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Digital Long-Term Care Insurer for the Post-Coronavirus World

By David Kwon

Author's note: This article was written in March as New York was just locking down, with almost no fatalities. It is with great sadness to see that what I (and many in LTC industry) suspected will happen, did happen beyond the worst expectation. Worse yet, we are still in the middle of the pandemic nightmare. I believe that the path toward the brighter future continues to lie in our ability to create break-through innovations with technology.

STATE OF LONG-TERM CARE INSURANCE FACING CORONAVIRUS PANDEMIC

Coronavirus has brought an unprecedented global disruption to our society. For the long-term care (LTC) population, the impact of Coronavirus has been especially dramatic.

- In Italy, 17 percent of all deaths are 80+ years old.¹ The survivors may suffer from lasting lung damages.
- Pre-existing conditions linked to higher Coronavirus mortality rates are most common among LTC claimants—cardiovascular disease, chronic respiratory disease, high blood pressure and cancer.²
- Assisted living and other LTC facilities are especially vulnerable to the pandemic, which can spread rapidly due to close confinement and LTC claimants' weakened immune systems.

On the other hand, LTC insurers have been grappling with the approaching tsunami of LTC claims, which has been reflected by their astronomical reserves. But the reality is that LTC insurance has remained stagnant for decades. The pre-claim policyholder experience is largely limited to premium payments with the occasional rate change, which can continue for 10 to 20 years until the first claim is filed. The LTC claim process continues



to be very analog, relying on paper documentation, phone calls and emails. This is the result of LTC insurers focusing on cost cutting without any meaningful investment for many years, in part due to the lack of compelling opportunities.

Meanwhile, the rest of society is moving toward an experience-driven digital transformation as embodied by Apple, Uber, Google and other digital natives. The effort to defeat Coronavirus is further accelerating the society-wide digital transformation as we use digital technologies to communicate, work and conduct commerce while we maintain social distancing practices.

