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Long-Term Care Wellness Primer

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Long-Term Care Wellness Primer

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Executive Summary

Wellness programs have been long-established in industries such as health insurance, life insurance, employer groups, and Medicare/Medicaid to lower costs by promoting and supporting healthy living for program participants. Recently, insurers in the long-term care ("LTC") insurance industry began exploring wellness initiatives. These LTC wellness initiatives generally strive to improve policyholders' aging experience through various interventions, which currently include, but are not limited to, providing education, health screenings, home assessments, family engagement, medication management, care planning, and durable medical equipment. The purpose of this primer is to provide a holistic overview of LTC wellness programs and create a useful resource for actuaries to understand the range of current LTC wellness program structures, potential outcomes, limitations, and other considerations.

LTC wellness programs have similarities to wellness offerings in other industries (e.g., disease management programs in health insurance) but face unique challenges due to the nature of LTC insurance. One notable hurdle is the lengthy time horizon for LTC insurance. Other industries may be able to observe near-immediate benefits from implementing a wellness program, but the decades-long timeline for LTC insurance introduces complexities related to engaging policyholders and measuring outcomes. Despite this and other hurdles, there has been a significant increase in the number of LTC wellness programs implemented in recent years. The growing investment in these programs may be driven, in part, by the "win/win/win" scenario that they present for policyholders, insurers, and other stakeholders if successful.

Designing and implementing an LTC wellness program typically involves (i) defining program goals and structure, (ii) identifying target participants, (iii) determining communication methods, (iv) selecting the type of interventions to be provided, and (v) deciding on the level of third-party vendor involvement (if any). It may also be prudent to establish a measurement framework as part of the program design phase to ensure that the necessary data is collected to facilitate analysis of program outcomes. Measurement approaches vary based on program design, but success is often defined based on multiple metrics that span both non-financial and financial indicators. Financial metrics can take months (or years) to evaluate, so evaluating non-financial metrics can be helpful to provide an early indication of potential success.

To date, most LTC wellness programs are in the pilot stage, which can facilitate program measurement by enabling carriers to establish control and test groups. If carriers can demonstrate that their pilot programs produce favorable results, it is expected that carriers will shift focus to longer-term sustainability. This may involve expanding LTC wellness offerings to a broader population, identifying opportunities for integration and coordination with wellness programs in other industries, adjusting forward-looking actuarial assumptions, and reducing other in-force management actions (e.g., premium rate increases). And, while most current LTC wellness programs have been implemented on closed blocks of traditional LTC insurance, a handful of pioneering carriers have introduced LTC products with embedded wellness features (e.g., riders). These features typically reward policyholders for taking healthy actions by providing additional benefits or reducing required premiums. If these innovative products are a proven success, more carriers may design LTC insurance products that integrate wellness initiatives from inception.

Section 1 What are LTC Wellness Programs?

For this paper, LTC wellness programs are defined as initiatives established by insurance carriers for their LTC policyholders. These programs aim to improve the policyholders' aging experience through various interventions (e.g., education, health screenings, meal delivery, etc.). The specific interventions offered to program participants differ based on the goals of the program and the needs or risk factors of the program participants. These programs can take a variety of formats, including pilots, targeted offerings, non-contractual programs, or contractual programs. Primary goals of LTC wellness programs include increasing policyholder satisfaction and engagement, while also reducing overall costs for policyholders and insurers. Cost reductions may result from delaying a policyholder's need for formal LTC services (which will reduce the number of new LTC claims), increasing the number of claims that can be managed through home care versus facility care (which is generally less expensive and more desirable to policyholders), and/or helping policyholders utilize their policy benefits more efficiently.

1.1 KEY DEFINITIONS

Some common LTC insurance and wellness program terminology is outlined below. Many of these terms will be used throughout this primer. Note, the LTC insurance industry currently uses the term "wellness program" to define offerings that other industries may refer to as prevention, condition management, case management, or disease management. As LTC wellness programs continue to evolve and mature, the terminology used by the industry may likewise shift to be more aligned with the corollary initiatives offered in other industries.

1. **Traditional LTC insurance product**: An insurance product that provides financial support to policyholders who need substantial assistance performing at least two of the six Activities of Daily Living ("ADLs") or substantial supervision due to severe cognitive impairment. **Appendix A** provides a brief LTC insurance overview, including key considerations from policy purchase to the end of claim.
2. **LTC combination ("combo") product**: An insurance product that combines traditional LTC insurance (in the form of LTC riders or chronic illness riders) with life insurance or annuity products.
3. **Activities of Daily Living**: The six standard ADLs established by the Health Insurance Portability and Accountability Act ("HIPAA") (Section 7702B) are bathing, dressing, toileting, transferring, continence, and eating.
4. **Wellness program**: An initiative comprised of actions and resources that aim to improve the health and well-being of program participants. Wellness programs may focus on physical, emotional, or mental health. Often, these programs also serve to increase participant satisfaction and engagement, reduce health risks, or decrease costs for both the program provider and program participant.
5. **Interventions**: Actions taken to mitigate certain risk factors or incentivize behavior change with the goal of improving health outcomes for program participants (e.g., education, health monitoring, meal delivery, etc.).
6. **Aging-in-place**: Older adults remaining in their preferred dwelling (e.g., their home) safely and independently for as long as possible, as opposed to moving into a facility care setting (e.g., a nursing home).
7. **Engagement**: Proportion of eligible policyholders who participate in a wellness program; engagement may be segmented into outreach response rate, initial engagement rate, and ongoing engagement rate. The specific actions that are considered "participation" may vary across carriers

and wellness vendors (for example, some carriers consider an insured to be engaged if they register for the wellness program, while other carriers require that an insured register and complete a health/risk assessment to be considered engaged).

8. **Discounting**: Negotiating better service rates (i.e., discounts) from LTC providers (e.g., home care agencies, assisted living facilities); for this primer, discounting does not mean rebating or calculating the present value of future cash flows.
9. **Rebating**: In the context of insurance, rebating refers to the act of giving a prospective or current policyholder something of value, either directly or indirectly, that is not part of the insurance policy itself as a means of inducing them to purchase the insurance policy or engage in some desired behavior. Rebating is generally illegal in the U.S.
10. **Value-based care**: A health care delivery model that prioritizes improved patient outcomes relative to the cost of care. Unlike traditional fee-for-service models, value-based care emphasizes high-quality, efficient care that maximizes health benefits per dollar spent.
11. **Program for All-Inclusive Care for the Elderly ("PACE")**: A comprehensive, person-centered, interdisciplinary care model that helps individuals who are eligible for nursing home care remain in their homes and communities by focusing on prevention, health, and wellness.
12. **Disease/condition management**: A process or program that aims to improve health outcomes and quality of life for insureds with chronic conditions. Interventions typically focus on preventing or delaying the onset of disease or hospitalization through education, medication management, healthcare access, care coordination, lifestyle modification, etc.
13. **Case management**: A service or program that focuses on optimizing health outcomes and managing costs, primarily through care planning and care coordination. Case managers help insureds navigate their healthcare needs and ensure they receive appropriate, cost-effective care.
14. **Care management**: An umbrella term that encompasses both disease/condition management and case management. Current LTC wellness programs are generally similar to "care management" programs in the health insurance industry.
15. **Prevention**: In the context of this primer, prevention refers to any action or intervention designed to prevent or delay the onset of disease or disability and promote overall well-being.
16. **Policyholder**: In the context of this primer, the term policyholder is used to refer to the individual who is insured regardless of whether their insurance contract was purchased in an employer group or individual setting.
17. **Caregiver**. In the context of this primer, caregiver refers to informal caregivers (e.g., friends or family members) as opposed to formal caregivers (e.g., a registered nurse).

1.2 WELLNESS PROGRAMS IN THE LTC INSURANCE INDUSTRY VERSUS OTHER INDUSTRIES

While LTC wellness programs are relatively new, wellness programs have been long-established in other industries, including health insurance, life insurance, employer groups, and Medicare/Medicaid.

- **Health insurance wellness programs** provide insureds with a broad range of services and initiatives aimed at improving individual well-being and managing various health conditions. Key areas of focus include preventative health care, diabetes management, disease management, financial wellness, weight loss, and lifestyle or behavioral coaching. Some programs may offer insureds a discount on their insurance premiums for taking certain actions, such as getting recommended health screenings or taking a certain number of steps per month. Disease management programs exhibit many similarities to current LTC wellness programs, not the least of which is their focus on providing support for individuals with chronic conditions or individuals that are at risk for chronic conditions. The interventions offered through these programs include care coordination and education, which are also prevalent interventions offered on the wellness programs that have emerged in the LTC insurance industry.

- **Life insurance wellness programs** strive to enhance policyholder longevity, with a focus on promoting healthy behavior and lifestyles, which can improve carrier financial outcomes. These programs may incentivize policyholders to engage in healthy choices (e.g., participating in daily activity) by providing financial benefits through their insurance policy, such as premium discounts, or free/discounted products (e.g., Apple watch or fitness tracker).
- **Employer-sponsored wellness programs** can offer a wide range of benefits and span anything from physical well-being to mental wellness to financial wellness. For example, an employer may provide employees with a wellness platform where they can access education, track progress against fitness challenges, or even find family support resources (e.g., child or elder care). Employers may also offer employees complimentary preventative services, such as one wellness check-up per year with a general practitioner or free dental cleaning. These wellness offerings often play a significant role in encouraging healthy behaviors among employees and promoting employee satisfaction, which can improve employee retention and productivity.
- **Medicare and Medicaid wellness programs** include value-based care programs, like PACE, along with claims concierge and case management services that encourage effective health management and can lead to more efficient spending. One prevalent program offered through Medicaid is Managed Long-Term Services and Supports (“MLTSS”), which provides resources and guidelines for states to coordinate care with managed care plans. Additionally, individuals with two or more chronic conditions may be eligible for chronic care management (“CCM”) services, which function similarly to current LTC wellness programs.

Nearly all wellness programs, regardless of industry, aim to establish a “win/win” situation for program participants and the entity offering the program. While certain goals, interventions, and methodologies deployed for LTC wellness programs overlap with wellness initiatives in other industries, there are several unique challenges associated with LTC wellness programs, including:

- **Time horizon**: One of the most notable distinctions for LTC wellness programs is the longer time horizon. This longer horizon is a byproduct of the duration of coverage for LTC insurance, which often spans 30+ years from issue to termination (compared to one year for health insurance). Given this long horizon, it can be more challenging to maintain policyholder engagement if LTC wellness programs span multiple years. Additionally, measuring and demonstrating program success may be difficult since financial impacts related to wellness activities could take years to emerge in experience data.
- **Relationship with policyholders**: Policyholders may be used to less frequent communication from their LTC insurance carriers compared to other entities, such as their health plan. Due to this lack of an ongoing relationship and familiarity, policyholders may be more hesitant to engage in programs offered by the LTC carrier. Such hesitation may be exacerbated if policyholders have experienced any recent premium rate increases. This may present challenges to LTC wellness program engagement and overall success.
- **Tax implications**: Most LTC insurance policies are tax qualified so carriers must take care not to violate tax regulations when establishing LTC wellness programs or they may inadvertently subject policyholders to unfavorable tax implications. For example, tax-qualified LTC policies cannot

provide policy benefits to policyholders without unfavorable tax implications unless they meet the benefit eligibility trigger defined in the policy (i.e., loss of at least two of the six ADLs or severe cognitive impairment). Therefore, carriers looking to offer a preventative wellness program to policyholders who are not yet eligible for LTC policy benefits cannot cover the cost of program interventions using policy benefits without unfavorable tax implications. They can, however, cover intervention costs by funding from sources other than the policyholder's LTC insurance policy.

- Company stakeholders: A carrier's LTC wellness program may be under more pressure to produce favorable financial impacts if the carrier has experienced financial challenges that are associated with its LTC insurance business.
- Regulatory environment: An LTC insurance carrier may be subject to heightened regulatory scrutiny because of recent experience and HIPAA requirements.

Despite these challenges, several carriers in the LTC insurance industry have made significant investments in LTC wellness programs in recent years.

