Older Americans and Federal Spending*. (<http://content.healthaffairs.org/content/early/2015/11/13/hlthaff.2015.1226.full>)
- Bipartisan Policy Center (BPC): On Feb. 1, 2016, the BPC held a live event to discuss their report, *Initial Recommendations to Improve the Financing of Long-Term Care*. This report is informed by the Urban/Milliman modeling and serves as a first step at continuing the reform dialogue rather than a definitive set of final proposals. (<http://bipartisanpolicy.org/library/long-term-care-financing-recommendations/>)
 - LeadingAge: LeadingAge is a national association of more than 6,000 non-profit long-term care providers and a co-funder of the Urban/Milliman modeling effort. In

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mid-February 2016, they published a report entitled *Perspectives on the Challenges of Financing Long-Term Services and Supports*. The report highlights the unsustainability of the current system of financing long-term care and the need to further explore a range of options including a catastrophic care option. (https://www.leadingage.org/uploadedFiles/Content/Members/Member_Services/Pathways/Pathways_Report_February_2016.pdf)

- **The Long-Term Care Financing Collaborative:** The Long-Term Care Financing Collaborative is a group of 25 experts from all sides of the political spectrum. The Collaborative also published a paper in February discussing public/private long-term care financing options and potential approaches to deal with catastrophic costs, supporting better individual preparation and improving the public safety net.
- **National Academy of Social Insurance (NASI):** The pre-conference session at NASI's annual policy conference occurred on Jan. 27, 2016, and addressed the myriad ongoing LTC financing initiatives with special focus on the Urban/Milliman modeling.
- **ILTCI and ASA Conferences:** For those of you who attended the Intercompany Long-Term Care Insurance (ILTCI) Conference in San Antonio, you got a chance to hear some of these same groups discuss the study and its policy implications first hand. And if you missed that, the American Society on Aging (ASA) Aging in America Conference the following week had a three-hour session devoted to the same topic.

Given the large number of different groups working simultaneously on this issue (which is not limited to those listed above), the SOA is looking at how best to play an important role in facilitating the conversation on long-term care financing. With this

effort, we hope to bring together key individuals from involved groups along with the American Academy of Actuaries and other key players to coordinate efforts and maximize the chance of impactful outcomes. If you would like to find out more about this effort or get involved yourself, please contact me at jwurzburger@soa.org.

Hope springs eternal, both for baseball fans and for those working to bring improvements to the world of long-term care financing. No more waiting 'til next year. Next year is here. ■

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