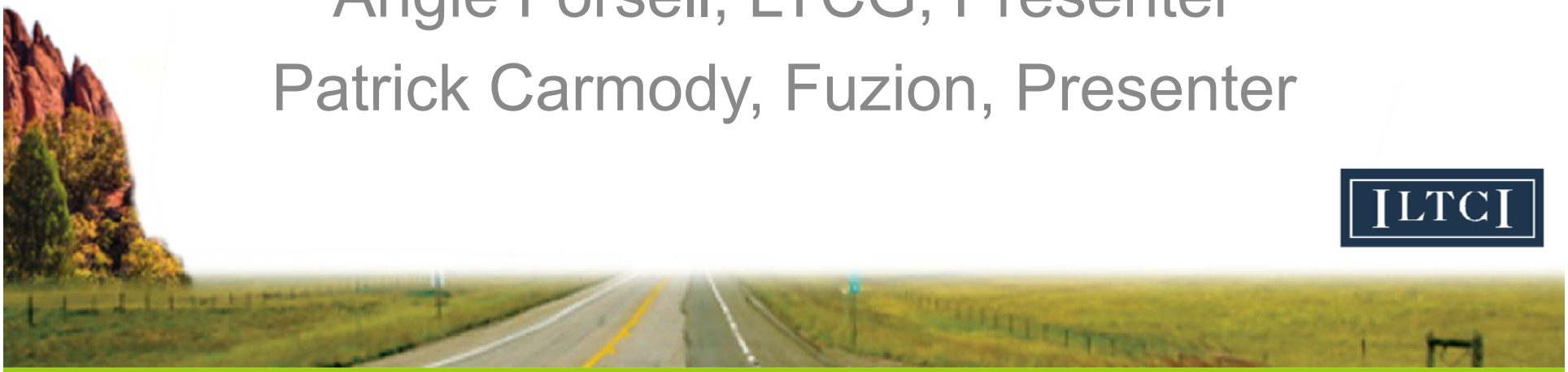
Claims & Underwriting

Facility Eligibility – Not So Fast

Kelly Jo Lundgren, LTCG, Producer
Angie Forsell, LTCG, Presenter
Patrick Carmody, Fuzion, Presenter



ILTCI

15th Annual Intercompany Long Term Care Insurance Conference

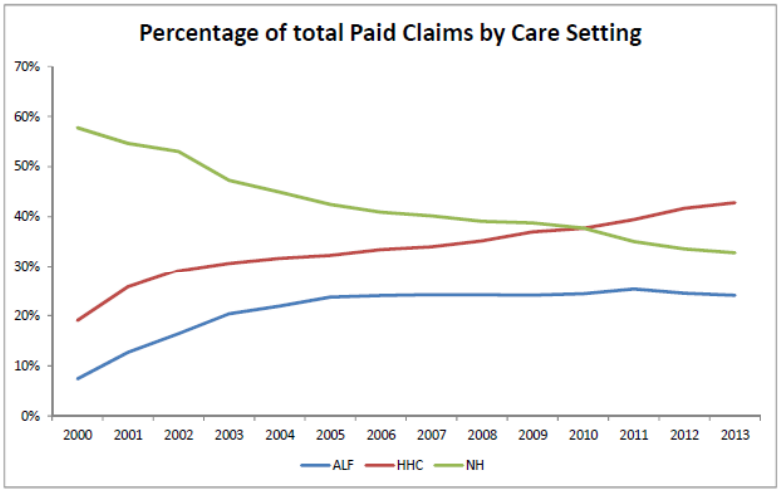
Agenda

- **Introduction and Overview**
- Overview of Facility (ALF and SNF) challenges and differences
- Review of current methods for quantifying actual care needs for a facility claim… are they effective?
- Review of Claims Facility Study
- Carrier Perspective
- Open Discussion/Question

Introduction and Overview

What is the spend on facilities?

