CERTIFICATION FOR LONG-TERM CARE

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CLTC DIGEST

QUARTER FOUR 2024

THE STATE OF State LTC

BY RAMONA NEAL

cltc

INSIDER'S *Note*

How could this be? It's our last Digest edition of 2024—it seems like just last week it was January!

We're closing out 2024 with another four articles to broaden your insights and knowledge about the long-term care insurance industry. Our cover story by Ramona Neal starts us off with a broad look at state and federal legislative long-term care activity. It is a moving target and this article does a great job of summarizing what is happening now.

We then dig a little deeper into the consumer side of things with two articles, one by Jeff Levin and another by Eileen Tell and team, both of which summarize findings from two recent studies. They offer insights into consumer perceptions and behavior when it comes to the topic of long-term care planning—something we are always keen to better understand.

Linda Jahnke, claims advocate and veteran LTCi sales professional, offers insights into the sales process having now been on the claim side of the equation for the past several years. She shares some good advice.

And as always, we close with an LTCi case study. Austin Hultquist reminds us to be wary of assuming someone is too young to have LTC concerns.

Enjoy the final months of 2024. We'll be back in your inbox first quarter of the new year.

Celeste
Celeste Cobb, CLTC®
Director of Education

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WHY THE HESITATION?

Delving into a Recent Study of LTCi Perceptions

By Jeff Levin, CLTC®

OneAmerica Financial®, along with Hanover Research, recently conducted a comprehensive survey of 1,000 consumers of long-term care (LTC) to delve into their perceptions and attitudes toward planning and confidence in their plans.

This is the second LTC consumer study that OneAmerica Financial has conducted since 2022. The first explored consumer awareness of LTC needs, including reasons for—*and barriers to*—buying LTC protection.

This year we surveyed consumers who have researched long-term care options, many of whom had personal experience with LTC, either through direct involvement or by witnessing the impact on loved ones and informal caregivers. The findings illuminated several critical insights into how consumers feel about LTC and their need for it. An overwhelming number of respondents, including a growing number of younger people, realize they will need long-term care. But just a fraction of those people is confident in their plan, and some don't know where to turn at all. The people surveyed understand LTC is important but need more support in achieving their financial goals.

74%

Percentage of respondents who cited they will likely need LTC in the future.
(Only 33% are confident in their current plan.)

That confidence drops significantly as they get older and closer to needing care. While 55% of those aged 40-49 said they were confident in their plan, just 17% of those aged 60+ said they were confident. We want people to become more confident in their plan as time goes on, not less.

The importance of integrating LTC preparations early into one's financial strategy cannot be overstated. Initiating discussions and planning early allows for the

gradual development of a comprehensive LTC plan and ensures that individuals can secure coverage while they are still insurable. Statistics from the American Association for Long-Term Care Insurance reveal significant differences in approval rates across age groups, with denial rates increasing notably among older applicants[3].

Integrating LTC insurance (LTCi) into a broader retirement strategy involves several strategic considerations. These include starting early to enhance affordability and options, adopting a stacking strategy to build coverage flexibility over time, and thoroughly understanding policy benefits to meet both familial and caregiving needs effectively. This approach between financial professionals and their clients can help ensure that when the time comes, people will have an LTC plan that they feel confident in.

It has been well documented that the American population is growing older. The last of the Baby Boomers will turn 60 by the end of this year. By 2030, all Boomers will be 65 or older. That cohort will comprise 20% of the U.S. population, up from 17% in 2022[1]. By 2050, the roster of Americans ages 65 and older is projected to reach 82 million (up from 58 million in 2022), representing 23% of the U.S. population. And by 2055, the ranks of those 85 and up will swell to almost 18 million. This growth is certain to lead to an increase in the number of people who need LTC[2].

This aging population is starting to need LTC now, which in turn is leading to the generations below them realizing they need a long-term care plan right now. According to our survey, having a family member who needed LTC is a significant catalyst for creating an LTC plan (88%) and buying LTC protection (75%). With so many people realizing they need long-term care and starting to plan for it, what are some barriers they are encountering? Why isn't everyone happy with their plan and feeling confident they will have the protection they need when the time comes?

