



SOCIETY OF ACTUARIES

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1 An Ongoing Strategy to Boost LTCI Sales
By Don Grimes

2 The "Pure" Possibilities
By Bruce A. Stahl

3 I Was an Audit Drop-In
By Steve Schoonveld

7 Measuring Subsidization in LTC
By Roger Loomis

11 Conflicting Perspectives on LTC Rate Increases
By Larry J. Pfannerstill

15 A Kind of Quality Assurance
By Brad S. Linder

20 Principle-Based Reserves and LTC Insurance Innovation
By Al Schmitz

24 Unfair Discrimination and Individual Health Policies
By David J. Hippen

27 Equitable Discrimination and Long-Term Care Insurance
By Bruce A. Stahl

29 ASOPs And Unfair Discrimination
By David J. Hippen

30 Highlights of the 9th Annual ILTCI Conference
By Sandra Latham

An Ongoing Strategy to Boost LTCI Sales

by Don Grimes

A model exists for an effective, cost efficient national public LTC/LTCI education program that will increase LTCI sales nationwide and keep sales increasing. I developed and tested the model over the course of a yearlong program during 2007-2008 in cooperation with the State of South Dakota Department of Social Services. Many of the elements of this model LTC/LTCI education program are not new—what was new and notable in the South Dakota effort was the broad reach and length of the project and the leveraging of resources from LTC providers, LTCI agents, churches and community groups, the media and elected officials. The real sales impact of an ongoing community-based LTCI education campaign can be seen in the results of Gene Schmidt, the owner of SIA Marketing—a North Dakota-based LTCI MGA with many agents in South Dakota. Gene's

firm worked aggressively to help their South Dakota agents, including many agents who are primarily P&C agents, leverage the SD public education effort. Gene reported a 75-percent increase in LTCI premium production from his agents in South Dakota, year-over-year, during the period I was conducting the public education effort in South Dakota.

In 2007 the State of South Dakota Department of Social Services began a yearlong statewide education effort to provide accurate and impartial information on LTC and the new SD Partnership LTCI plans that were just being offered. The funding for the effort came from a foundation grant.

My group was awarded the contract for the public education program, and I had three major areas of responsibility:

- 1) Develop the PowerPoint and classroom materials.
- 2) Help develop outreach/education strategy.
- 3) Conduct the actual presentations.

I also provided advice and ideas on just about all parts of the program. All our work was developed in cooperation with and subject to the approval of South Dakota state officials.

The project goal was ambitious: to go to virtually every county in South Dakota and give live classes on LTC/Partnership LTCI. We scheduled classes one week a month over a 10-month period. I would conduct three to five classes per day with the first class scheduled to start anywhere from 7 a.m. to 9 a.m. The last class was typically scheduled to start at 6 p.m. or 6:30 p.m. Classes were typically 60 minutes in length—45 minutes of presentation and 15 minutes of questions. In the larger towns we made more than one visit over the 10-month period. We also conducted free telephone conference calls on a regular basis.

HERE ARE MY GUIDELINES FOR THE SOUTH DAKOTA EDUCATIONAL CAMPAIGN:

The key concepts must be broken down into simple English and given with examples. Examples help explain the concept and help the consumer better retain the information. When industry jargon like LMB, DMB, SNFs, ALFs and ADLs are used and not explained in simple ways the consumer tunes out.

For example, when explaining the difference between health insurance, disability insurance and LTCI and what each pays for I would say:

“Imagine that a 25-year-old, who is an assistant branch manager of a big bank in Sioux Falls (the major city in South Dakota and a major banking center), goes mountain biking in the Black Hills one Saturday with his grandma. They are having a great time going through the mountains looking at bison, eagles and turkeys. They are flying down a trail at high speed and hit a rock and lose control. They hit a big old tree and break their arms and legs. Fortunately, they are wearing bike helmets so they don’t die, but they are both seriously injured. Let’s see what insurance coverage would pay for what.”

I then would show the following slide and lead the class in discussion:

Cure vs. Cure

1. Young man:

- Health insurance would cover:
- Disability insurance would cover:
- Long-Term Care Partnership Insurance policy would cover:

2. Grandma:

- Medicare would cover:
- Medicaid would cover:
- Long-Term Care Partnership Insurance policy would cover:

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The key concepts must be repeated in the presentation to help retention and you must test for comprehension in ways that are interesting or even fun for the audience. Our presentation and class materials repeated the key concepts throughout.