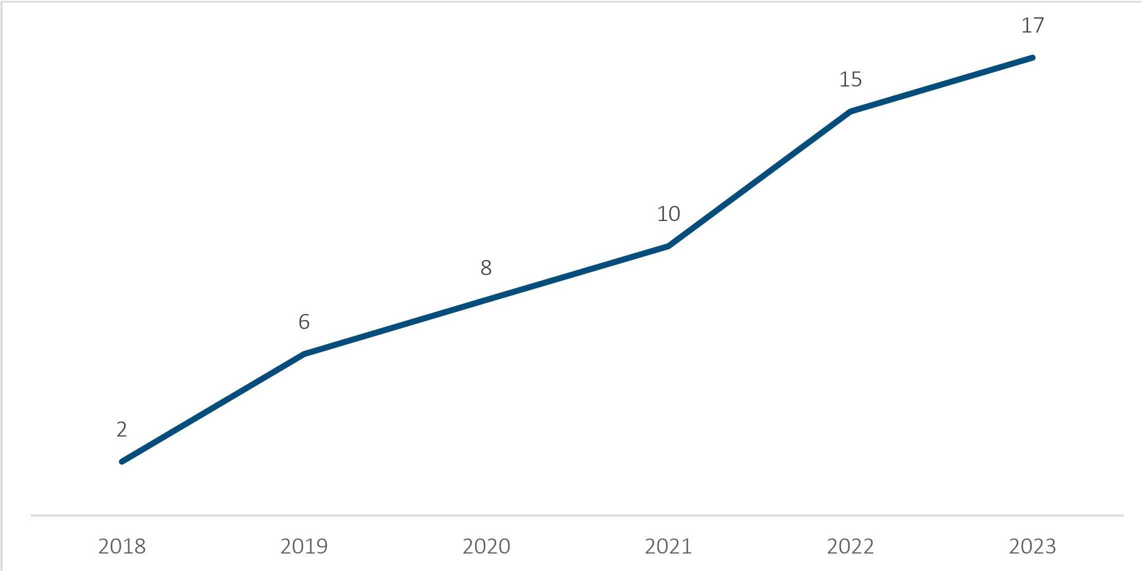
1.3 CURRENT STATE OF LTC WELLNESS PROGRAMS

While some LTC carriers implemented fall prevention programs for their LTC policyholders dating back to the mid 2000's, industry exploration of wellness programs began to gain momentum around 2018.

Figure 1.1 below summarizes the number of LTC wellness programs ongoing in each year from 2018 to 2023 based on Oliver Wyman's 2023 LTC Wellness Program survey, which included participation by 35 LTC carriers and encompassed 29 LTC wellness programs[1]. Of the 35 companies surveyed by Oliver Wyman, 14 carriers had at least one LTC wellness program and seven carriers indicated that they had plans to implement an LTC wellness program in the next 1-2 years.

[1] Oliver Wyman's 2023 LTC Wellness Program Survey is a proprietary survey that captured perspectives from 35 companies that are currently managing LTC business spanning open and closed blocks of both traditional LTC insurance and LTC combination products. Participants included carriers with and without LTC wellness programs. Survey topics included program goals, stage, target policyholders, data sources, third-party support, interventions, engagement, measurement, challenges, lessons learned, next steps, and program evolution.

Figure 1.1
NUMBER OF LTC WELLNESS PROGRAMS ONGOING EACH YEAR



Source: Oliver Wyman 2023 LTC Wellness Program Survey

LTC wellness programs are intended as a "win/win/win" scenario that can benefit policyholders, insurers, and other stakeholders (e.g., agents) by aligning incentives around healthy aging. Insurance carriers and policyholders alike are weary of premium rate increases and wellness programs may be able to provide carriers with an alternative in-force management strategy to improve financial outlook. While financial outcomes are a primary driver for the recent momentum of LTC wellness program exploration, there can also be other potential benefits to carriers.

For carriers that have larger closed blocks of traditional LTC policies, wellness programs can facilitate:

- **New insights that can inform in-force management**: Through LTC wellness programs, carriers may gain new insights about their in-force policyholders, such as their current health status or family situation. Data collected from these programs may help carriers better understand their in-force population, which may enable them to better manage financial risks (e.g., via refined forward-looking actuarial assumptions or in-force management initiatives).
- **Strengthened relationship with policyholders**: Offering policyholders wellness interventions before they are claim eligible may help increase communications and strengthen relationships with policyholders, which could subsequently improve the policyholder's claim experience (e.g., policyholders may view their insurer as more of an ally).

Additionally, for carriers that are issuing new LTC insurance, wellness programs can result in:

- **Improved branding**: Offering prospective policyholders wellness benefits (whether inherent in, or external from, the product design) could serve as a differentiator to enhance competitiveness in the market compared to other LTC carriers that may not offer any wellness features.
- **Aligned incentives with policyholders**: Wellness offerings on new LTC products may reduce buyer's remorse, thereby increasing policy persistency. Additionally, offering LTC policyholders the option to participate in a wellness programs may counteract the "use it or lose it" mentality sometimes associated with traditional LTC insurance.

To date, nearly all LTC wellness programs have been deployed for closed blocks of traditional LTC insurance, with a focus on pre-claim policyholders. Most programs have been pilots as carriers strive to understand what types of programs are most effective, but a handful of carriers have incorporated wellness offerings into their new product designs.

As LTC wellness programs have become more prevalent in the industry, regulators have also started to pay more attention, especially as some carriers have incorporated wellness offerings into new LTC products (which require regulatory approval). In 2021, the National Association of Insurance Commissioners (“NAIC”) published a paper titled “Issues Related to LTC Wellness Benefits,” which focuses on LTC wellness program considerations[2], but best practices and regulatory guidance for LTC wellness programs continue to evolve.

As the companies that were early adopters of LTC wellness programs have started to complete pilots, some are seeing statistically significant results. However, carriers that are exploring LTC wellness programs may still face hurdles related to program design, measurement, engagement, management buy-in, administration, regulatory risks, and sustainability. The remainder of this primer will discuss considerations for each of these topics in more detail. Given that LTC wellness programs are still relatively new and industry approaches are still evolving, readers should keep in mind the following limitations with respect to the details contained herein:

- Current wellness program offerings have not yet exhaustively demonstrated clear evidence of success (e.g., cost-benefit analysis, validated results, proven change in claim costs).
- Carriers with LTC wellness programs are not offering consistent features (e.g., interventions may vary widely across current wellness programs) given the heterogeneous nature of LTC insurance blocks in terms of both product features and policyholder attributes.
- It can be difficult to establish clear cause and effect relationships between program interventions and program outcomes because many programs offer a wide range of interventions and LTC financial outcomes are influenced by several variables.
- Generating and maintaining LTC policyholder engagement can be challenging.
- Regulatory guidance related to LTC wellness programs is still evolving, including privacy considerations related to targeting LTC wellness program offerings to specific policyholders.
- Most current LTC wellness programs are in the pilot stage, so the industry has not yet established best practices for long-term sustainability.

[2] LTCI Reduced Benefit Options (EX) Subgroup. Issues Related to LTC Wellness – NAIC. *NAIC*, Dec. 07, 2021, *https://content.naic.org/sites/default/files/committee_related_documents/LTC%2520wellness%2520program%2520issues%2520-%2520120721%2520RBO%2520SG%2520-%2520adopted_0.docx#:~:text=Issue%3A%20there%20is%20question%20as,uniformity%20regarding%20LTC%20wellness%20programs*. (accessed July 16, 2025).

Section 2 Design and Implementation

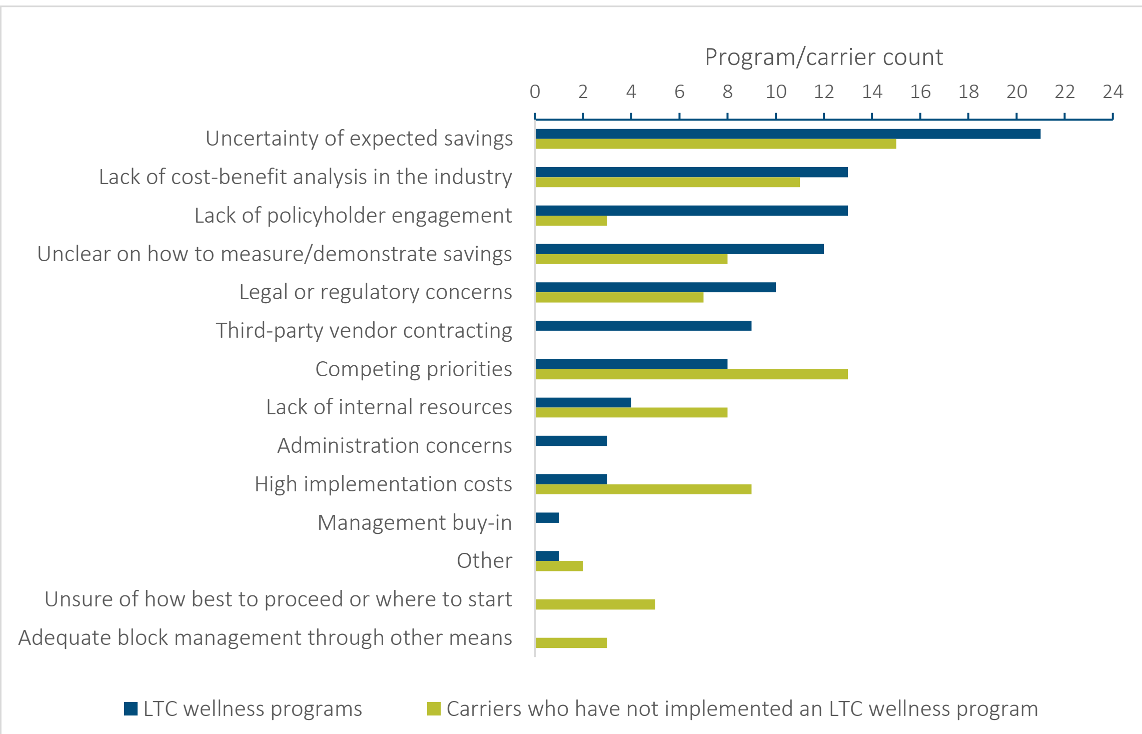
Designing an LTC wellness program is complex. There is not a one-size-fits-all solution, and carriers interested in establishing a wellness program are faced with a wide range of design options and uncertainty around potential outcomes. This section covers some of the key considerations and approaches for designing and implementing an LTC wellness program, including common goals, prominent program structures, policyholder communication, and the level of third-party vendor involvement.

Appendix B provides a high-level roadmap for LTC wellness program implementation and highlights key decision points along the way. Ultimately, a well-structured LTC wellness program aims to align the overall goals and incentives of carriers, vendors, and policyholders to produce the best outcomes in an efficient and effective manner.

2.1 PERCEIVED BARRIERS TO PROGRAM IMPLEMENTATION

There are several barriers that may impede carriers from gaining buy-in to implement an LTC wellness program, ranging from financial to administrative. Figure 2.1 below summarizes the top barriers perceived by LTC carriers who have implemented at least one wellness program (responses are on a program basis, out of 29 total programs) compared to those who have not yet implemented an LTC wellness program (responses are on a company basis, out of 21 carriers without programs).

Figure 2.1
COMMON BARRIERS TO IMPLEMENTING LTC WELLNESS PROGRAM



Source: Oliver Wyman 2023 LTC Wellness Program Survey

Financial barriers, particularly those related to uncertainty of potential outcomes, were the most prevalent hurdles identified by carriers both with and without LTC wellness programs. Clearly defining (i) what is being measured and (ii) the methodology that will be used to evaluate program success during the program design phase can help mitigate concerns related to financial uncertainty.

Another hurdle that was commonly identified by carriers with at least one wellness program was a lack of policyholder engagement. There could be numerous reasons why a policyholder may choose not to participate in an LTC wellness program (e.g., mistrust, access to wellness through other channels, perceived health status, etc.). Regardless of the reason, if policyholders do not engage with a carrier's LTC wellness program, the program's success could be jeopardized, no matter how well designed it may be. Therefore, it is helpful to take steps to strengthen relationships with policyholders prior to implementing an LTC wellness program, which can drive greater engagement. This may be especially true for carriers with older closed blocks of business that have experienced past challenges. Interestingly, engagement was not cited as a prevalent barrier by carriers who had not yet implemented a wellness program. This may imply that obtaining and maintaining meaningful engagement might be more difficult than originally assumed.

