

*Actuarial & Finance*

**Don't Hesitate to Innovate**



**18th Annual Intercompany Long Term Care Insurance Conference**

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android

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 BlackBerry

- 1) You’ll be using the web version of the app. Open the web browser, click the BlackBerry menu button, select “Go To” and type <https://crowd.cc/s/1flyo>.



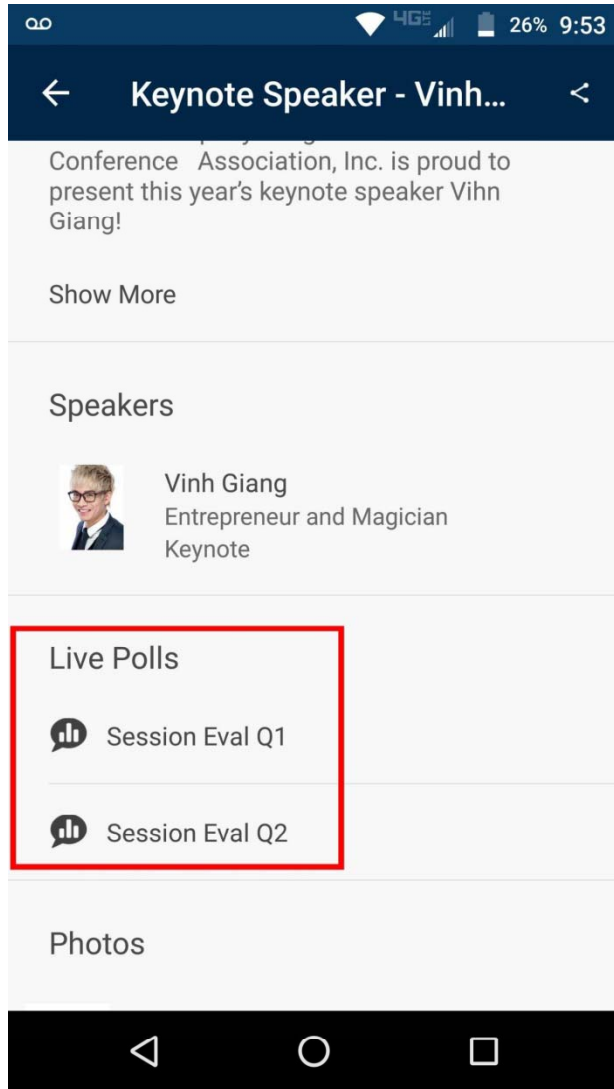
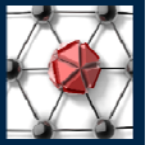
You can also just go to your app store and search ‘AttendeeHub’. Once installed search ‘ILTCI’ and you’ll find our app.

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# Session Survey Instructions

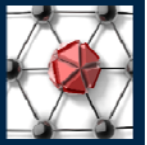


Once you are in the app go to the schedule and the session you are in.

Scroll to the bottom to find the Live Polling questions.

This year the session survey questions can be found in this section and will take just a couple seconds to complete.

# Presenters



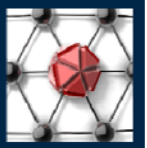
**Matt Winegar, FSA, MAAA**  
**Health Insurance Management**  
**Thrivent Financial**

**Bob Yee, FSA, MAAA**  
**PricewaterhouseCoopers**

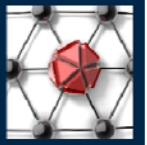
**Erika Chuang, PhD**  
**Co-Founder and VP of Product**  
**VSee**

**Mike Bergerson, FSA, MAAA**  
**Principal and Consulting Actuary**  
**Milliman, Inc.**

# Agenda

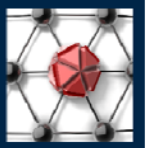


- Summary of Industry Activities
- Medicare LTC
- Telehealth



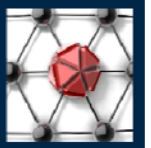
## Industry Activities in Innovation

Matt Winegar, FSA, MAAA  
Health Insurance Management  
Thrivent Financial



## Agenda

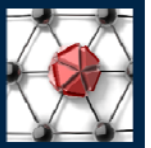
- NAIC LTC Innovation Subgroup
- NAIC Short-Term Care Subgroup
- SOA Work
- AHIP Proposals



## Subgroup's Mission and Status

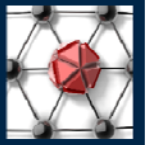
- Examine the **future of LTC financing**, and determine where **regulatory changes** could encourage innovation in LTC financing
- Held a series of meetings in 2016 and 2017, collaborating with members of the industry to understand the current state and potential **future state** of the role of LTC insurance
- Largely inactive since summer 2017





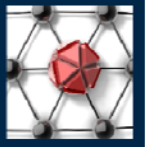
## Subgroup's Deliverables

- Federal Policy Options – Document outlining a number of options that *could be* presented to Congress to encourage **innovation in LTC financing**
  - Retirement plan withdrawals for LTCi
  - LTC Savings Accounts; enhance existing HSAs
  - Remove requirement to offer 5% inflation and Partnership inflation requirements
  - More flexibility in dividends/CV
  - Allow products that “morph” into LTCi
  - Sync up federal law w/ NAIC models; relax group/worksites laws; tax incentives
  - Add HHC into Medicare / Medicare Advantage / Med Supp
  - Federal education program