54%

Percentage of respondents who cited **cost** remains the biggest obstacle to planning for long-term care.

This is definitely not breaking news for anyone in the industry but an important reminder, nonetheless. While Americans are generally sold on the need to plan, the cost of LTC insurance and competing financial priorities continue to get in the way of them following through on those plans.

31%

Percentage of respondents who cited a lack of information about LTCi options.

Twenty-one percent (21%) said there were too many options to consider. Additionally, 17% said they didn't know where to look for information. This is where financial professionals need to step in and help their clients cut through the confusion and work towards solutions for these barriers to LTC.

Financial professionals need to step in and help their clients cut through the confusion and work towards solutions for barriers to LTC.

Cost is the biggest hurdle when planning for LTC, but do consumers who have researched the options really understand the cost of LTCi policies?

We asked consumers what they believe the cost of LTCi protection is per month, and the responses varied widely. Given each client's individual needs and protection options, it's essential to weigh the pros and cons with a knowledgeable financial professional. A discussion with a financial advisor can help consumers truly understand the cost of a policy.

Moreover, they can help them recognize the benefits coverage can offer them. Rather than a challenge, financial professionals can help educate consumers on the value they can get for their premiums. This includes both protection against potentially catastrophic LTC expenses and, with hybrid insurance protection, the ability to protect and leave a legacy to loved ones.

Financial representatives play a crucial role in crafting customized plans that encompass both retirement goals and provisions for LTC. By engaging proactively with clients, advisors can help mitigate risks associated with future LTC needs and ensure comprehensive financial security throughout all life stages. This approach not only prepares families for unforeseen circumstances but also instills peace of mind, knowing they are well-prepared for the challenges ahead.

52%

Percentage of respondents who cited **peace of mind** as the primary driver for creating an LTC plan.

Other top answers to this question included knowing an LTC event will not devastate someone's finances and removing a financial burden from their family.

In conclusion, the study's results underscore the need for greater guidance from the financial services industry to help consumers feel more confident in their long-term care planning. Our study shows people are ready to create LTC plans but are overwhelmed by the perceived cost and complexity. Addressing these challenges early and checking back in often can significantly increase peace of mind for the future and increase confidence.