Leverage the resources and support that currently exist in communities from private and public sector. Having return visits to a community, planned out in advance, helped us to leverage community resources. We enlisted the support of civic groups, churches, LTC providers (SNFs, ALFs, Home Care), insurance agent groups, chambers of commerce, industry groups (e.g., state bankers association, wheat growers association, pork association, etc.), local media and local elected officials. We asked the groups to:

- 1) Endorse the educational meetings.
- 2) Use their existing member outreach channels to publicize the sessions.
- 3) Host sessions.

We were amazed at the response from many groups. In their own ways these groups had a stake in people learning about LTCI and in shifting the financial risk for LTC costs from consumers’ pockets to the pockets of LTCI carriers.

LTC provider groups would send out e-mail blasts to their members each month, LTC facilities would send out e-mails to the families of their residents, YWCA would host events and publicize, churches



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CONTINUED ON PAGE 6

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would host sessions in their buildings and publicize events to their members and to other churches, elected officials would use their extensive contacts to drive attendance and media outlets ran PSAs and did stories. Some cities in South Dakota that have city-owned utilities would include information on the upcoming sessions in their billing.

We had many insurance agents who would leverage our classes to sell LTCI. They would invite all their existing non-LTCI clients to attend the events. We would provide the accurate and impartial information and the agents would follow with their clients. I recall that one day in Huron, S.D., a local insurance agent spent all day outside the meeting room I was presenting in and he was greeting many of the folks attending the session. He had seen too many of his clients suffer when an older loved one needed LTC and he worked hard to get people to attend. That same day a member of the State Legislature attended a session and he had worked his phone and e-mail list to encourage people to attend. In another town the local bank president spent considerable time and effort promoting the educational events in his town. He told me the reason was that he had seen many of his older, long-time clients have to pull out all their savings and sell their land to pay for LTC and his small bank definitely felt the withdrawal of tens of thousands of deposits to pay for LTC. The dollars removed from the bank to pay for LTC could never again be loaned out to another farmer or rancher, so the negative ripple effect to the local community was great.

The presentations/education outreach is most effective when it is scheduled with an understanding of local needs and repeated with at least a two-week period between presenting days.

I was surprised at how often influencers in the community—ministers, business leaders, insurance agents, etc.—would want to first attend a session themselves before they would be willing to support them and reach out to their customers. At one meeting, on the very first day of the program, I spoke before a full room in Sioux Falls. In the back there were two tables—all seats filled—populated by a group of men who looked very serious. At the end of the session I went to the back of the room and introduced myself. They turned out to be insurance agents who wanted to see the sessions first before they were willing to reach out to their clients to promote it. One told me, “We needed to make sure the class was good before we promoted it to

our clients and friends. Well, you did a very good job—the class will help our clients!” I took that as very high praise for my skills as a presenter!

We also had times when people would attend a second public presentation months after they attended the first class. The second time they would have their spouse with them.

Here are some of the project’s goals for understanding. These were key topics that we hoped the public would learn, understand and retain as a result of attending the educational events. If the majority of the attendees could not answer these questions at the end of the class, then we failed as educators:

- Is long-term care just for older folks?
- Is long-term care always received in nursing homes?
- Does the government pay for long-term care in my home?
- Does health insurance pay for long-term care costs?
- Does disability insurance pay for long-term care costs?
- Can I save money and pay for my long-term care costs?
- Is LTCI expensive?
- How do I know my LTCI policy will pay for care when I need it?

Pre- and post-session surveys were used to measure effectiveness.

Over the course of the South Dakota project we conducted over 200 public sessions in every corner of the state. Some days we had audiences as large as 60 people at each of three sessions—very impressive in a city with a population of 40,000 people. At the end of the test project, the State of South Dakota provided another example of leadership by creating a staff educator position within the DSS to continue the statewide public LTC/LTCI program throughout 2008 and into 2009.

We are implementing a national version of this LTC/LTCI public education program in 2009 in the top 40 markets in the United States. We will be leveraging the wide spectrum of existing community resources as was done in the South Dakota project. ■