Finally, for carriers without LTC wellness programs, a common barrier is competing priorities, especially if LTC insurance is a relatively small component of their insurance portfolio. For these companies, generating buy-in from management may require industry-wide evidence of success, alignment on third-party vendors, and clarity on regulatory considerations.

While external stakeholders, such as policyholders and regulators, may shape the strategic framework for LTC wellness programs, successful execution requires aligning with internal insurer stakeholders across key functional areas. As a first step to gaining support for an LTC wellness program, it can be helpful to identify key internal stakeholders and determine the information each stakeholder requires to "buy in." Some key internal stakeholders include:

- Senior management
- Finance
- Actuarial
- Agents / distribution
- Marketing
- Operations (including administrators, claims representatives, and customer service)
- Legal and compliance
- Procurement
- IT

Understanding the key barriers for each of these stakeholders may uncover areas where the proposed LTC wellness program design can be refined to better augment stakeholder support. For example, if uncertainty of expected savings is a barrier, starting small and focusing on opportunities that could demonstrate "quick wins" may help generate buy-in and enable future program expansion, if successful. Additionally, ongoing communication to stakeholders on program progress is also important to maintaining buy-in over time.

2.2 DEFINING PROGRAM GOALS

Anchoring on overarching LTC wellness program goals is important grounding for carriers as they consider the range of potential design options. Goals vary based on the specific characteristics of the block (e.g., demographics, closed or open, etc.), type of products (e.g., traditional LTC or combo LTC), and carrier preferences. Common goals may include:

- Increase policyholder satisfaction and engagement
- Reduce risk (e.g., lower claim costs)
- Achieve a certain return on investment ("ROI")
- Improve company reputation or brand
- Increase market competitiveness

- Enhance sales of new products

As mentioned, most LTC wellness programs to date have focused on closed blocks of traditional LTC business. In this context, goals tend to emphasize policyholder satisfaction along with financial outcomes, such as reducing tail risk and managing costs. For carriers with open blocks of LTC business (whether traditional or combo), motivations are more commonly driven by competitiveness, branding, and creating value-adding programs that resonate with prospective policyholders.

Table 2.1 below summarizes some key considerations related to LTC wellness program goals for carriers with traditional LTC insurance versus LTC combo products.

Table 2.1
CONSIDERATIONS THAT INFLUENCE LTC WELLNESS PROGRAM GOALS BY BLOCK TYPE

Closed blocks of LTC insurance	Open blocks of LTC insurance
Generally, policyholders are **older**	Generally, policyholders are **younger**
Predominantly comprised of **traditional** LTC insurance	Comprised of a mixture of **combo and traditional** blocks
Increasing policyholder satisfaction and engagement is a top priority	Increasing policyholder satisfaction and engagement is a top priority
More likely to prioritize goals related to **financial outcomes** (e.g., reduced risk, ROI) over goals related to branding or reputation	More likely to prioritize goals related to **branding and market competitiveness** rather than financial outcomes
LTC wellness programs can serve as an additional **in-force management** technique	LTC wellness programs can serve as a differentiator for **sales** and promote **policyholder retention**
To date, most programs have focused on certain **subsets of policyholders** (e.g., near claimants)	To date, most programs have been offered to **all policyholders**
For traditional LTC insurance, increasing persistency due to wellness programs could have an **unfavorable financial impact**	For LTC combo products with a life insurance chassis, increasing persistency due to wellness programs may be **financially favorable** (implications are less clear for LTC combo products with an annuity chassis)

2.3 PROGRAM STRUCTURE AND TARGET POPULATION

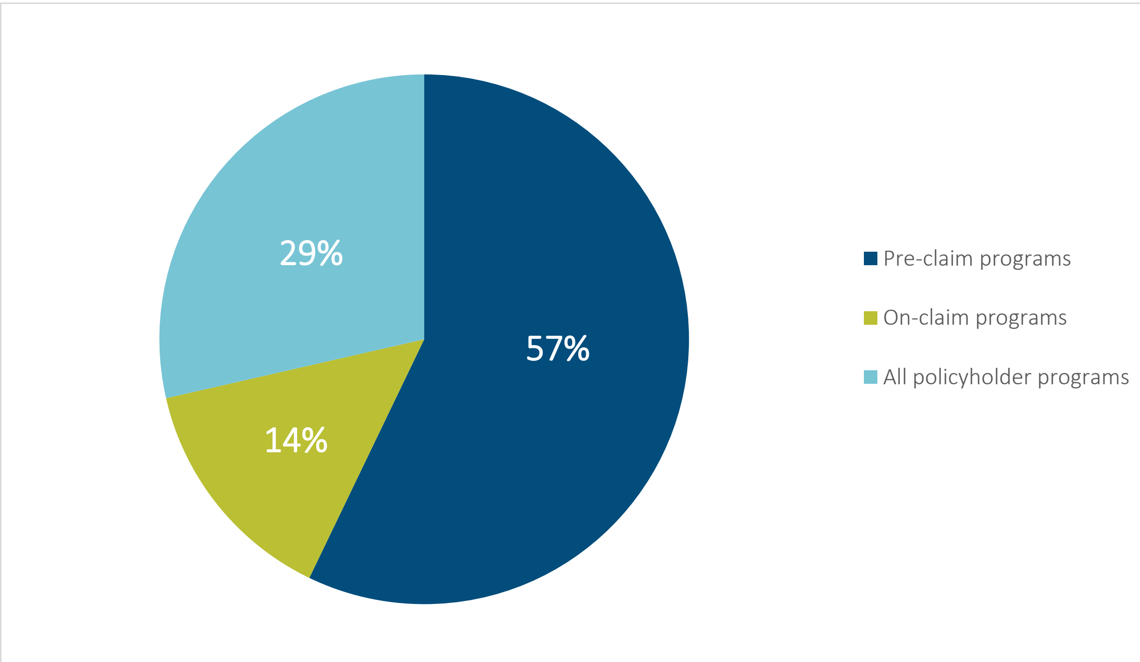
One of the prominent program structure decisions a carrier must make when designing an LTC wellness program is determining what subset of policyholders to include in the program. Offerings may be targeted to a subset of policyholders or extended to all policyholders, but there are generally three broad categories of LTC wellness programs:

1. **Pre-claim programs**: Programs offered to non-claimants that predominantly aim to shorten or reduce future claims by improving health outcomes and extending policyholder independence. These programs generally function most similarly to disease/condition management programs in other industries.
2. **On-claim programs**: Programs offered to current claimants that typically aim to improve the claim experience by promoting more efficient benefit usage and helping policyholders stay in their preferred dwelling (e.g., their home) for as long as practicable. These programs generally function most similarly to case management programs in other industries.

3. **All policyholder programs**: Programs open to all policyholders (regardless of claim status) that usually encompass aspects of both pre-claim and on-claim programs with an emphasis on education for younger policyholders who are further from claim onset.

Figure 2.2 highlights the relative prevalence of each type of program in the industry as of 2023. Based on this data, recent LTC wellness programs have predominantly focused on pre-claim policyholders. However, most LTC carriers who indicated plans to start a program in the next 1-2 years plan to include all policyholders in their offering (and this shift in program type has come to fruition as more carriers have introduced LTC wellness programs). Additionally, it is possible that the number of reported on-claim programs is understated as some carriers may not consider certain claim management services that they provide to on-claim policyholders (e.g., care concierge) to be a "wellness program."

Figure 2.2
LTC WELLNESS PROGRAM STRUCTURES (AS OF 2023)



Source: Oliver Wyman 2023 LTC Wellness Program Survey

Besides engaging with different cohorts of policyholders, these three broad categories of LTC wellness programs typically offer different interventions, rely on different metrics to define success, and may necessitate different measurement frameworks. On-claim programs are more likely to see higher policyholder engagement (roughly 40% to 80% versus about 5% to 20% for pre-claim programs) and quickly demonstrate success, but these programs may not have the same impact on tail risk as a pre-claim wellness program. Meanwhile, offering a wellness program to all LTC policyholders can mitigate risks related to unfair discrimination and bias but will likely require more administrative effort and may take longer to demonstrate success.

When choosing an LTC wellness program structure, it is important to keep in mind the primary goals of the program, the unique policy features or provisions inherent in a carrier's LTC business that may hinder or improve program success (e.g., indemnity, home care only), and the demographic characteristics of LTC policyholders. For example, carriers that are still actively selling LTC policies may prefer a wellness program that is open to all LTC policyholders as this structure more closely aligns with goals focused on marketing and policyholder satisfaction. Comparatively, a company with significant blocks of closed traditional LTC policies may prefer a wellness program that focuses on interventions for a smaller subset of their in-force population as this structure more closely aligns with goals focused on financial outcomes. Furthermore, carriers that have a very small population of current claimants will likely perceive more value in implementing an LTC wellness program that is offered to pre-claimants (or all policyholders) rather than just on-claim policyholders. These carriers may eventually shift to offering an on-claim program as their claimant population becomes a more significant proportion of the in-force population. As LTC wellness programs continue to evolve, it may become more common for carriers to offer interventions to both pre-claim and on-claim policyholders, which may influence program measurement and require mechanisms to ensure a seamless transition between wellness offerings (e.g., in the event different wellness vendors are supporting a carrier with their pre-claim versus on-claim programs).

Even if a program is open to a broader population, carriers or vendors may more actively promote specific interventions to a smaller subset of policyholders who exhibit higher risk factors as a means of increasing program effectiveness. According to Oliver Wyman's 2023 LTC Wellness Program Survey, the most common stratifications are currently (i) policyholders within specific age ranges (typically older ages) and (ii) policyholders perceived to be near claim, the latter of which may be determined using claim propensity models or policyholder attributes. Some carriers also stratify their LTC wellness program participants based on social determinants of health or risk indicators, such as significant life changes that may influence the likelihood of claims (e.g., moving to an apartment, death of a spouse, etc.). If stratification is used, care must be taken to ensure that the program (or differentiated offering) does not discriminate against certain subsets of policyholders. For example, it is much less common to stratify wellness program participants based on their gender or benefit amounts. The NAIC Model Unfair Trade Practices Act (#880)[3] specifically states that policyholders who are "the same class and of essentially the same hazard" should be treated equally. Additionally, anecdotal evidence suggests that over-engineering the target population for an LTC wellness program may impede effectiveness. To ensure compliance with applicable laws and regulations, many carriers have consulted internal and/or external legal counsel when designing a program, especially if policyholder stratification is being considered.

2.4 POLICYHOLDER COMMUNICATION

Engagement is critical to measurable results; program success may be jeopardized if there is not meaningful engagement. Achieving meaningful engagement requires effective communication. Various communication channels can be utilized—including traditional letter mail, phone or video calls, email, texts, and online portals or websites—but each policyholder will likely have their own preferred method. For example, during the live consumer focus group session at the Intercompany Long-Term Care Insurance Conference in March 2024, a group of policyholders shared that they preferred receiving information through letter mail or email. This was because it allowed them the opportunity to digest and reflect on the material at their own pace, rather than feeling pressured to respond immediately during a conversation. However, a significant challenge for many insurers is the lack of email addresses for their policyholders, which can limit their ability to communicate effectively.

Figure 2.3 below provides an indication of the prevalence of different engagement channels used by carriers. On average, carriers use a combination of 2-3 channels to communicate with program participants.