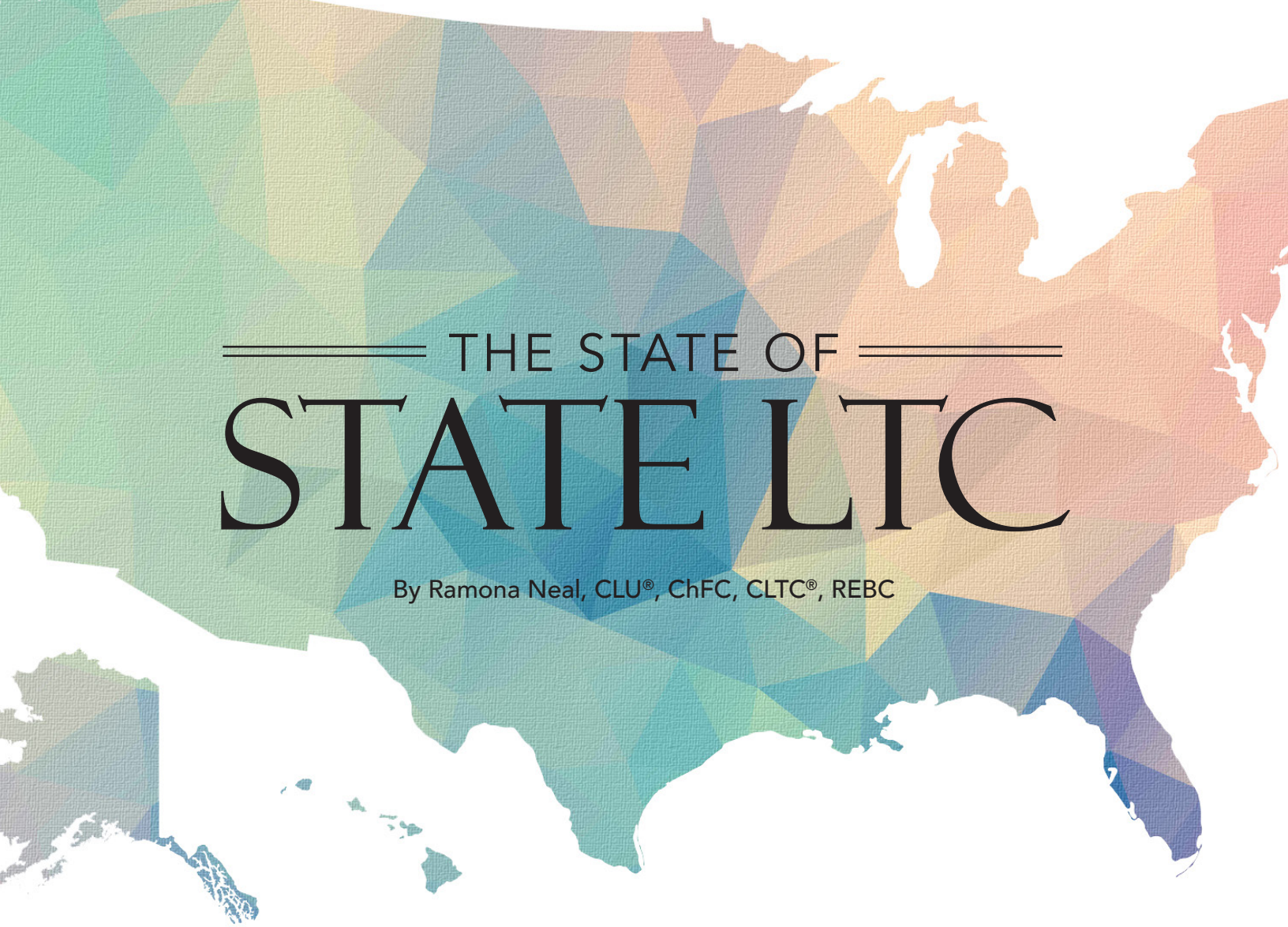
JEFF LEVIN, CLTC®
Vice President of Distribution Care Solutions Individual Life & Financial Services, OneAmerica Financial®

Jeff leads a national team of sales and account management professionals in the distribution, sale, and support of OneAmerica's Care Solutions product line. Previously, he was a Care Solutions divisional vice president, responsible for advancing the growth of life and annuity asset-based long-term care options.

oneamerica.com

1 Projected Population by Age Group and Sex at 2023 National Population Projections Tables: Main Series (census.gov)
2 2019 National Association of Insurance Commissioners Shoppers Guide to LTCi
3 American Association for Long Term Health Insurance: Are you even insurable? Aaltci.org

This aging population is starting to need LTC now, which in turn is leading to the generations below them realizing they need a long-term care plan right now. **Having a family member who needed LTC is a significant catalyst for creating an LTC plan (88%).**



THE STATE OF STATE LTC

By Ramona Neal, CLU®, ChFC, CLTC®, REBC

If we look back to 2022, WA Cares had already passed, and the CA Task Force was engaged in intense discussions during public hearings. Since then, there have been updates in both Washington and California, plus activity in other states. Understandably, proposals for long-term care insurance (LTCi) legislation vary. What truly captures the attention of consumers is when they see a proposed mandatory payroll tax (sometimes with an opt-out or exemption for those who own private LTCi).

WHY LTC IS A STATE ISSUE

Since expenditures for long-term care services and supports (LTCSS) continue to be a leading drain on states' Medicaid budgets, politicians have taken note. States must balance their budgets (unlike the Feds). Some states are considering publicly financed LTC benefits which would be accessible before Medicaid dollars. Consequently, they can avoid and/or delay tapping into their Medicaid budgets.