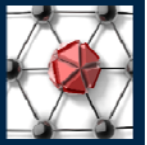
## Subgroup's Deliverables

- Private Market LTC Financing Options – Document providing an **overview** of the current LTC financing landscape in the **private market**
- Intended audience = **everyone!**
- Topics include:
  - Traditional LTCi
  - Hybrid products
  - Impaired-risk annuities
  - Life settlements



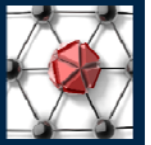
## Subgroup's Mission and Status

- Create **new Model** Act and Model Regulation for STCi (or “Limited LTCi”)
- **Most states do not have rules** that explicitly address STCi
- Result: STCi is **not allowed** in a number of states, and can have significant variation across state lines
- New NAIC models would create more **uniformity** across state lines, and **expand** the number of states allowing STCi



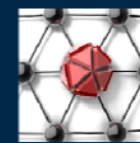
## Subgroup's Deliverables

- DRAFT Model **Act** – Modeled off of LTC Model #640
  - Removes references to Tax Qualification rules; combo products
  - Nonforfeiture benefit not required; contingent nonforfeiture benefit still is
  - Must include disclosure that STCi is not LTCi
  - Licensing and CE similar to LTC (though less rigorous); if agent already meets LTC requirements, STC requirements are only 1 additional hour
    - Drafted as an optional section; up to each state to include or not
  - All else is substantially similar to LTC Model Act



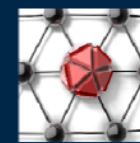
## Subgroup's Deliverables

- DRAFT Model **Regulation** – similar to LTC Model #641
  - Removes references to Tax Qualification rules; combo products
  - Follows LTC loss ratio regulation (55% minimum); ARC still required
  - Removes requirement for APS or physical/cogn. exam for ages 80+
  - Requires 3% compound inflation protection be offered
  - Suitability requirements still exist, though less prescribed
  - Removes rescission reporting, and all related to independent reviews
  - Contingent nonforfeiture triggered at 50% for all ages
  - No Personal Worksheet or Shopper's Guide; Potential Rate Increase Disclosure drafted as optional for a state to implement or not
  - All else is substantially similar to LTC Model Reg
- Subgroup will expose drafts for comments once drafting is complete



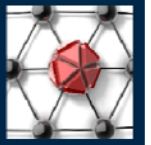
## LifeStage Protection Research

- Life Stage Protection – New product concept that acts as **life insurance** to age 65, then switches to **LTC insurance** for ages 65 and beyond
- Goal is to provide the type of **coverage most needed** during specific life stages, while keeping the cost down to appeal to the **middle market**
- SOA is funding research into the concept, conducted by Maddock Douglas; much **more detail in a different session!**
  - Actuarial modeling, qualitative/quantitative research, consumer demand



## Retirement Plus Research

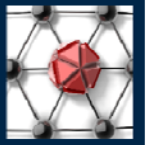
- Retirement Plus – New product concept that acts as a tax-advantaged **retirement vehicle** with an added **insurance component** built in if you need LTC services
  - Pre-tax contributions
  - At retirement, funds can be withdrawn and used for whatever you'd like
  - If you need LTC services, insurance component kicks in and pays a % of the LTC expenses (i.e., coinsurance)
  - Taxes: Tax-free for LTC expenses; other withdrawals are taxed
- SOA is funding research into the concept alongside the LifeStage Protection concept; much **more detail in a different session!**



## AHIP Policy Proposals

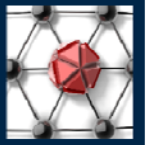
- AHIP has developed literature outlining four possible **federal policy changes** that could be enacted to support LTC financing
- AHIP is not actively lobbying for these changes; rather, this information will be made available to members of congress **interested in LTC financing**
  - Allow LTCi to be offered through “cafeteria plans” and FSAs
  - The “within plan” approach – LTCi purchased within a retirement plan
  - Increase HSA contribution limits
  - Federal education campaign