2013 LTCG:	2013 LTCI*:
$252M	$650M
$577M	$1.12B
$237M	$945M



*Does not represent 100% of LTCI carriers

Agenda

- Introduction and Overview
- **Overview of Facility (ALF and SNF) challenges and differences**
- Review of current methods for quantifying actual care needs for a facility claim… are they effective?
- Review of Claims Facility Study
- Carrier Perspective
- Open Discussion/Questions

Challenges Unique to Facilities

- No standardized record-keeping
- Minimal regulatory oversight
- Wide ranging structures – *not always easy to tell if they meet policy requirements*
  - May or may not have nursing staff
  - May contract with clinicians to conduct assessments
  - My have arrangements with pharmacies and/or nurses to provide medication management services
  - Part of a tiered facility or standalone
  - As small as 2-6 residents in a converted house to facilities with hundreds of ALF beds
  - Operate under a range of names, e.g., CCRC, Assisted Living Facility, Enriched Housing, Housing with Services, Board and Care, Personal Care Homes, Residential Care, Congregate Care

Claim Management Differences

- Most claimants view the ALF as their permanent home
- Motivation to recover (as defined by the policy) is minimal
- Facilities are incented to keep residents' benefits flowing
- More couples in claim
  - Do they really become claim eligible at the same time?
  - Reduced R&B charges make ALF placement for both financially attractive
- Fee structures have little to no relationship to specific care needs
  - What is a "reasonable and customary" or "prevailing" fee and why is there so much variability?
- Proof of loss is minimal and inconsistent – how do carriers know what they're paying for?

Invoice Challenges

Claimant with end stage dementia receiving assistance with 6 ADL loss

BOARD AND CARE INVOICE

CLIENT:

PLAN :

PERIOD: JULY 1 – 31 2014

AMOUNT: FOUR THOUSAND DOLLARS ($4000.00)

Invoice Challenges

Claimant receiving only bathing and dressing assistance, no cognitive impairment, *same geographic area as prior example.*

Billing / Payment Activity	Ref Date	Ref Number	Amount
WebPay # /	01/03/2014	Payment	(3,804.00)
1 Room Tray: 12/31	12/31/2013	0003769254	4.00
Feb Basic Svcs	02/01/2014	0003739958	3,429.00
Feb Level 1	02/01/2014	0003740060	375.00

Agenda

- Introduction and Overview
- Overview of Facility (ALF and SNF) challenges and differences
- **Review of current methods for quantifying actual care needs for a facility claim… are they effective?**
- Review of eligibility methodology for facility claims
- Review of Claims Facility Study
- Carrier Perspective
- Open Discussion/Question

Current methods for quantifying actual care needs

- Document requests and reviews
  - MDS – Minimum Data Set (nursing homes only)
  - Service Plan
  - Care Notes
  - Resident Agreement
  - MAR – Medication Administration Record

- Facility Questionnaires
  - Required with submission of itemized bill, intended to solicit specifics of care provided during the billing month
  - No control over who completes them, so how reliable are they?

- Occasional on-site assessments

Agenda

- Introduction and Overview
- Overview of Facility (ALF and SNF) challenges and differences
- Review of current methods for quantifying actual care needs for a facility claim… are they effective?
- **Recent Claims Facility Study**
- Carrier Perspective
- Open Discussion/Question