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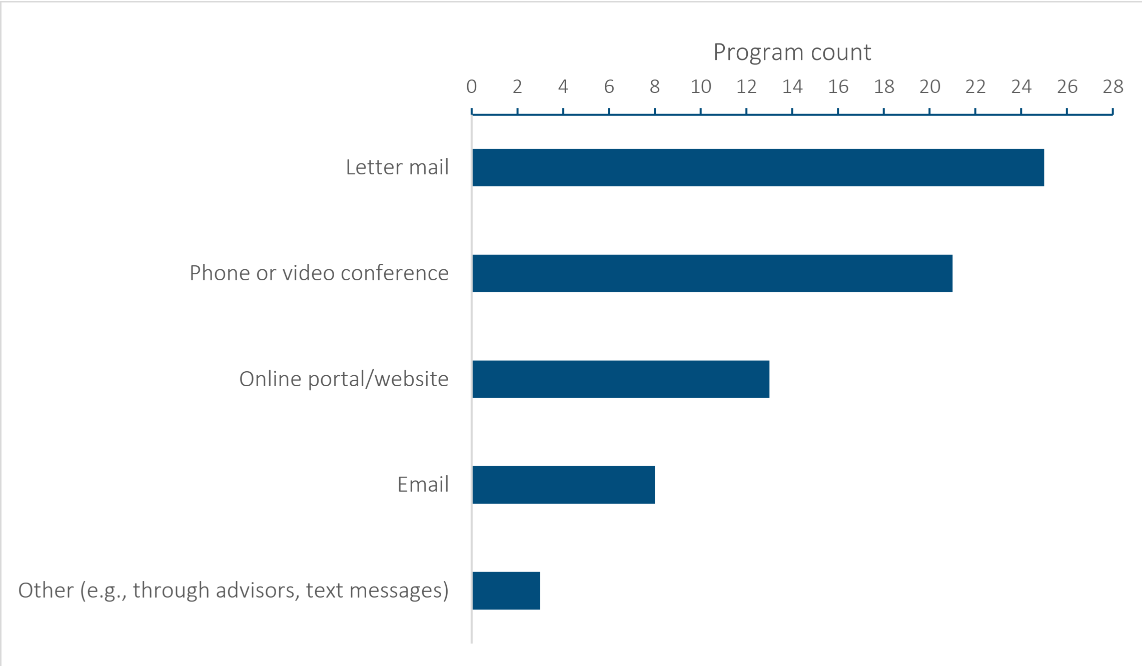
[3] NAIC. UNFAIR TRADE PRACTICES ACT. *NAIC*, 2024, https://content.naic.org/sites/default/files/model-law-880.pdf (accessed July 16, 2025).

Figure 2.3
COMMON LTC WELLNESS PROGRAM COMMUNICATION CHANNELS



Source: Oliver Wyman 2023 LTC Wellness Program Survey

Whether contact is made by the carrier, third-party vendors, or agents/advisors can also influence policyholder responsiveness. Partnering with a reputable vendor, such as an organization with established credibility, can enhance engagement levels. In contrast, outreach efforts by lesser-known vendors may yield lower engagement rates, particularly if the carrier has not previously established a regular connection with policyholders.

Another consideration that may influence LTC wellness program communication is the role of family or informal caregivers in the engagement process. Family members or informal caregivers are often more attentive to marketing materials and may be more inclined to engage with a wellness program on behalf of the policyholder. For example, vendors may time their LTC wellness program communications to occur around the holidays with the goal of higher engagement because family members who are visiting come across the program materials and encourage their loved ones to engage.

Communication preferences also vary by policyholder generation with younger policyholders tending to prefer engagement through electronic methods. Overall, a multi-faceted communication approach that considers the preferences and behaviors of both policyholders and their support networks is vital for fostering engagement in LTC wellness programs. As LTC blocks age and wellness programs continue to evolve, the effectiveness and preference of the different communication channels may likewise change. As such, it is important for carriers and vendors to monitor experience and industry trends to determine the best strategies now and in the future.

2.5 INTERVENTIONS

The interventions offered as part of an LTC wellness program are a critical component and serve as the primary mechanism for carriers to encourage behavior change or mitigate identified risk factors. As with other program design elements, the interventions offered to participants should strategically align with the primary goals of the program, as well as with the anticipated needs of program participants – more interventions are not always better.

While early LTC wellness programs predominantly focused on fall prevention, the current landscape of programs includes a wide variety of actions aimed at enhancing the health and well-being of policyholders. Interventions range from supportive services to preventative measures:

- **Supportive interventions** include home modifications, caregiver support and training, medication management, and durable medical equipment. These interventions aim to ensure policyholders have access to resources and support that foster independence and safety, particularly as they age, which can delay the onset of more severe disabilities.
- **Preventative interventions** include health or cognitive screenings, health tracking, and education. These interventions are designed to identify potential health issues before they escalate, empowering policyholders to take proactive steps towards maintaining their health. Additionally, by providing relevant education, carriers can equip policyholders with the knowledge they need to make informed health decisions in both the short- and long-term.
- **Care planning, care coordination, and care concierge services** are also prevalent interventions, more often deployed for on-claim LTC wellness programs. These offerings not only improve the claim experience for policyholders but also ensure that they receive appropriate care that aligns with their needs. As a result, these interventions can have a meaningful impact on policyholder satisfaction and financial results.

Based on Oliver Wyman's 2023 LTC Wellness Program Survey, LTC carriers offer 5-6 different types of interventions for their wellness programs, on average. Figure 2.4 summarizes the types of interventions that companies reported including in their LTC wellness programs.

Figure 2.4
COMMON LTC WELLNESS PROGRAM INTERVENTIONS

Source: Oliver Wyman 2023 LTC Wellness Program Survey

Education is the most prevalent intervention offered (it is included in nearly 90% of the LTC wellness programs encompassed in Oliver Wyman's survey). This is likely because it is widely accessible and offers carriers a straightforward, yet impactful, means of engaging and empowering policyholders in their wellness journey. The other most prevalent interventions (home modifications, medication management, caregiver support/training, and home assessments) all focus on providing program participants with support that addresses specific risk factors or a more immediate need. However, as LTC wellness programs continue to evolve within the industry, it is expected that preventative interventions, such as health or cognitive screenings, may become more prevalent, especially if carriers expand program offerings to include younger LTC policyholders.

It is essential to strike a balance between quantity and quality when it comes to LTC wellness program interventions. Focusing on a few high value interventions may yield more significant results than overwhelming policyholders with numerous options. Carriers should avoid investing in interventions that do not align with program goals as this could lead to additional cost and administration effort, measurement complications, and diminished return on investment. Additionally, offering a more targeted set of interventions may facilitate longer-term sustainability by enabling carriers to identify the specific actions that are impacting outcomes. If a company is looking to track the effectiveness of each unique intervention, it may prove challenging to isolate the specific driver(s) of observed outcomes if multiple interventions are deployed for a single policyholder or group of policyholders.

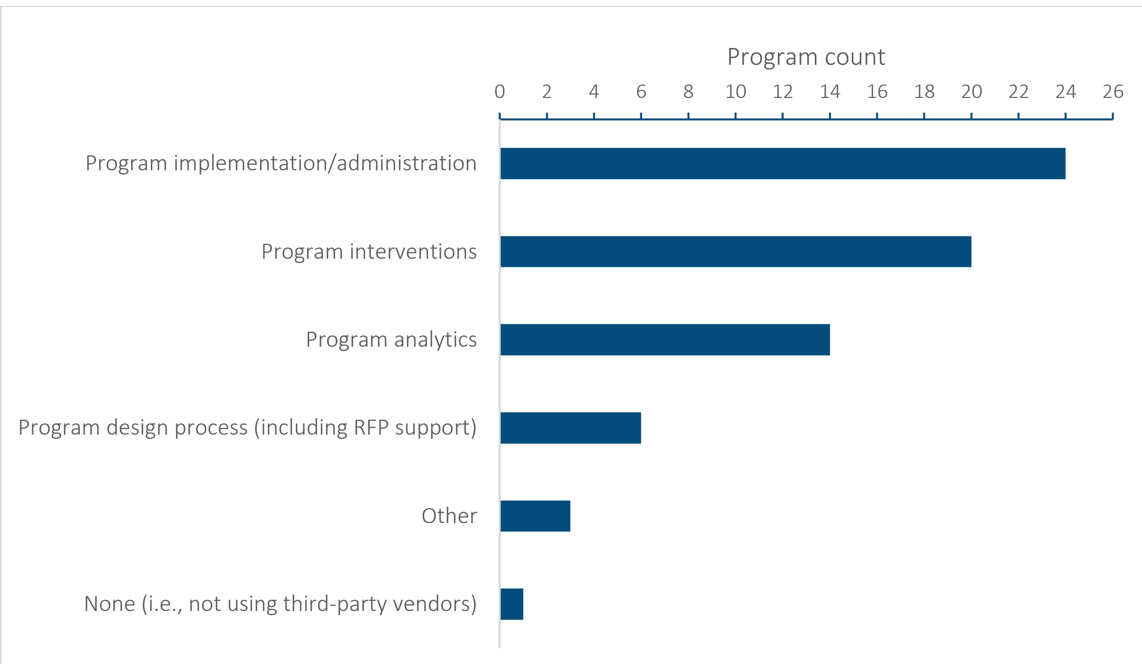
Another important consideration when determining what interventions to offer is the potential overlap with other programs that the policyholder has access to through their employer, health insurer, other insurers, health care provider, or community resources. Integration and coordination with these other programs can improve effectiveness by providing policyholders with complementary support that is tailored to their unique situation. Minimizing overlap also avoids unnecessary costs. While there has not been a concerted effort to integrate and coordinate LTC wellness programs with offerings in other industries, this may receive heightened attention if carriers are able to demonstrate that current LTC wellness programs can achieve their intended goals and shift focus to ensuring longer term sustainability.

2.6 THIRD-PARTY VENDOR INVOLVEMENT

Another key LTC wellness program design decision is whether to partner with third-party vendors and, if so, which aspects of the program will be owned by the carrier versus third-party vendor(s). While third-party vendors can play a vital role in the execution of LTC wellness programs, carriers must navigate various challenges related to vendor evaluation, contracting, data sharing, and aligning incentives.

Currently, most carriers who have implemented one or more LTC wellness programs choose to partner with a third-party vendor. Figure 2.5 below provides a comparison of the top areas where carriers are using third-party vendor support. For this purpose, the term "vendor" is used broadly and encompasses any third-party hired by a company to support their LTC wellness program development including, but not limited to, vendors specializing in actuarial, legal, operational, and wellness matters.

Figure 2.5
AREAS OF THIRD-PARTY VENDOR SUPPORT



Source: Oliver Wyman 2023 LTC Wellness Program Survey

There are several wellness vendors in the industry that offer a wide range of services. Some vendors have more niche offerings that could plug into a broader program, whereas other vendors serve as a "one-stop shop" that can facilitate all aspects of an LTC wellness program. Currently, the most common approach observed in the industry is for a company to partner with a single wellness vendor that can provide comprehensive support related to LTC wellness program development and implementation. These vendors often help with a wide range of services, including risk stratification, identification of control versus test groups, policyholder communications, execution of interventions, follow-up activities, and measurement of program effectiveness. Partnering with a single vendor in this manner simplifies the contracting process and may be easier to manage. This approach may be particularly beneficial for carriers who are deploying pilot programs (versus full-scale programs); however, such partnerships often result in a greater reliance on the vendor to help shape the program, including decisions on target populations and intervention strategies.