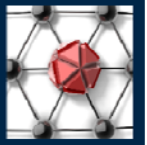
## Medicare LTC

Bob Yee, FSA, MAAA  
PricewaterhouseCoopers, LLP



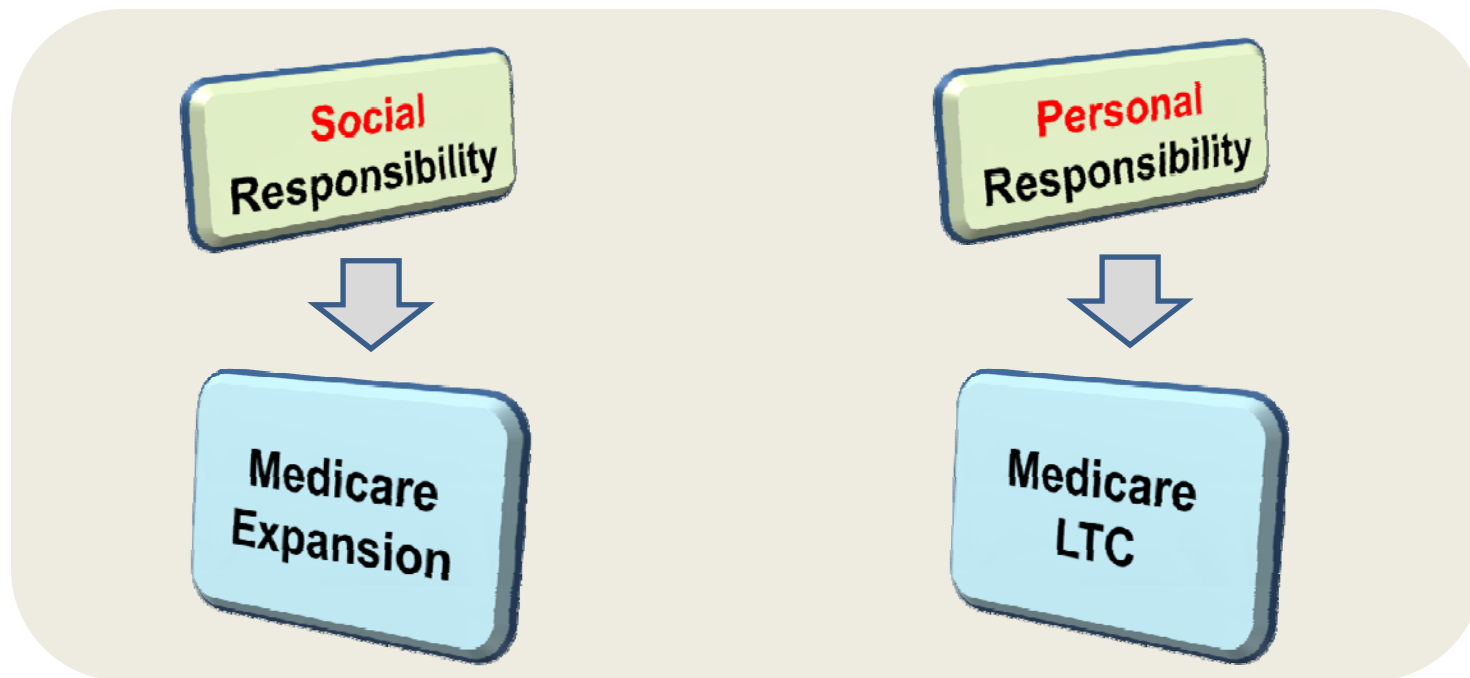
## Agenda

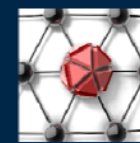
- What is it?
- Design challenges
- Suggested design elements
- From concept to reality
- Why Medicare LTC?



**An important question:**

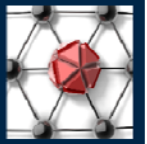
*Is LTC financing a personal or a social responsibility?*



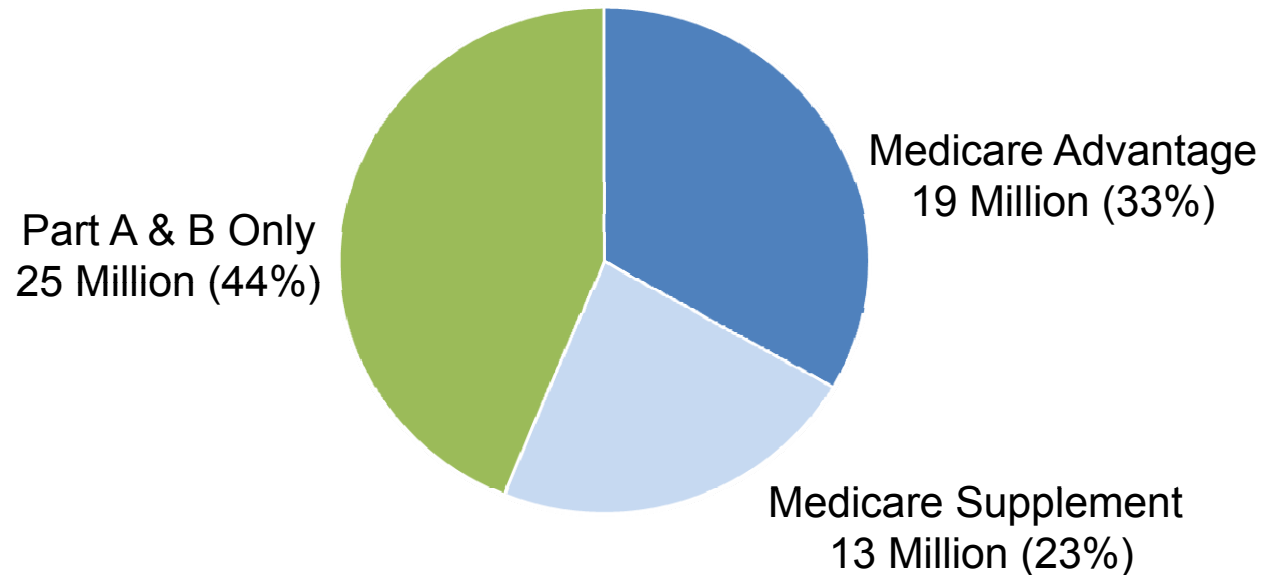


## What is it?

- Long-Term Care (LTC) – aka Long-Term Services and Supports (LTSS) benefits – in Medicare Advantage and Medicare Supplement programs
- Likely require waivers and changes in laws and regulations
- Proposals from:
  - Minnesota Department of Human Services
  - Bipartisan Policy Center
  - Commonwealth Fund