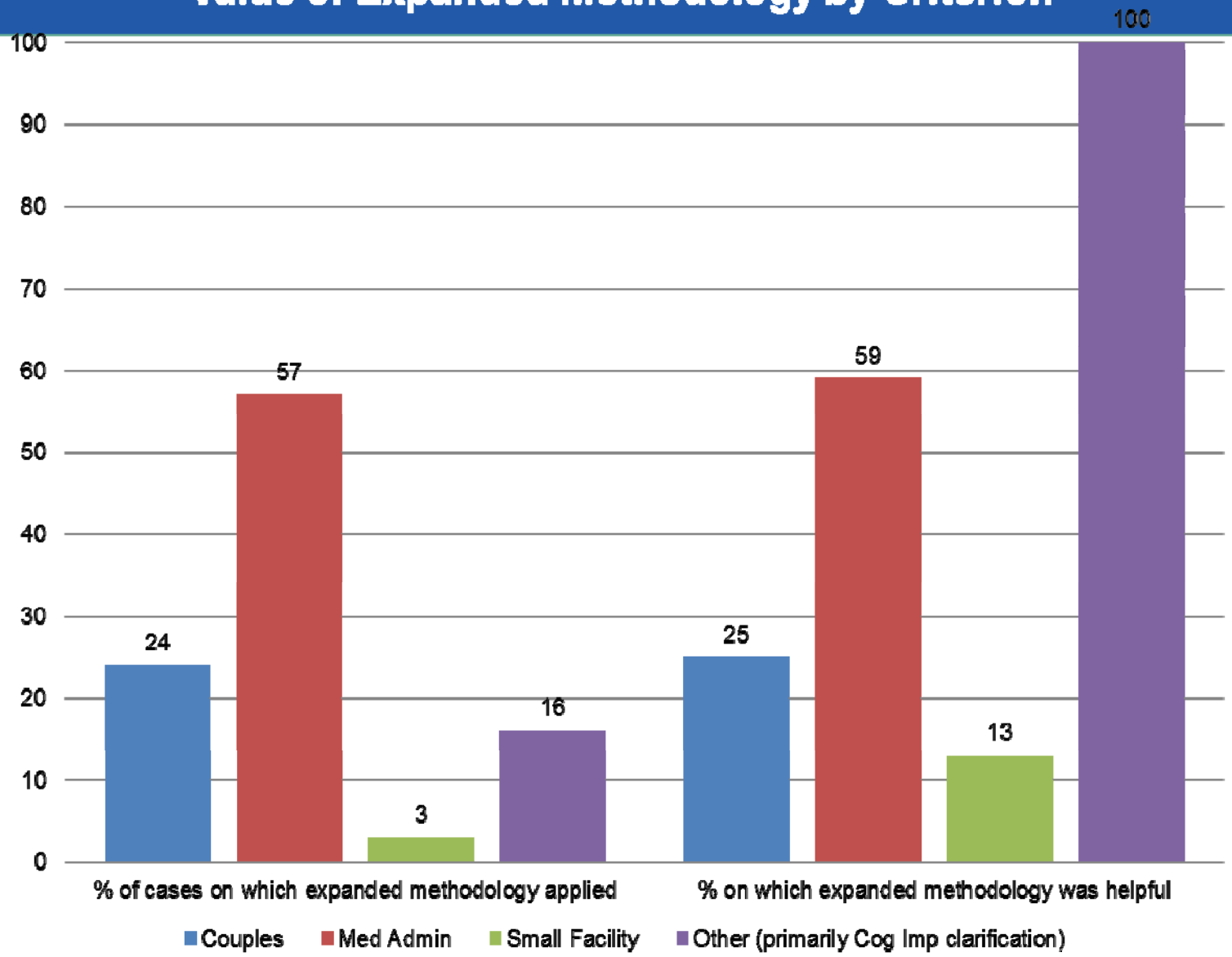
Recent Claims Facility Study

- Study population – initial sample was 782 claims
  - Excluded claimants with verified end stage disease
  - Separated claimants by their principle reason for claim
    - Dementia
    - Functional impairment
    - Need for medication management alone
    - Couples
  - Separated claims by facility type
    - Nursing Home
    - Large ALF
    - Medium sized ALF
    - Small ALF
- Specialized design – components are employed singly or in combination