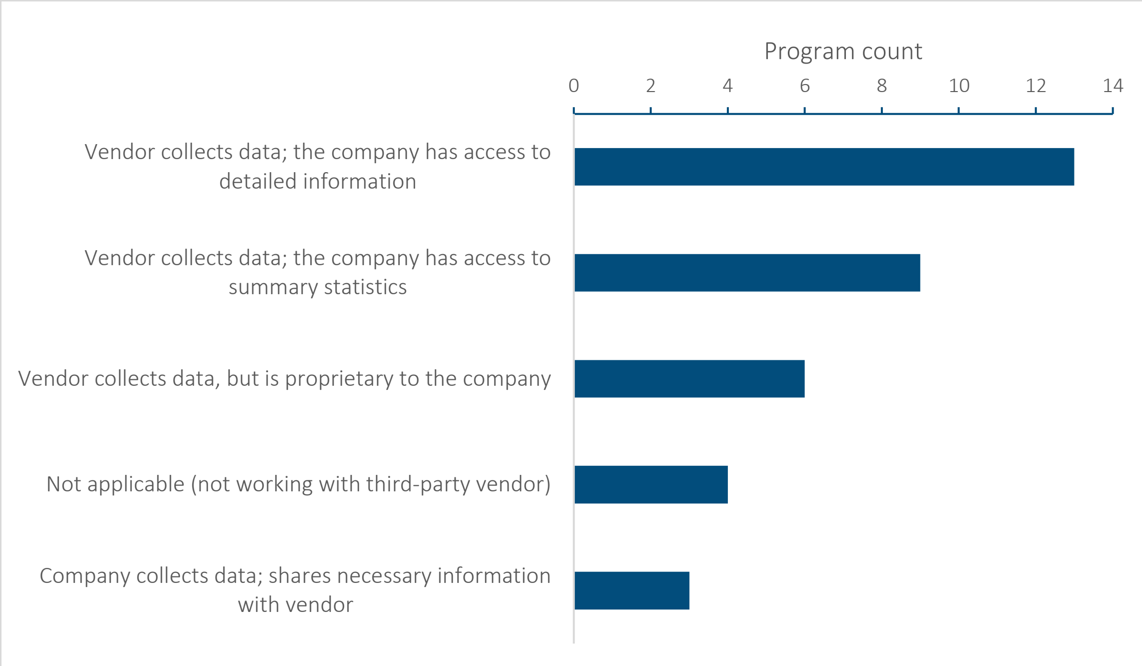
Another approach that is currently less common is a marketplace approach, where an insurer engages with multiple LTC wellness vendor partners that provide complementary offerings. Wellness vendors who support a marketplace approach to LTC wellness programs tend to specialize in targeted interventions (e.g., health screenings for a subset of policyholders identified as high risk). This approach can foster greater innovation and flexibility by allowing carriers to tailor their wellness initiatives to the diverse needs of their policyholders, albeit with more contracting complexity. If more companies move to implement full-scale LTC wellness programs, multi-vendor solutions may become more prevalent.

One of the primary hurdles in engaging with third-party vendors is the contracting process itself, which can be complex and time-consuming. Many carriers that have implemented LTC wellness programs identified contracting with third-party vendors as a top barrier (see Figure 2.1). Contracting complexity may deter some companies from adopting a marketplace approach that involves multiple vendors, as the administrative burden associated with managing these contracts can be substantial. Regardless of whether a company decides to partner with one third-party vendor or multiple, there are some key questions that should be considered during the contracting process, including:

- How will the third-party vendor get paid? Will there be any fees at risk?
- What are the key performance indicators ("KPIs")? How will vendors be held accountable to achieving KPIs?
- Who owns the data collected on LTC wellness program participants? What data will be shared? How will data be shared, stored, retained, and appropriately secured? Are there any other entities that need to be involved in data sharing (e.g., third-party administrators, reinsurers, external consultants, etc.)?
- Who will cover the cost of interventions?
- Who is responsible for measuring program outcomes? What happens in the event of a dispute?
- What duration will the program be offered for? Will there be an option for program renewal?

Data sharing requires extra diligence given potential sensitivity. Carriers and vendors must establish clear agreements regarding data ownership and the specifics of what information will be shared between parties. This alignment is crucial to ensure that both sides understand their rights and responsibilities concerning data management, which can influence the effectiveness and transparency of LTC wellness programs. Figure 2.6 provides a snapshot of how LTC wellness program data has been shared between carriers and third-party vendors.

Figure 2.6
LTC WELLNESS PROGRAM DATA OWNERSHIP



Source: Oliver Wyman 2023 LTC Wellness Program Survey

Data is also essential for program measurement so it is important to have a holistic view of the data that will be required to evaluate program success, how this data will be collected, and who will be responsible for validating and analyzing the data. Establishing a data collection and measurement framework that delineates clear roles for the carrier and any third-party vendors during the program design phase can help enable subsequent analysis.

Section 3 Measurement and Evaluation

Measuring outcomes for an LTC wellness program will take time, particularly for programs that are focused on interventions for pre-claimants, as LTC experience is slow to emerge with credibility. While there are early indicators of success, such as achieving high levels of policyholder engagement, it can take a year or more to quantify impacts on financial metrics. Establishing a measurement framework up front and defining the data required to facilitate measurement can increase a carrier's ability to evaluate program success more effectively once results start emerging. Therefore, before carriers start collecting data, it is important to think through a variety of measurement decision points, including but not limited to:

- What key metrics should be measured given the program goals?
- What data elements will be needed to evaluate key metrics and program outcomes?
- What approach will be used to measure program results?
- How long will the program "run?" When will the measurement period start and end?

This section covers what "success" means in terms of LTC wellness program measurement, including key financial and non-financial outcomes, measurement approaches, data considerations, and potential secondary impacts.

3.1 MEASUREMENT METRICS

The primary goals of each LTC wellness program should inform the specific metrics that will be analyzed in assessing program success. Focusing on key metrics that provide evidence of whether the program goals are being achieved will be most meaningful to stakeholders. For example, analyzing changes in the number of care setting transfers from facilities to home care would not provide meaningful insight on the potential financial impact of an on-claim program that provides care concierge services to policyholders receiving care in their home. However, measuring transfers from home care to a facility setting would be very meaningful in determining whether the care concierge services were enabling claimants to remain safely in their homes for a longer period.

For programs with goals that are predominantly non-financial, key metrics will generally aim to assess whether policyholders find value in the program. These metrics may include policyholder engagement and net promoter score ("NPS"). Programs that are driven by financial goals will generally focus on key metrics that quantify financial results, such as ROI and claim payments. The key program metrics that are deemed most important will also likely vary by stakeholder. For example, senior management may be most keen to understand program ROI, actuaries may be more interested in impacts on underlying assumptions (e.g., claim incidence rates), and agents may focus on NPS for any third-party wellness vendors involved in the program.

Table 3.1 outlines some common non-financial and financial metrics currently used by carriers to analyze their LTC wellness programs.

Table 3.1(a)
COMMON LTC WELLNESS PROGRAM METRICS – NON-FINANCIAL

Metric	Description
Complaints	• Indication of potential pain points for program participants • Insight gained from understanding key complaints can enable carriers to make improvements and increase likelihood of program success
Initial engagement rate	• Proportion of policyholders that take an action after responding to program outreach • Early indicator of whether policyholders value program offering
Ongoing engagement rate	• Proportion of policyholders that continue to engage with a program after taking an initial action • Indicator of whether policyholders value the program • High ongoing engagement may be an early indicator that a program is sustainable long term
Policyholder retention rates	• Indicates whether policyholders value their policy • Metric may be more meaningful to carriers deploying LTC wellness programs as part of new business offering
Policyholder behavior	• May encompass a wide range of policyholder actions including, but not limited to, the types of interventions the policyholder chooses to engage in, as well as decisions related to their LTC policy (e.g., lapse, types of LTC services used) • May be challenging to explicitly quantify • Provides valuable insight into program impact on policyholder outlook • Can serve as an early indicator of program financial success
Policyholder satisfaction	• May be challenging to explicitly quantify; often measured via policyholder surveys or NPS • NPS, in particular, is a standardized measure of how likely policyholders are to recommend a certain company or brand and is more commonly used by carriers that are working with third-party wellness vendors for their LTC wellness program(s) • Provides valuable insight into program impact on policyholder outlook and perceived value of program interventions • Can serve as an early indicator of program financial success
Response rate	• Proportion of policyholders that respond to initial program outreach • Indicator of program outreach effectiveness
Sales	• Number and/or volume of new insurance sales from existing policyholders • Could provide an indication of policyholder satisfaction, as well as company brand/reputation

Table 3.1(B)

COMMON LTC WELLNESS PROGRAM METRICS – FINANCIAL

Metric	Description
Benefit utilization	• Proportion of a policyholder's maximum available benefit that they use on qualified LTC services each day/month • On-claim wellness programs typically focus on helping policyholders use benefits more efficiently, which decreases utilization and may extend an individual's benefits (depending on policy provisions) • Decreasing utilization generally will have a favorable financial impact
Claim recovery rates	• Probability that a disabled policyholder will recover and go off claim • Generally, higher recoveries will have a favorable financial impact and can be an indicator of policyholder health
Incidence rates	• Probability that a healthy policyholder will become disabled and start a new claim • Pre-claim wellness programs typically focus on reducing incidence by delaying or preventing new claims, which will generally have a favorable financial impact and may indicate that policyholders are able to remain independent for longer
Length of stay on claim	• Measure of the amount of time that an individual is on claim • If the program increases or decreases the average length of stay for claimants, there could be measurable financial impacts
Number of disabled lives in-force	• Combination of incidence and claim terminations (including both recovery and disabled death) • Metric was first introduced by Assured Allies[4] as a less volatile alternative to paid claim savings
Paid claim savings	• Reduction in claim payments achieved from the program • Driven by claims emerging differently (e.g., reduced claims due to increased policyholder independence) relative to expected outcome if the program was not in place
Premium savings	• Increase in premium dollars achieved from the program • Driven by fewer or shorter claims relative to expected outcome if the program was not in place (since most LTC policies waive premiums once policyholders go on claim, delaying or preventing claims will maintain premium paying status for longer) • Premium savings may also be realized if program increases claim recoveries for participants
Program costs	• Specific cost to carrier of running an LTC wellness program, including implementation fees and any ongoing expenses (e.g., third-party vendor per-member-per-month ("PMPM") fees)
ROI	• Typically defined as net savings from an LTC wellness program divided by program costs, where net savings are defined as total program savings, less program costs and total program savings are defined as the sum of all financially measurable savings, including paid claim and premium savings

[4] Assured Allies. Data-Driven Pre-Claim Wellness Programs Bend the LTCI Claims Cost Curve. *Assured Allies*, March 2024, https://www.assuredallies.com/data-driven_pre-claim_programs_bend_the_ltci_claims_cost_curve.pdf (accessed July 16, 2025).

Metric	Description
	• Indicator of program's financial success, especially when compared against cost of capital (i.e., return that an alternative investment could have earned) • Components of ROI can be difficult to calculate
Site of care transfers	• Tracks the number (or rate) of claimant transfers from home care to facility care and vice versa • Transfers to less intensive care settings may be an indicator of policyholder independence / well-being and can generate a favorable financial impact
Starting site of care distribution	• Proportion of claims that start in home care versus facility care • If the proportion of claims that start in home care increases, this may generate a favorable financial impact while simultaneously increasing policyholder satisfaction (because claimants tend to prefer to stay in their home as long as possible)

According to Oliver Wyman's 2023 LTC Wellness Program Survey, among the metrics listed above, the most prevalent non-financial metrics currently used by LTC carriers include policyholder engagement and policyholder behavior, while the most prevalent financial metrics include claim incidence, benefit utilization, and paid claims. As LTC wellness programs continue to evolve, so will the key metrics that are used to determine whether each program is successful.

In addition to the metrics listed in Table 3.1 above, several measurement metrics are used in other industries to assess business decisions and quantify potential outcomes over time, including:

- **Total risk analysis**[5] involves quantifying both projection risk and random variation risk associated with a key business decision or process. Carriers may be able to utilize total risk analysis in determining the potential benefits associated with investing in an LTC wellness program.
- **Cost per quality-adjusted life year ("QALY")**[6] is used to measure how an intervention improves a patient's quality and length of life. Carriers may be able to utilize QALY in determining cost effectiveness of potential LTC wellness program offerings.
- **Technology curves**[7] outline the time required for new technologies or products to become widely accepted by an industry, generally following an s-shaped curve. LTC wellness programs are near the beginning of the technology curve given that they are relatively new.

While these metrics are not commonly used to assess LTC wellness program success today, we may see LTC carriers expand to use a wider array of measurement metrics as programs shift from the pilot stage to full-scale implementation or if embedded wellness features become more prominent in new LTC insurance product designs.

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[5] SOA. Calculated Risk: Driving Decisions Using the 5/50 Research. *SOA*, January 2025, https://www.soa.org/48f727/globalassets/assets/files/resources/research-report/2023/calculated-risk-driving.pdf
[6] SOA. Reimagining Pharmacy Financing. *SOA*, March 2024, https://www.soa.org/4941fc/globalassets/assets/files/resources/research-report/2024/reimagining-pharmacy-financing.pdf
[7] Ibid.