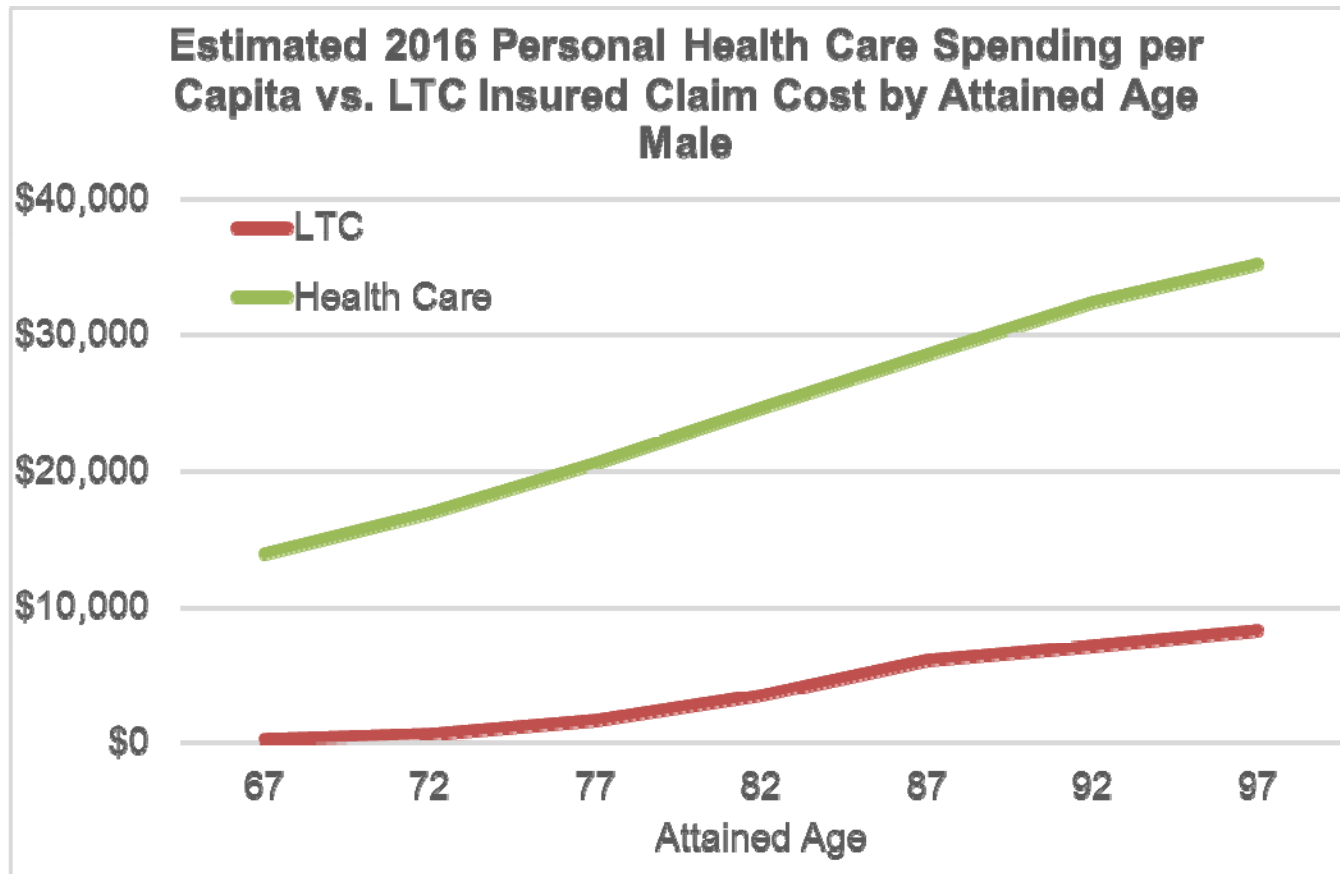
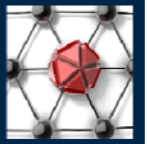
## 2017 Estimated Medicare Enrollment Total 57 Million



*Medicare Advantage Fact Sheet, October 2017, Henry J. Kaiser Family Foundation  
2017 Medicare Supplement Facts, American Association for Medicare Supplement Insurance*

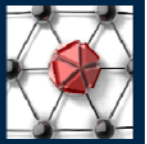
- Targeted market is slightly more than half of the total Medicare beneficiary population