Recent Facility Study

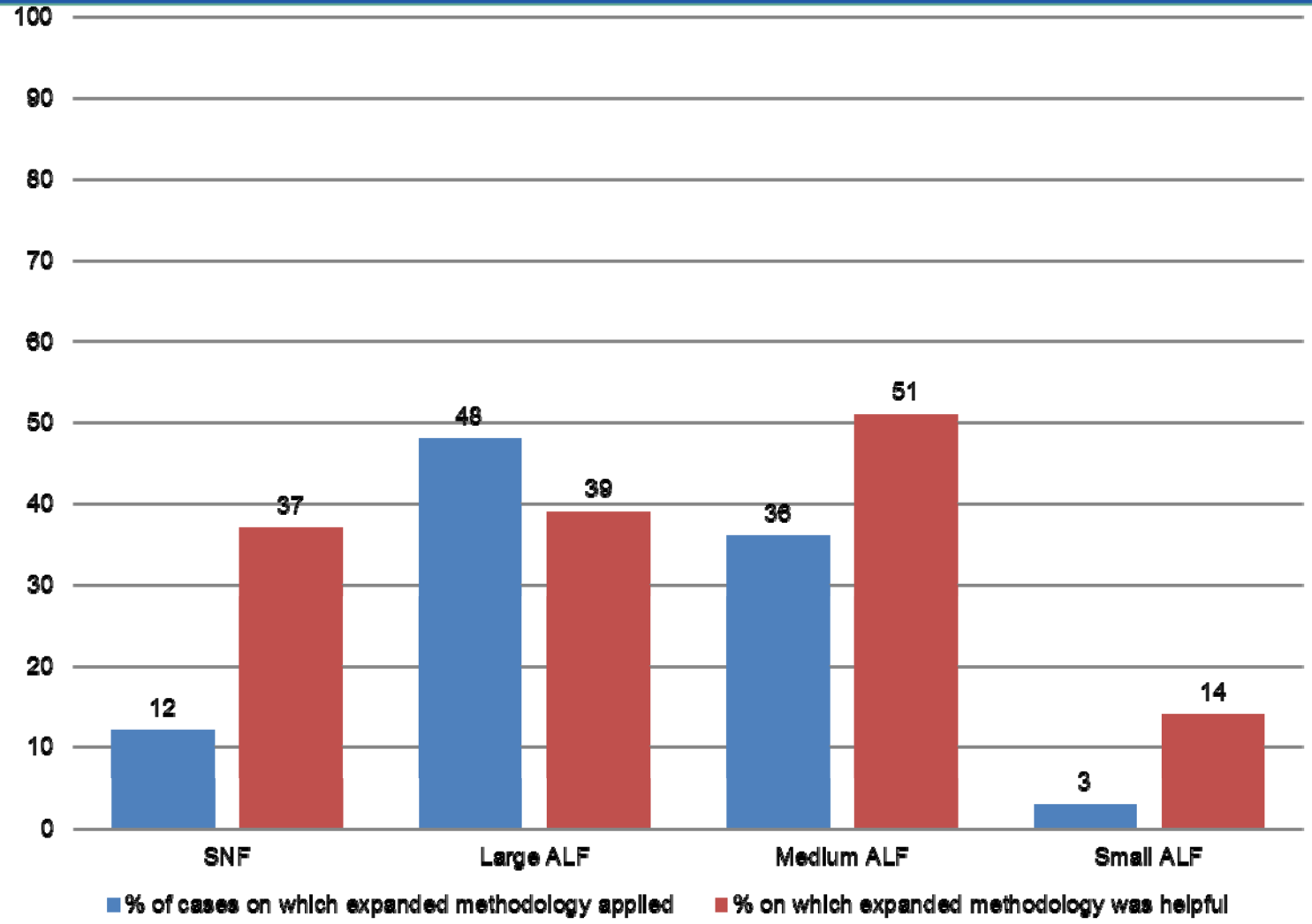
- Assumptions at outset of study
  - Record-keeping reliability varies by facility size - we expected best record-keeping in largest facilities
  - True need for medication management assistance is overstated
  - Expanded methodology has limited additional value on Nursing Home claims
  - Facility service plans differ from care reported by direct care staff

Value of Expanded Methodology by Criterion



Note: study has been ongoing and results are consistent

Value of Expanded Methodology by Facility Type



Note: study has been ongoing and results continue to be consistent

Study Findings and Recommendations

- Increasing numbers of Nursing Homes are refusing to provide the MDS and MAR (Medication Administration Record)
  - Consider onsite assessment with caregiver interview and med self-admin screen
- Expanded methodology helps to:
  - Clarify both need for med admin assistance and degree of cognitive impairment
  - Detect recovery, especially in facilities that don't regularly reassess and update Service Plans
- Expanded methodology at reassessment in Small facilities tend to have better, not worse, record-keeping practices
  - Assessments by the facilities are more reliable, perhaps because they are often done by contracted staff with no financial incentive in the outcome
  - Billing is clearer, more specific as to actual care provided
  - Onsite assessments can be minimized in these facilities
- Interviews with direct care staff are valuable regardless of setting

Note: Expanded methodology is not generally helpful for persons residing in a facility's memory care unit or in a memory care facility

From Study to Implementation

- Focus on medium-sized facilities (11-50 beds)
- Employ all three study tools – in-person assessment, caregiver interview and medication self-administration screen* if:
  - Facility does not have a reliable Service Plan; or
  - It is a "couple's" claim (conduct on both individuals if both are insured); or
  - Facility doesn't regularly reassess residents and update its Service Plan; and/or
  - There is inconsistency between self-report and other sources
- Solicit Resident Services Agreement for all ALFs
- Solicit published fee schedule

*recommended for plans for medical necessity or similar trigger or to help to quantify degree of cognitive impairment

Agenda

- Introduction and Overview
- Overview of Facility (ALF and SNF) challenges and differences
- Review of current methods for quantifying actual care needs for a facility claim… are they effective?
- Review of Claims Facility Study
- **Carrier Perspective**
- Open Discussion/Question

Carrier Prospective

- Impact on quality of claims eligibility decisions, initial and on-going
- Targeted pilot groups to help broaden understanding of claim activity by demographic or by facility type
- Cost / benefit analysis related to administrative expense
  - Cost of in-person assessment, med self-admin screen and caregiver interview ranges from $550-$600 and can be performed à la carte
- Feedback loop to future product development

Conclusion

Open Discussion/Questions

Thank You!