3.2 MEASUREMENT APPROACHES

For non-financial metrics, measurement approaches are generally straightforward and relatively quick to deploy given that relevant data (e.g., engagement statistics) usually emerge quickly following program implementation and key metrics are not based on uncertain future events. Measurement approaches for financial metrics can be more complicated and require a longer timeframe to collect sufficient data, especially in the absence of a control group. This is because LTC claims are low frequency, high severity events that are driven by a multitude of factors, which increases volatility.

In terms of non-financial metrics, surveys are often used to evaluate customer satisfaction with an LTC wellness program. Survey questions should be worded in a manner that minimizes bias (how a question is framed can influence responses) and conducted on a consistent timeline for all participants (e.g., upon initial engagement, shortly after participating in an intervention, etc.). If surveys are optional, it is important to assess whether survey respondents are representative of the broader program participant population to ensure conclusions drawn from survey results are reliable and unbiased.

In terms of financial metrics, control and test groups are currently the most common measurement approach used for LTC wellness programs. Under this approach, the insured population is divided into two subsets, one that will receive an invitation to engage in and utilize the wellness program interventions (test group) and one that will not receive an invitation to participate in the wellness program (control group). The two groups should be designed such that they are materially similar across all other relevant characteristics (e.g., age, gender, risk stratification, benefit richness, etc.). By ensuring that these two groups are materially similar across these characteristics, any deviations in experience across the two groups can be reasonably attributed to the wellness program interventions because external factors that could influence experience (e.g., COVID-19 pandemic, cost of care inflation, etc.) are assumed to impact each group similarly.

For programs that are offered to all policyholders, or programs that are in full rollout, it may not be possible to establish formal control and test groups. As an alternative, carriers could consider developing a pseudo-control and test group approach that compares experience for program participants to a "control" group comprised of policyholders that are not engaged with the program (e.g., non-responders, policyholders in states where the program is not available due to regulatory restrictions, etc.). This approach may have biases, especially if the "control" is comprised of non-responders, so adjustments may be necessary to ensure program results measured via this method are not skewed. Additionally, it may be challenging to achieve the desired level of statistical significance if the number of policyholders available for the pseudo-control group is small.

Other measurement approaches, such as comparing actual emerging experience to historical results or current expectations using traditional tabular methods or predictive analytics, may require a longer measurement timeframe than required for a control/test group approach because more data will likely be required to ensure results are reliable and not driven by volatility or external factors.

Regardless of the approach used, it is important to clearly define data fields and calculations. For example, some key data considerations related to measuring engagement include:

- What actions count as engaging? For example, if the policyholder answers a questionnaire, are they engaged or do they only become engaged if they complete an intervention?
- How is the denominator of the engagement rate defined? Does it include policyholders who the vendor or carrier was not able to reach out to or get a hold of?
- How long in between actions before a policyholder who was engaged starts to be counted as not being engaged?

Ensuring that required data fields are well-defined and able to be collected from program onset can enhance clarity and consistency in program measurement.

3.3 SECONDARY IMPACTS

When measuring wellness programs, it is important to also account for impacts on metrics that are not directly related to the primary goals of the program and are not the key metrics being measured. These secondary impacts may offset some of the primary impacts of the program.

The most intuitive example of a secondary impact that could result from LTC wellness programs is increased policyholder persistency (i.e., lower mortality and lapse), which may have an unfavorable impact on financial outcomes, particularly for traditional LTC blocks. As mentioned above, a common goal of pre-claim wellness programs is to delay or prevent claim events by decreasing incidence. This goal is typically achieved by providing program participants with interventions that are designed to keep them healthier and independent for longer. These interventions may also decrease participants' risk of mortality, which could ultimately result in more policyholders eventually using their LTC benefits (likely at a later age).

Another example of a potential secondary impact that carriers should consider is how participation in a pre-claim LTC wellness program may affect a policyholder's claim experience:

- Will the primary causes of LTC claims differ for policyholders who participated in a pre-claim program (relative to prior experience or non-participants)?
- Will participants have noticeably different lengths of stay on claim (resulting in higher claim terminations)?
- Will their benefit utilization differ from other claimants due to the level or type of services they use?

The answers to these questions will depend on the specific features of the pre-claim LTC wellness program, as well as the characteristics of the LTC policyholders involved in the program, and the resulting financial outcomes could be either favorable or unfavorable. Regardless, pre-claim LTC wellness programs will likely influence on-claim experience, which may necessitate a carrier to revisit their current on-claim assumptions to ensure they remain appropriate. For example, if a company's pre-claim LTC wellness program is focused on mitigating the risk of falls, other causes (e.g., dementia) may become more prominent in the future, which will impact forward-looking morbidity assumptions. To that end, some carriers that responded to Oliver Wyman's 2023 LTC Wellness Program Survey identified starting site of care or benefit utilization as key measurement metrics for their pre-claim LTC wellness programs.

3.4 OTHER KEY CONSIDERATIONS FOR EVALUATION

Non-financial metrics, particularly engagement, are generally measurable at or near the start of an LTC wellness program and should be analyzed throughout the program as trends in these metrics could illuminate changing policyholder satisfaction in the program or changing needs/preferences regarding program interventions. Measuring financial outcomes takes significantly longer as claims experience can be slow to emerge, especially for programs that focus on pre-claim policyholders.

Figures 3.1, 3.2, and 3.3 summarize the amount of time required (or expected to be required) to observe measurable financial results for LTC wellness programs focused on pre-claimants, current claimants, and all policyholders, respectively, based on responses from carriers that participated in Oliver Wyman's 2023 LTC Wellness Program Survey.

Figure 3.1

TIME REQUIRED TO OBSERVE MEASURABLE FINANCIAL RESULTS – PRE-CLAIM PROGRAMS

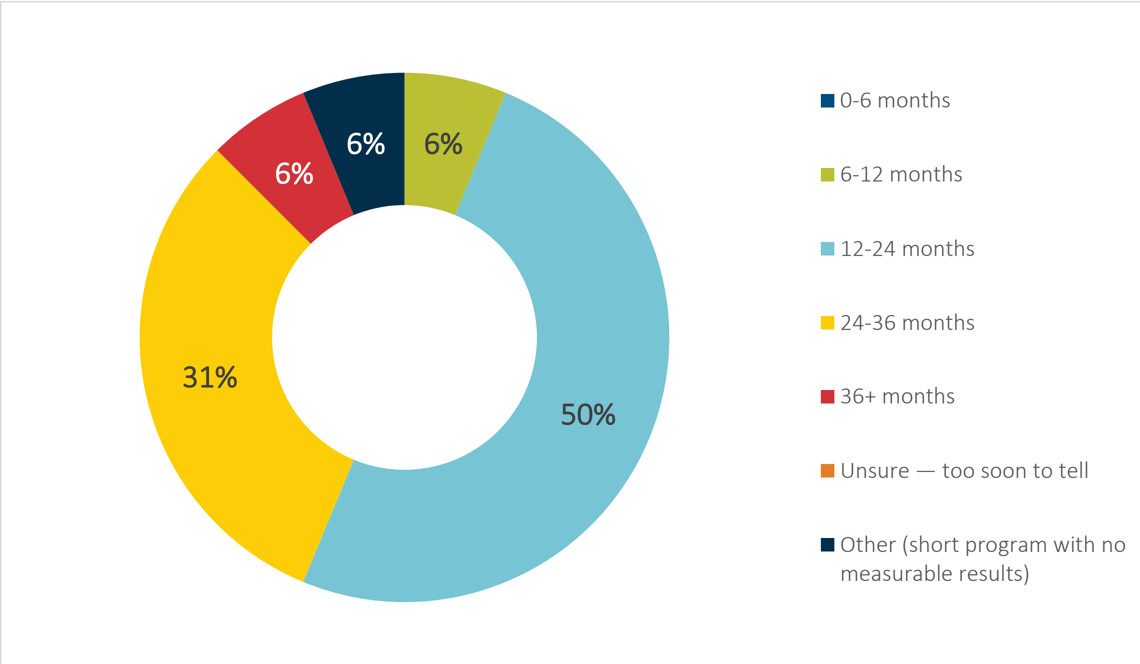


Figure 3.2

TIME REQUIRED TO OBSERVE MEASURABLE FINANCIAL RESULTS – ON-CLAIM PROGRAMS

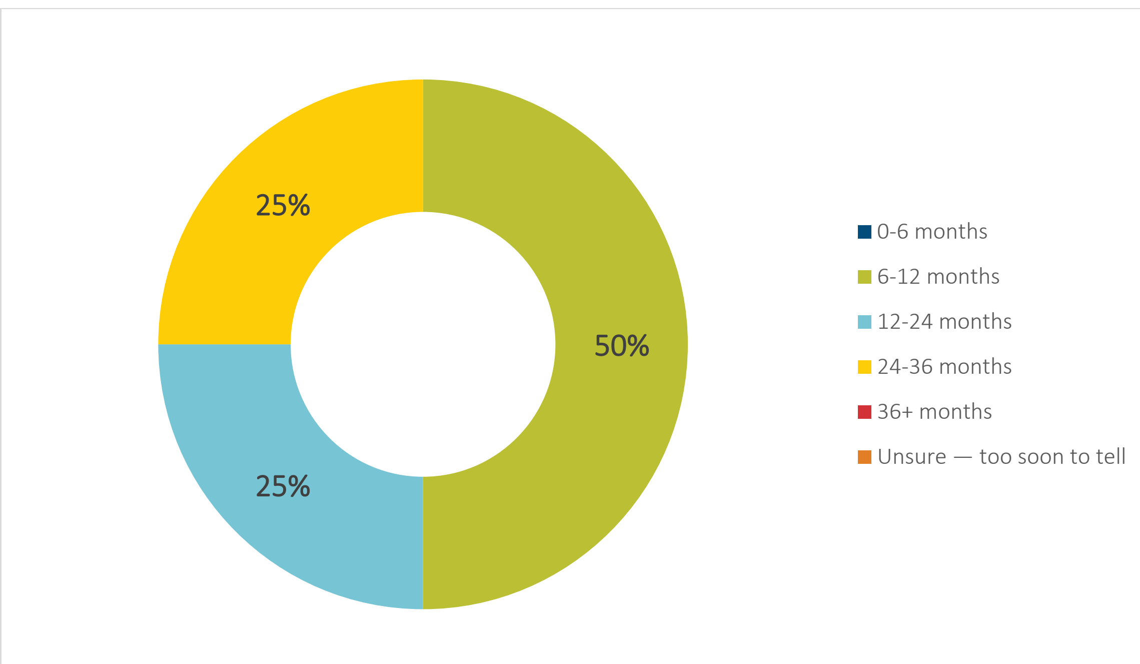
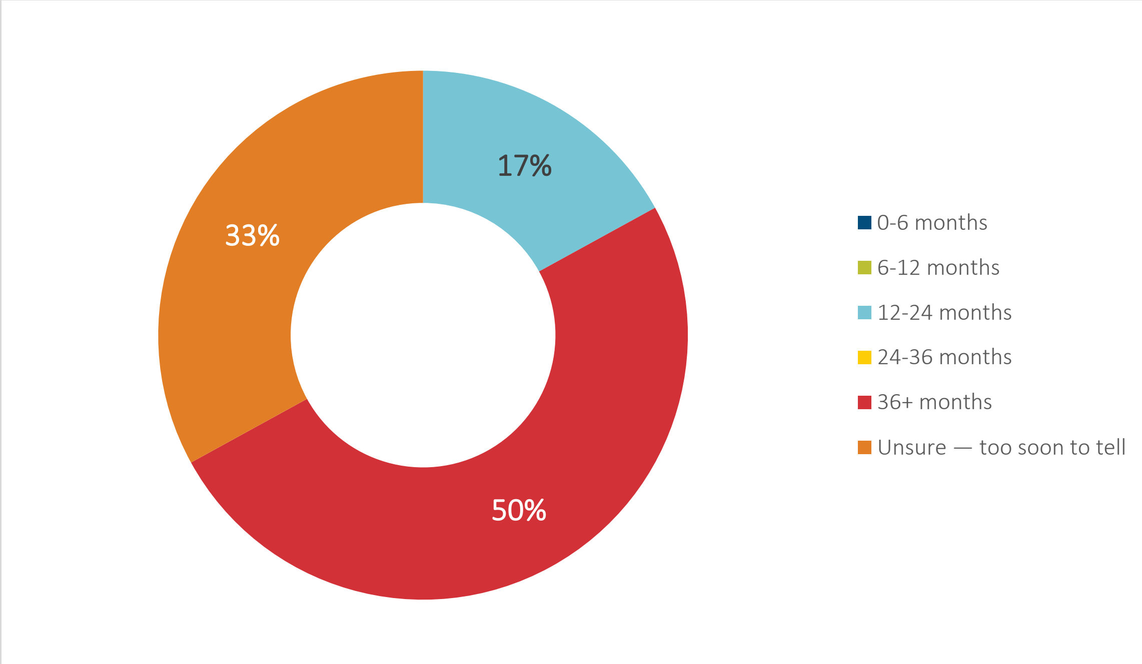