# Medicare LTC

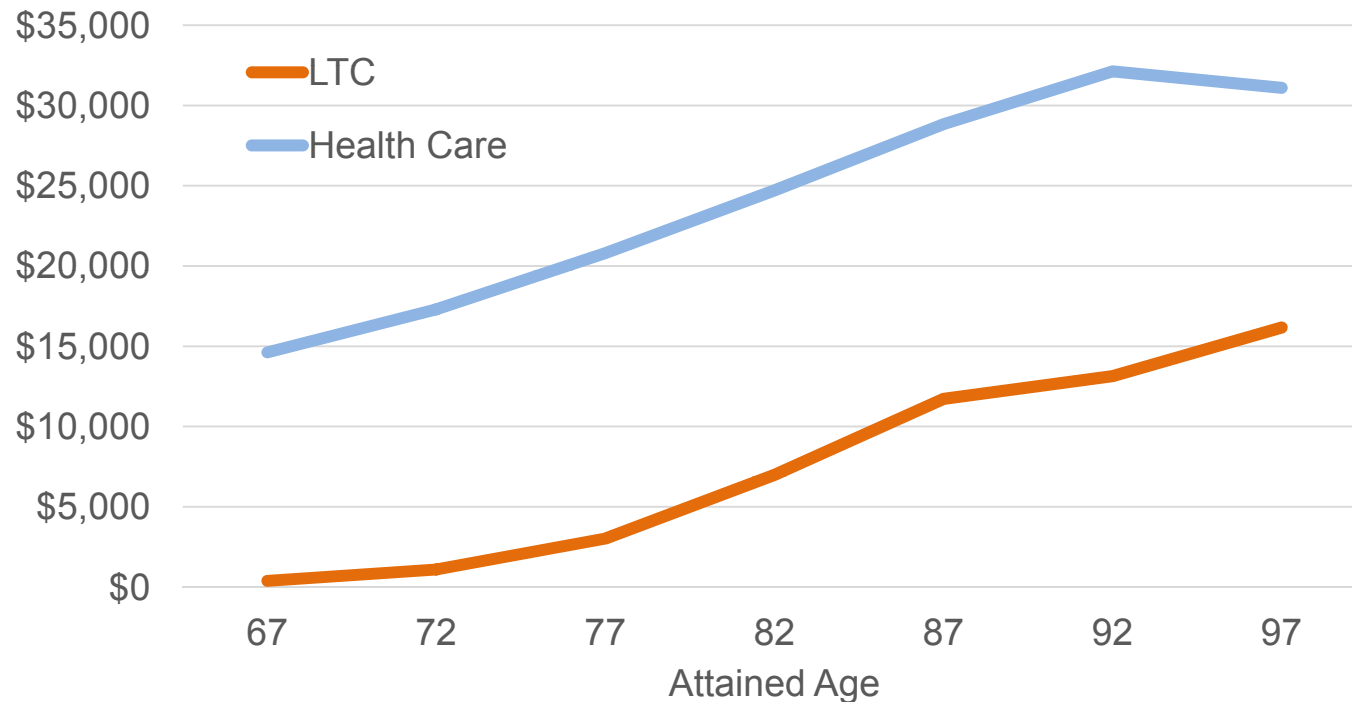


- LTC has lower claim incidence and longer episode than acute illness, resulting in claim costs that are generally steeper by age

# Medicare LTC



Estimated 2016 Personal Health Care Spending per Capita vs. LTC Insured Claim Cost by Attained Age  
Female

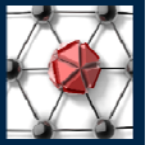


LTC Claim Cost

- SOA 2000-2011 LTC Intercompany Study
- Long-Term Care Cost Study, PwC, 2016

Health Care Spending

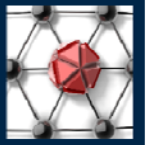
- From Birth to Death, SOA 2013, page 49
- Total Personal Health Care Per-capita Spending by Gender and Age Group, Table 7, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group



## Critical to success

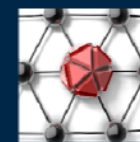
- Premium level for adequate coverage
- Risk-taking
- Adverse selection
- Marketing
- Disabled Medicare beneficiaries





## Suggested design elements

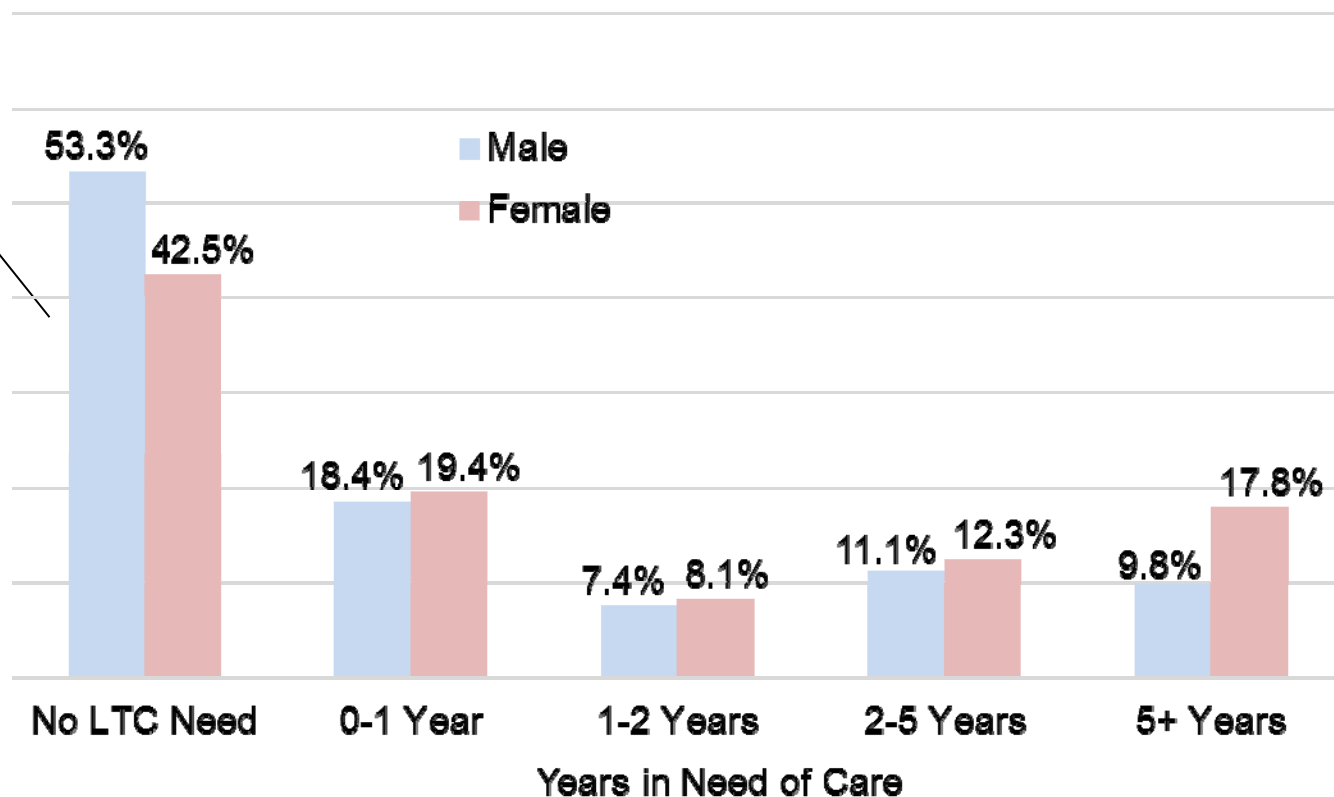
- Choice of simplified underwriting or benefit deferral; quota for high risks
- Uniformity in coverage & premium
- Benefits & premiums tied to LTC Consumer Price Index
- Tax incentives
- Reinsurance pool and government catastrophic cover
- Provisions for disabled beneficiaries @ age 65