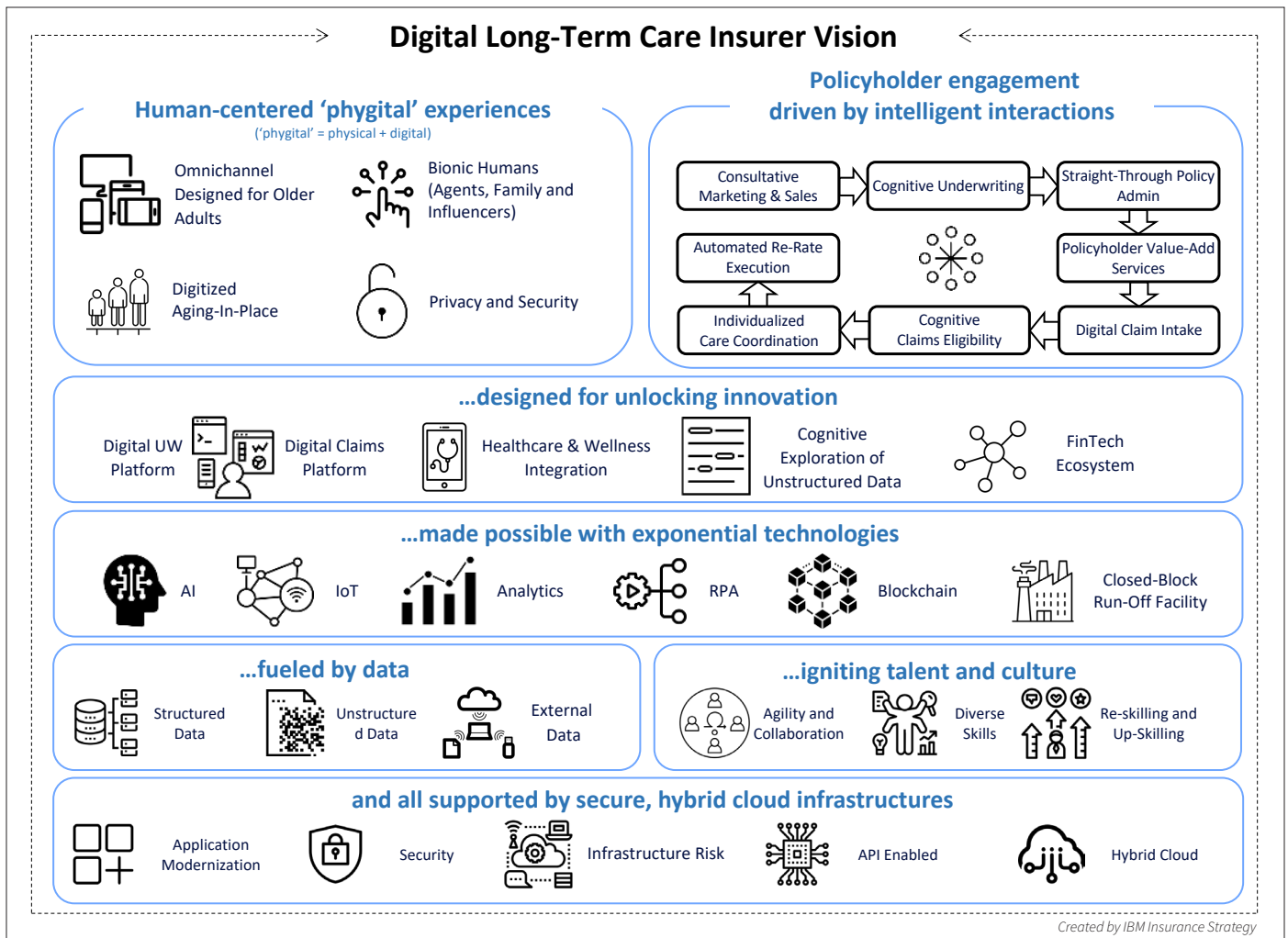
MEET THE DIGITAL LONG-TERM CARE INSURER

Pressured by the LTC tsunami and catalyzed by Coronavirus, LTC insurers are on the cusp of industry-wide digital disruption. So, what will the future of LTC insurance look like in the post-Coronavirus world?

As with other digitally disrupted industries, the future of LTC insurance will be all about innovative human engagement.

- LTC Policyholders are guided toward healthier lifestyles and offered other valuable pre-claim benefits that mitigate long-term care risks.

FIGURE 1
DIGITAL LONG-TERM CARE INSURER VISION



- LTC Claimants and families are allowed to manage care arrangements in the best interest of the claimant which also lowers total cost of care.
- LTC Insurers become innovators with creative ways to improve policyholder LTC outcome, optimize claim costs, and digitize operations to deliver an outstanding experience while also improving value.

How will the LTC Insurer of the future deliver such experience-driven transformation?

The LTC insurer of the future will consist of the following capabilities:

- **Human-centered phygital experiences:** The LTC insurer delivers remarkable seamless experience, tailored for the aging LTC population throughout the policyholder’s servicing life—whenever, wherever.

- **Policyholder engagement driven by intelligent interactions:** Each step in the claim and ongoing care process is transparent, necessary and valuable. Predictive modeling (e.g., policyholder LTC risk score, claim fraud rating) determines critical intervention points to drive additional value.
- **Designed for unlocking innovation:** The insurer’s operating model reinvents itself continuously with breakthrough ideas wherever they are found.
- **Made possible with exponential technologies:** LTC systems are modernized and rearchitected to leverage the latest advancements in digital technologies.
- **Fueled by data:** Enrich with external data (e.g., health care data) and digitized unstructured data to enable predictive analytics at the individual policyholder level.

- **Igniting talent and culture:** LTC talents prize creativity and relentlessly seek innovative solutions to transform the operation.
- **Supported by secure, hybrid cloud infrastructure:** Everything runs on a secure technology infrastructure that is ready for the platform-driven multi-cloud world.

TO THE NEW WORLD OF POSSIBILITIES

Imagine a potential future scenario ...

Barbara, a 65-year-old widow and LTC policyholder, is able to detect early onset Alzheimer's using the LTC mobile app's remote cognitive assessment feature. With the help of her neurologist, proper nutrition, and exercise, Barbara slows her Alzheimer's progression and maintains an active lifestyle for years to come.

One day, Barbara has a bad fall at home, which coupled with progressing Alzheimer's, would qualify her to move into an assisted living facility, which her LTC policy covers. However, like most retirees, Barbara wants to stay in her beloved home and community. The LTC insurer makes her wish possible with aging-at-home services that include a fall prevention program, home IoT devices (e.g., movement sensors), and supporting services (e.g., safety check). The new Aging-at-Home solution is a win-win for everyone. Barbara is able to stay in her home and community and close to her family while also avoiding assisted living facility expenses which reduces claims for the LTC insurer.

This is just one of many future scenarios that will be made possible by the digital long-term care insurer, whose potential is limited only by our imagination and ingenuity. Wellness, digital aging-in-place, targeted personalized services ... there are many opportunities to encourage policyholders to co-invest in the digital LTC future which will drive faster, prolonged adoption.

The Coronavirus crisis is teaching us that the societies that move decisively can defeat even the most daunting global pandemic. The societies that do not will suffer massive and tragic consequences. Long-term care is a growing national challenge further complicated by the Coronavirus. Digital LTC vision provides a mean to move decisively toward a brighter post-Coronavirus LTC world. ■



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ENDNOTES

1. Italian Portal of Epidemiology for Public Health, Study of 16,925 cases in Italy, March 2020.
2. China Center of Disease Control & Prevention, Study of 44,672 confirmed cases in Mainland China. March 2020.