Figure 3.3
TIME REQUIRED TO OBSERVE MEASURABLE FINANCIAL RESULTS – ALL POLICYHOLDER PROGRAMS



Source: Oliver Wyman 2023 LTC Wellness Program Survey

For most LTC wellness programs, carriers expect it will take 12+ months to demonstrate measurable financial results, with a shorter timeline anticipated for on-claim programs (by about six months on average). And, while demonstrating success for a pilot LTC wellness program may take 12+ months, gathering sufficient evidence to support changing forward-looking actuarial assumptions as a result of an LTC wellness program may take many more years. It is important to consider the level of credibility underlying the experience data and to ensure that it meets any credibility thresholds established by a company when deciding whether to reflect an assumption adjustment. Additionally, actuaries will likely need to observe program results over multiple years to ensure a holistic understanding of potential outcomes over the life of the business. For example, if a pre-claim LTC wellness program is successful in delaying claims, it is important to understand whether a decrease in younger age incidence (e.g., at age 85) is coupled with an increase in older age incidence (e.g., at age 90). Other assumption-related considerations to keep in mind include, but are not limited to, the following:

- Potential assumption impacts will likely differ for policyholders who are actively engaged with an LTC wellness program versus those who are not actively engaged.
- It may be necessary to capture new data fields that can be used to bifurcate assumptions, such as indicators for what wellness programs policyholders are engaged in. Predictive analytics may be helpful to gain insights from non-traditional experience study data fields (e.g., engagement-related metrics).
- Carriers should consider whether the impacts observed for the currently engaged population are sustainable over time and, if so, are current outcomes repeatable for the broader population of insureds (versus the original target population).

- Assessing sustainability may require a robust understanding of causation. That is, if actuaries can attribute wellness impacts to a specific intervention, they may be better equipped to estimate longer term impacts.
- If the LTC wellness program is expected to cease at some point in the future, this should be captured in any assumption adjustments.
- Over time, LTC wellness program impacts will naturally flow through experience data so any on-top assumption adjustments may no longer be appropriate unless future impacts are expected to deviate from the impacts captured in historical experience.
- Carriers that assume future morbidity improvement should consider whether recognizing LTC wellness program impacts in assumptions change their view of potential future morbidity improvement (e.g., does including both morbidity improvement and reduced incidence from a pre-claim LTC wellness program understate future experience?).
- Carriers incorporating LTC wellness into new product designs should consider whether the wellness program will attract a different population of insureds and how such a population may differ from the population underlying the experience used in pricing assumptions.

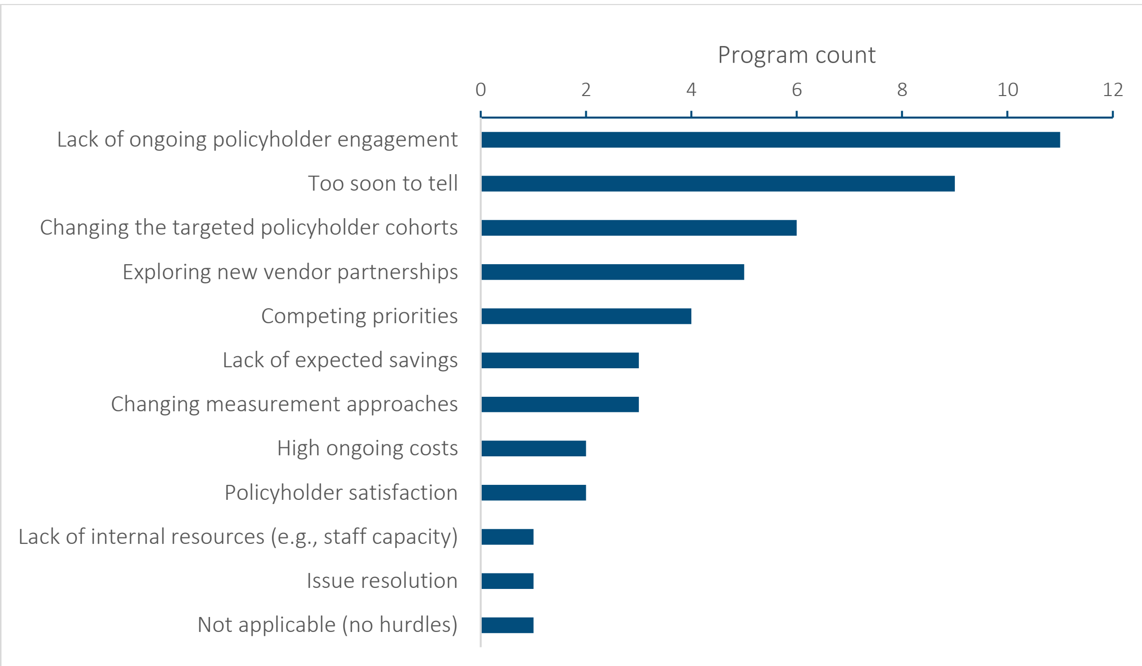
Section 4 Looking Ahead – Sustainability and Other Considerations

If current LTC wellness programs achieve the goals that carriers are striving for, the industry's focus is likely to shift to longer-term sustainability. To that end, this section discusses forward-looking considerations for LTC wellness programs, including barriers to sustainability, transitioning from pilots to full-scale programs, maintaining policyholder engagement, and other actuarial, operational, legal, and regulatory factors.

4.1 PERCEIVED BARRIERS TO SUSTAINING AN LTC WELLNESS PROGRAM

Sustaining an established wellness program presents different challenges than those faced by a carrier looking to implement a new program. Figure 4.1 below summarizes the top sustainability challenges reported by LTC carriers who have implemented at least one wellness program.

Figure 4.1
COMMON BARRIERS TO MAINTAINING (OR EXPANDING) AN LTC WELLNESS PROGRAM



Source: Oliver Wyman 2023 LTC Wellness Program Survey

Similar to the barriers identified by carriers in relation to starting an LTC wellness program (see subsection 2.1), maintaining policyholder engagement is a key concern for carriers. To ensure the long-term success of LTC wellness initiatives, it is crucial to keep policyholders engaged, which requires ongoing efforts to ensure participants remain interested in program offerings. It is also important to focus on aligning engagement strategies with the timing and effectiveness of specific interventions, which may evolve as policyholders progress in their aging journey.

While "high ongoing costs" was a less prevalent concern for companies, it is important not to overlook the potential ongoing investment required to sustain a wellness program, especially if internal resources are limited or where competing priorities exist. Long-term sustainability will likely require more robust integration of the LTC wellness program with downstream actuarial and operational processes (e.g., assumption development, valuation, claim adjudication, and claim management), which may not be fully contemplated for a short-term pilot. Best practices for this continued investment and integration have not yet been broadly determined in the industry.

Another key consideration for closed blocks of older LTC business is that policyholders may eventually age out of the wellness offering if it is focused on a specific age cohort, which will affect the long-term viability of certain LTC wellness programs. For instance, if a wellness program focuses on interventions for individuals aged 75 to 85, program effectiveness may wane as the population reaches the upper end of this age range, to the point that the financial feasibility of maintaining the program diminishes.

The range of barriers identified by carriers underscores the need for strategic planning and ongoing evaluation to maintain management buy-in and ensure LTC wellness programs remain viable over time. Some strategies that may help carriers overcome these hurdles include:

- Negotiating pricing and data sharing with vendors
- Establishing a cross-functional team of resources dedicated to maintaining various aspects of the LTC wellness program (e.g., data analytics, communications),
- Keeping closely aligned with legal and compliance teams on LTC wellness program evolution
- Continually updating the contracting process to ensure program details and success metrics are clearly defined
- Creating internal measurements frameworks to assess vendor-provided results

4.2 TRANSITIONING FROM PILOT TO FULL-SCALE PROGRAM

Transitioning from a pilot to a full-scale LTC wellness program involves navigating increased administrative demands, managing a larger volume of data, and addressing complexities related to ongoing measurement, especially when transitioning away from control and test groups. Careful planning and resource allocation can ease the transition and ensure that stakeholders remain engaged and supportive of the initiative.

As the program expands, more resources and attention from administrative teams will likely be required to navigate managing the program, overseeing policyholder communication, coordinating interventions, and ensuring compliance with applicable regulations. Additionally, the volume of data generated by the program will also increase due to a larger participant base. As such, it is crucial to have the necessary infrastructure in place to effectively collect, manage, and analyze program data. This may involve investing in enhanced data management systems, training additional staff, and ensuring that data security measures are robust to protect sensitive information.

Furthermore, measurement of program outcomes may become more challenging as the scale increases. Pilot programs often allow for more controlled environments and straightforward measurement (e.g., comparison of control and test groups), whereas a full-scale program may introduce population variability that complicates the assessment of effectiveness. That said, the additional data and credibility can facilitate measurement by potentially reducing volatility and allowing for more granular data splits. Developing comprehensive measurement strategies that can adapt to a larger and more diverse participant group is essential for accurately evaluating impacts. One approach to address this challenge is to implement a pseudo-control group by comparing outcomes for program participants to non-participants (as described in subsection 3.2).

4.3 LEGAL AND REGULATORY CONSIDERATIONS

Ensuring compliance with regulatory requirements and promoting fairness in the delivery of LTC wellness programs is critical for long-term sustainability. Engaging internal or external legal counsel review early in the LTC wellness program implementation process can help identify potential compliance issues and ensure that the program adheres to applicable laws and regulations. Some carriers have also filed their wellness programs with state regulators to help mitigate legal and regulatory risk.

As carriers continue to navigate best practices for legal and regulatory considerations related to LTC wellness programs, the "Issues Related to LTC Wellness Benefits" paper that was adopted by the NAIC in December 2021 is a helpful resource. This document aimed to increase clarity to regulators and carriers alike on key issues related to LTC wellness programs, including the following:

- Analysis of effectiveness
- Unfair discrimination
- Consumer confusion
- Rebating
- Tax considerations
- Regulatory role in approving or evaluating LTC wellness approaches
- Actuarial considerations
- Data privacy
- Other considerations

4.4 POTENTIAL FINANCIAL IMPACTS

LTC wellness programs are exposed to several financial impacts, but companies can enhance the sustainability and effectiveness of their wellness initiatives by having realistic expectations around program outcomes, inclusive of the following potential financial impacts.

Increased claims may arise if wellness program outreach efforts remind policyholders of their policy benefits, leading to an initial spike in claims. In a paper published by Assured Allies and Faegre Drinker in 2024 detailing Assured Allies' pre-claim LTC wellness program[8], Assured Allies noted a "non-uniform response" to implementing the program. For some sub-cohorts of participants, instead of extending independence, the program had the reverse effect and had increased claim activity. In this analysis, Assured Allies found that a combination of different factors, including reach-out timing, policyholder cohorts engaged, and interventions offered, led to a wide range of claim impacts.

Increased persistency may emerge if wellness activities improve policyholder health outcomes, thereby lowering mortality or if policyholders who perceive value in the LTC wellness program are less inclined to lapse their policies. According to an annual report published by Discovery[9] (the company behind the Vitality program used by John Hancock), lapse rates for Vitality program participants in the life insurance industry were more than 15% lower than lapses for non-participants. Further, the report indicated that lapse rates were indirectly correlated with engagement (i.e., the higher the engagement, the lower the lapse rates).