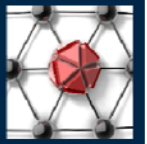
## Benefit design consideration

### Projected LTC Need for Persons Turning 65 in 2015-2019 in the U.S.

Approximately one out of two seniors at age 65 is expected to need some formal long-term care during their remaining lifetime

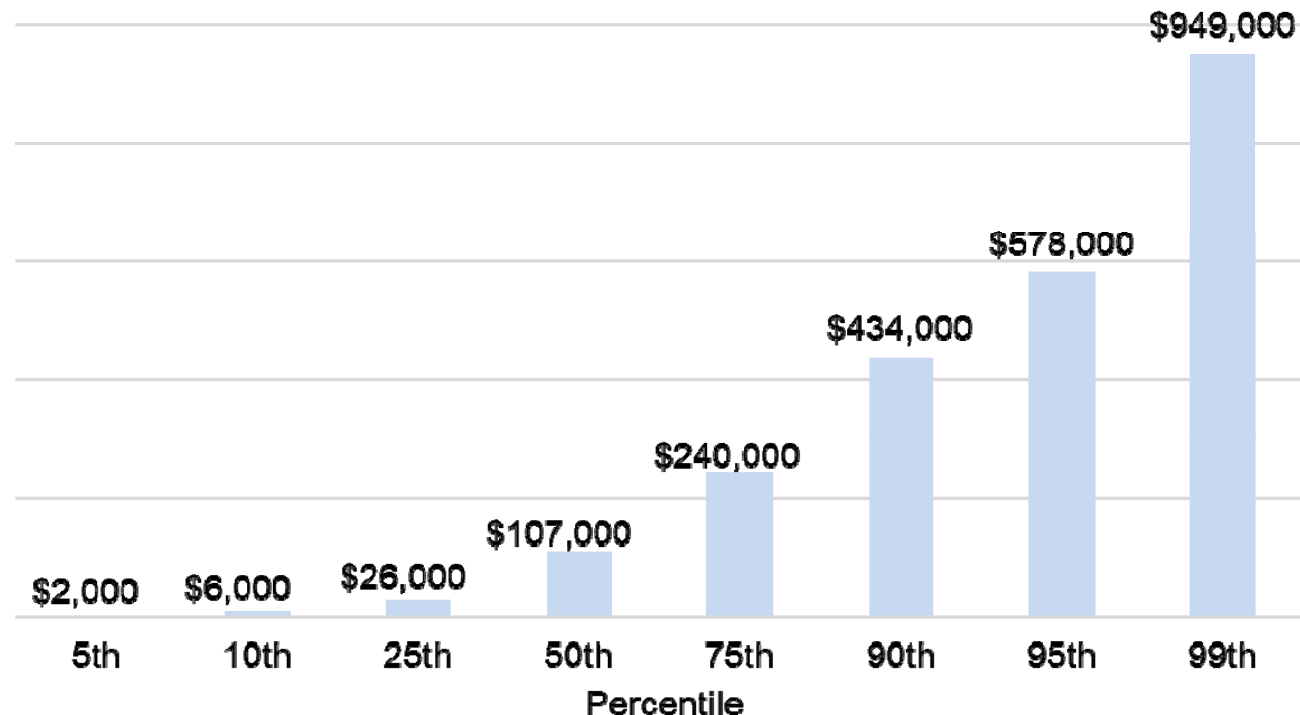


*Long-Term Services and Supports for Older Americans: Risks and Financing, ASPE Issue Brief, July 2015, Table 1, page 4*



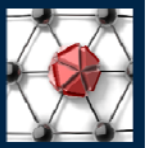
## Benefit design consideration

Estimated 2016 Average LTC Cost by Percentile



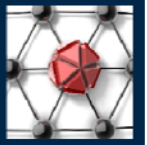
*Long-Term Care Cost Study, PwC, 2016*

- \$172,000 estimated 2016 average LTC cost



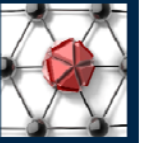
## From concept to reality

- Design shake-out and buy-in from stakeholders
- Research funding for consumer acceptance of program design
- Legislation to fund test in selected localities
- Monitor & evaluate