Inefficient spending on wellness programs can also drive financial impacts so it may be beneficial to establish specific guidelines for the number of interventions to be performed during a specified period or for a specific proportion of high-risk policyholders. These measures can help ensure that resources are allocated effectively and that the financial impact of the program remains manageable.

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[8] Assured Allies. Data-Driven Pre-Claim Wellness Programs Bend the LTCI Claims Cost Curve. *Assured Allies*, March 2024, https://www.assuredallies.com/data-driven_pre-claim_programs_bend_the_ltci_claims_cost_curve.pdf (accessed July 16, 2025).
[9] Hafner, Marco, Jack Pollard, and Christian van Stolk. Incentives and physical activity. *RAND*, Nov. 27, 2018, https://www.rand.org/pubs/research_reports/RR2870.html (accessed July 16, 2025).

Aligning incentives among all parties involved in the LTC wellness program—including key stakeholders within the company, any third-party wellness vendors, and policyholders—can serve to reduce the risk of unintended financial impacts. Aligned incentives can foster collaboration and enhance the overall program effectiveness. Starting small with a pilot program could also minimize uncertainty related to financial outcomes by allowing carriers to test and refine their LTC wellness program before expanding to a full-scale implementation. Additionally, it may be prudent to establish robust monitoring to ensure emerging trends in wellness programs outcomes can be studied and considered in actuarial analysis and program refinements.

Section 5 Lessons Learned and Next Steps

The LTC insurance industry is generally still in the wellness program exploration phase and there has been strong collaboration among carriers with updates and ideas discussed via industry presentations, groups like the LTCI Consortium, or everyday conversations. Additionally, early adopters of LTC wellness programs have graciously shared lessons learned with the rest of the industry, which has provided direction for new players. A few of the main lessons learned include:

- Communication: By strengthening their relationship with policyholders first, carriers can promote engagement and improve the likelihood of program success.
- Planning: Carriers can benefit from outlining data requirements, determining how they will measure program outcomes, and ensuring program design aligns with overarching goals prior to implementation.
- Expectations: Results take time to emerge and will likely continue to evolve over time. This can impact the amount of time it may take to adequately measure results and demonstrate wellness program success.
- Prioritization: It is useful to prioritize interventions where they are expected to have the best outcome (relative to wellness program goals). Carriers have shared stories that even the smallest and most obvious interventions can make a difference to policyholders.

Given recent momentum and ongoing interest, LTC wellness programs will most likely be a hot topic in the LTC insurance industry for the foreseeable future. Carriers that have completed pilot programs have generally continued their wellness exploration by conducting another pilot program, collaborating with new third-vendor partners, testing additional interventions, or rolling the program out to a broader set of policyholders (or their full population). Few carriers have decided to cease LTC wellness initiatives upon completion of a pilot program, which may be a positive indication of the value potential.

If ongoing measurement demonstrates that these programs can achieve the goals that carriers have established, then the next step will be sustaining success for the long-term. This may involve coordinating wellness programs across industries (e.g., health insurance), capturing expected wellness program impacts in actuarial assumptions, expanding the use of predictive analytics and artificial intelligence ("AI") to design and measure wellness offerings, and re-evaluating other inforce management actions (e.g., premium rate increases) in light of wellness program outcomes. There may also be more carriers that integrate features inspired by LTC wellness programs into new product design, which could further expand the LTC insurance market.

Section 6 Acknowledgments

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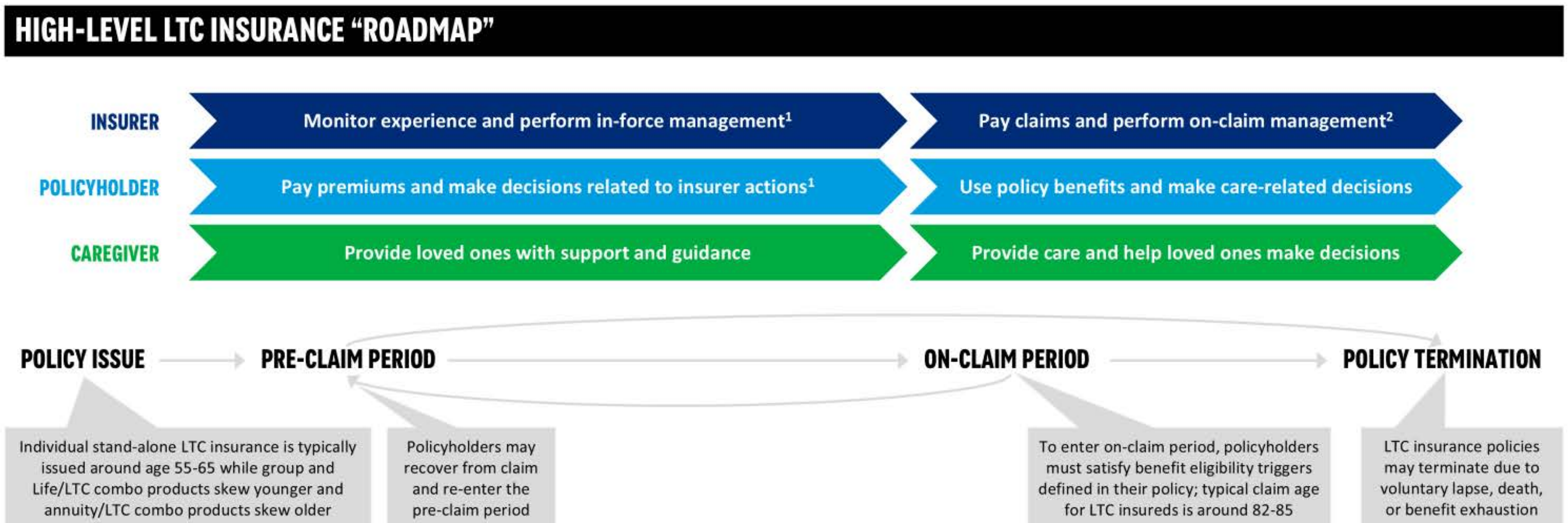
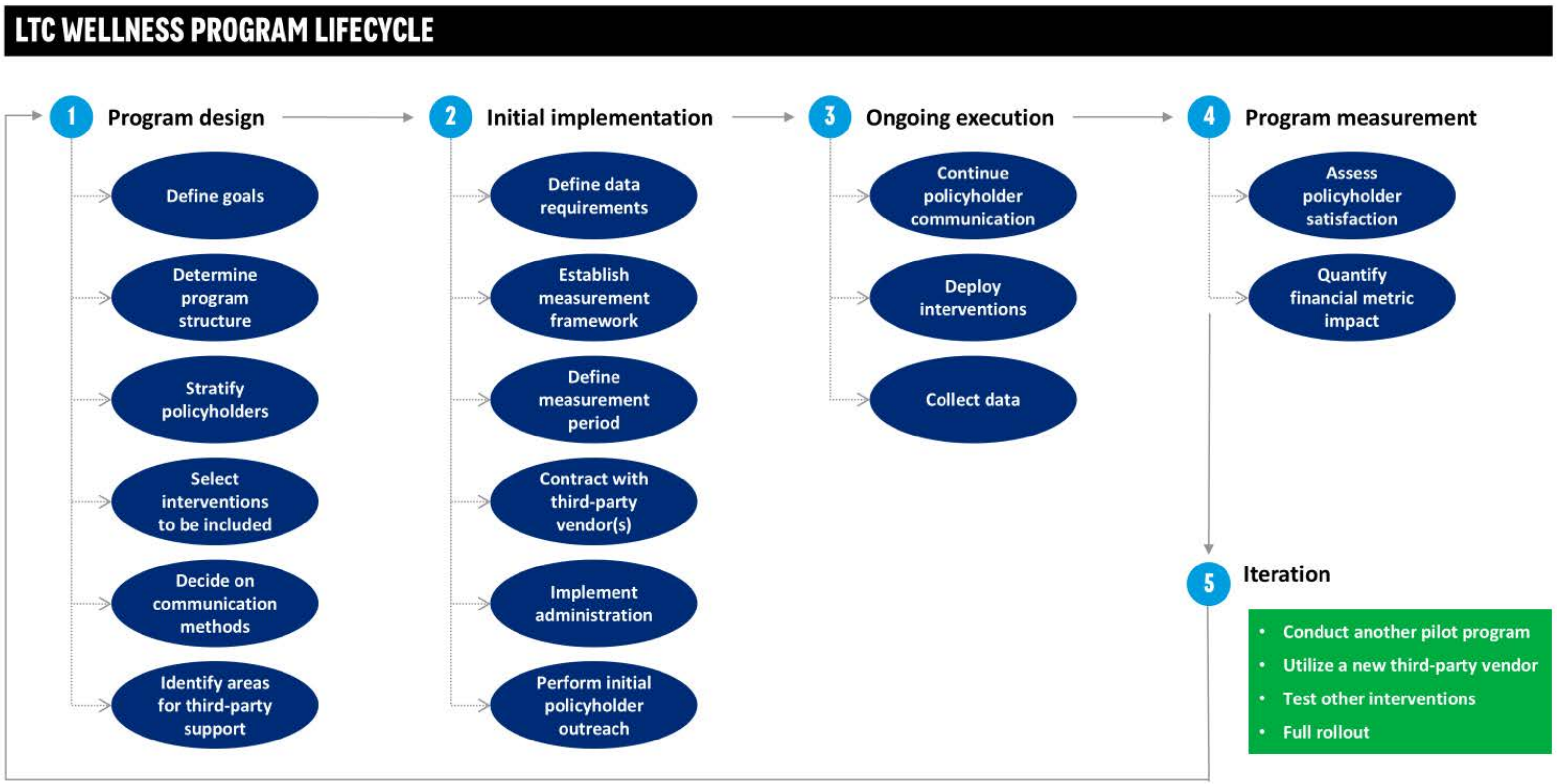
Appendix A High-level LTC Insurance “Roadmap”



Responsibilities	Insurer	Policyholder	Caregiver
Pre-claim period	• Monitor experience and perform in-force management to mitigate emerging risks, such as offering pre-claim wellness programs that provide education, health screenings, or home modifications	• Pay premiums, make coverage decisions (e.g., maintain or reduce benefits due to a rate increase, lapse policy, etc.), and decide whether to participate in pre-claim wellness programs, if available	• Provide support with loved ones’ aging journey and assist them with decision-making related to insurance coverage and potential pre-claim wellness program participation
On-claim period	• Pay for qualified LTC services up to specified policy limits, manage claims, and support claimants, such as by offering on-claim wellness programs that provide education, care concierge, and caregiver training	• Decide how to utilize policy benefits (e.g., care setting, formal vs. informal care, types of services received, etc.) and whether to participate in on-claim wellness programs, if available	• Provide informal care to loved ones and serve as a sounding board for decision-making related to policy benefit usage and participation in potential on-claim wellness programs

1. In-force management actions may include premium rate increases (depending on policy provisions), reduced benefit offerings, cash buyout programs, implementation of pre-claim wellness programs, etc.
2. On-claim management actions may include on-claim wellness programs (e.g., care coordination, care concierge), quality care provider networks, fraud/waste/abuse prevention, etc.

Appendix B LTC Wellness Program Lifecycle



Appendix C Additional Wellness Resources (non-exhaustive)

C.1 RESOURCES FROM THE LTC INSURANCE INDUSTRY

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C.2 WELLNESS RESOURCES FROM OTHER INDUSTRIES

1. Barrett, J., Natsis, A., Pistilli, T. (January 2025). Calculated Risk: Driving Decisions Using the 5/50 Research. SOA. https://www.soa.org/48f727/globalassets/assets/files/resources/research-report/2023/calculated-risk-driving.pdf
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3. Centers for Medicare & Medicaid Services. (n.d.). Manage Your Chronic Condition. Centers for Medicare & Medicaid Services. https://www.cms.gov/priorities/health-equity/c2c/manage-your-chronic-condition
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