## Why Medicare LTC?

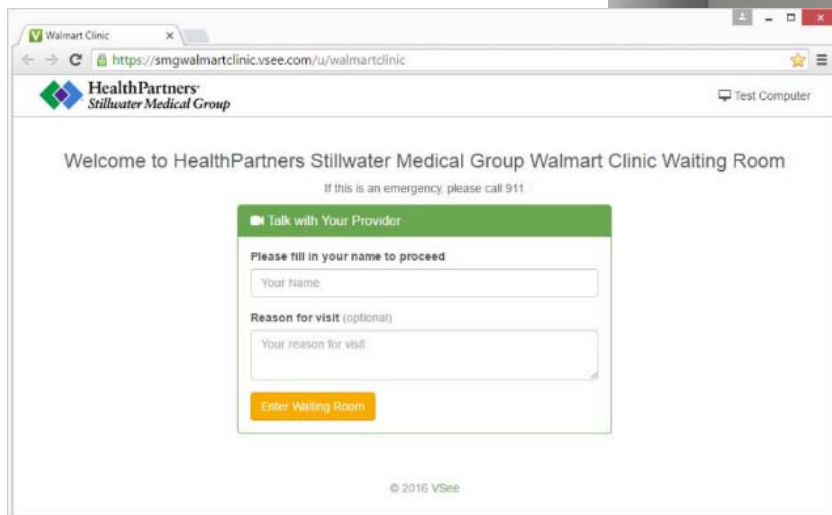
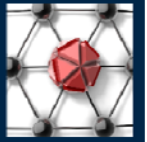
- Leverage consumer awareness of Medicare coverage
- Coordinate with a worksite Term-to-Retirement LTC insurance program with opt-out
- Part of a comprehensive solution – complement to a basic coverage public insurance program



# Telehealth and LTC

Erika Chuang, PhD  
Co-Founder and Vice President of Product  
VSee

# Walmart Clinic



# Visiting Nurse and Home Kit




Patient Listings

Abby Chia	Blood Pressure 165/94	Pulse 127 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Eachann Willson	Blood Pressure 150/92	Pulse 115 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
James Paterson	Blood Pressure 143/93	Pulse 83 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Aaron Ian	Blood Pressure 127/85	Pulse 82 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Aaron Lal	Blood Pressure 132/88	Pulse 105 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Ada Sue	Blood Pressure 122/86	Pulse 73 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Amanda Nicole	Blood Pressure 115/71	Pulse 118 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Caitlin Calle	Blood Pressure 132/84	Pulse 109 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Charis Lee	Blood Pressure 123/86	Pulse 67 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>
Fiona Anne	Blood Pressure 110/68	Pulse 113 bpm	Last Update 20 mins ago	<a href="#">View Profile</a>



Patient Listings > Katherine Anderson [Back to Patient Listings](#)



**Katherine Anderson**  
32 years old  
Female  
Jul 25, 1984  
San Francisco, CA

[Chat](#)

[Video Call](#)

**Health Trackers** | Goals | Health Records | Sessions | Questionnaire

Today Feb 17 Day | Week | Month

Health Trackers

Blood Pressure **150/92**

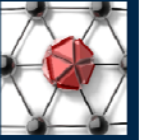
Pulse **82 bpm**

Food Logs

The patient has not logged any meal.





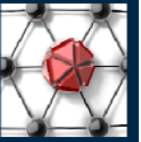


Team in Iraq refugee camps



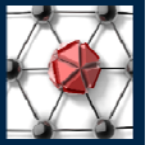
Ready Kit turn every location into incidence response hub

- Low cost hardware kit
- Instant EMR/triage
- Telemedicine



52% of interactions are virtual – Kaiser CEO  
but ...

# Digital Snake Oil



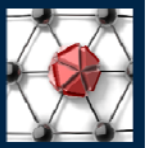
From ineffective electronic health records, to an explosion of direct to consumer digital health products, to apps of mixed quality, this is the digital snake oil of the early 21<sup>st</sup> century.

- Dr. James Madara, CEO AMA



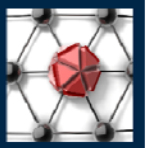
Dr. Jack Resneck speaking at opening session of ATA 2016

# Secret 1: Don't Spend Money - Walmart case study



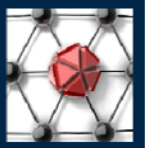
- Do physician extender / clinic to clinic first vs. direct to consumer
  - MA on PC w/ a few telemedicine devices + nearly free HIPAA video software
  - Provider on any device
- Walmart telemedicine clinic
  - Existing PC + blood pressure cuff
  - \$3K all-in-one general exam cam + \$600 digital stethoscope
  - ~10 visits/day for one store, over 3 months 1 person said not comfortable w/ video
  - CVS found that 33% patients prefer video over in-person!

## 2. Train Everyone on Interaction Design



- MD Anderson lays off 1000 – due to EMR?
- Interaction design is as important as addition
- Print the screen shots and write the # elements
  - Do light user studies on everything
  - Each click = 20% user attrition
- Elderly cannot do technology is a myth: people old and young reject bad design

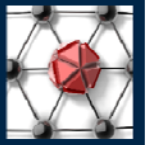
### 3. Create and Empower a Chief Time Officer



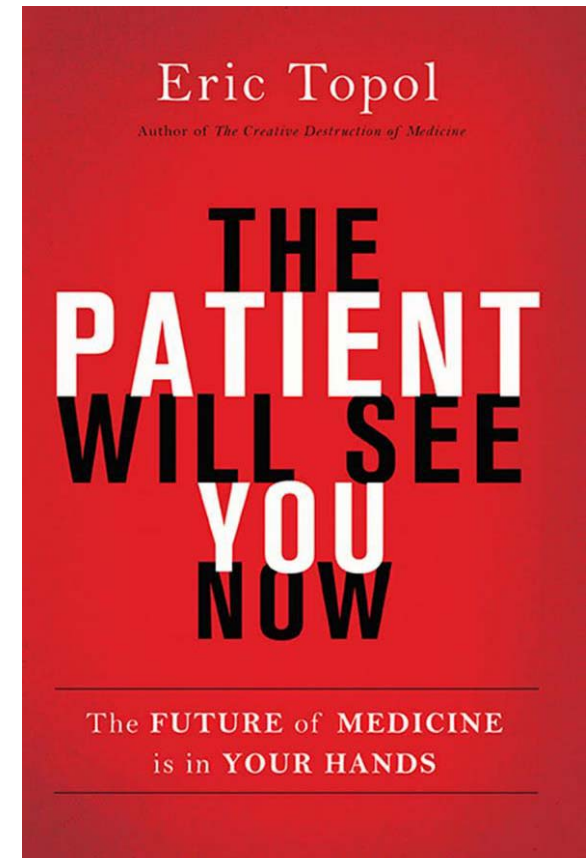
- Manage time more carefully than money
- Do time analysis before all software purchases
  - A few light user studies would often shock you
- 10% of telehealth is video call / exam, the rest is productivity



## 4. Focus on Provider Engagement

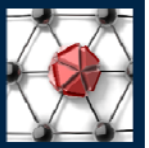


- Patients love it
- Payers love it
- Provider not so much
  - Good physicians are too busy, incentives for them
  - Say no to click to see a doc!
  - Patient tagging to empower



Is this flawed?

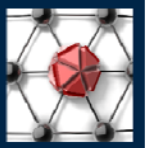
## 5. Some big issues that are not that big



- Reimbursement
- Legal
- Medical care quality
  - Direct to consumer startups are dangerous
    - Teladoc lost \$62M in 2016 on \$123M of revenue
  - Good doctors will become better doctors

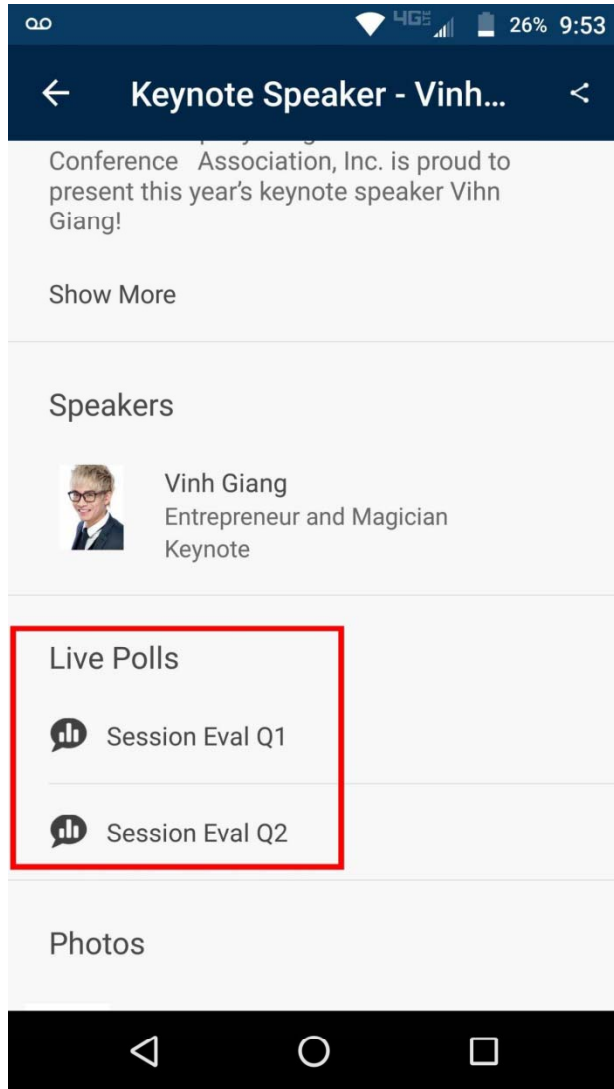
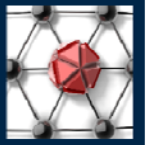


# Blueprint for elderly care



- Amazon Alexa to minimize isolation
  - Favorite music, weather
  - Appointment reminder
  - Call a doctor
  - Chronic care management
- Telemedicine to access experts
  - Wound care, ...
- Body guard
  - \$500 robot to watch over the senior
- Purpose driven life
  - To be needed

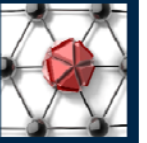
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Questions?

Thank you!