Now consider the context of 75 million aging Baby Boomers and 10,000 Americans turning 65 every day. It has been dubbed the silver tsunami and has alarmed policy makers.

Here is a look at Medicaid spending on LTC for your state. Distribution of Fee-for-Service Medicaid Spending on Long Term Care | KFF

STATE LEGISLATION

Consider the following perspective. First, it's no surprise that congressmen are unlikely to propose a new tax in an election year. Additionally, the color of your state matters. Blue (democratic-leaning) states are more likely to be successful getting a bill passed with a tax to fund LTC – particularly if they have a trifecta with the House, Senate, and governorship. But right now, the legislative session for most states is closed.

Below are state updates along with some predictions (opinions). However, when dealing with politics, policy, and politicians, be prepared (and be weary) since everything is subject to change. Certainly, that is one lesson (of many) learned from Washington.

WASHINGTON

WA Cares Fund Washington was the first state to implement a mandatory state LTC program. It's funded by a payroll tax equal to 0.58% of workers' wages or $0.58 per $100 earned in return for a $36,500 lifetime LTC benefit.

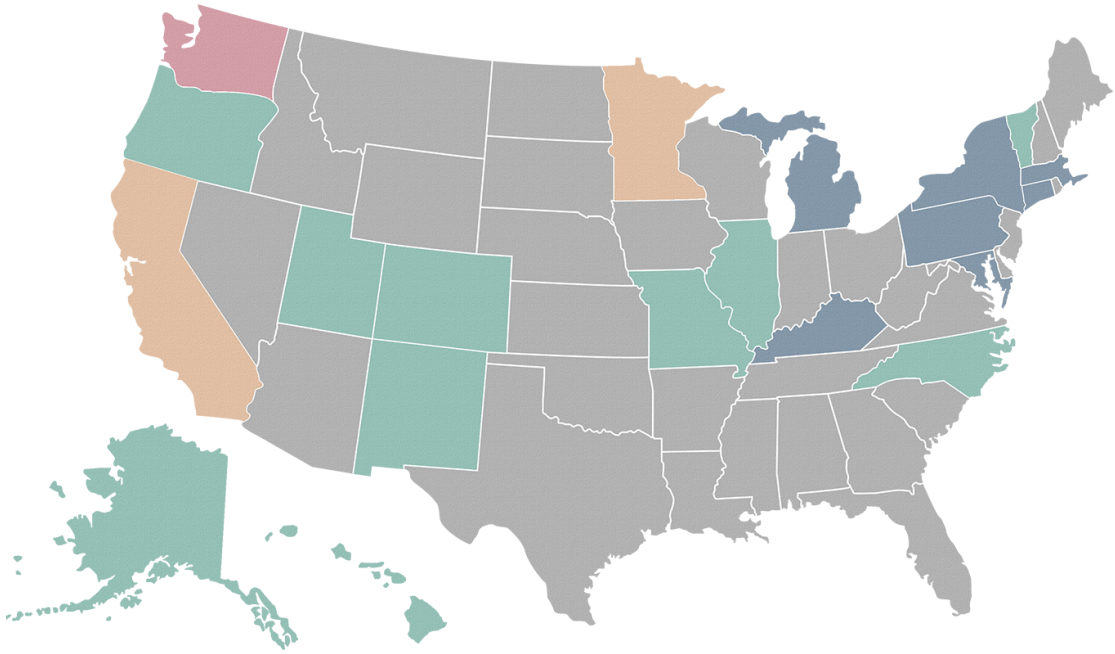
- **Status:** A group called "Let's Go Washington" obtained the needed signatures to have the I-2124 initiative put on the November 2024 ballot. This would give the choice to opt-out of paying the payroll tax (and receiving benefits).
- **Prediction:** How will voters vote? Unknown. However, if WA Cares becomes optional it could defund the program making it insolvent.

CALIFORNIA

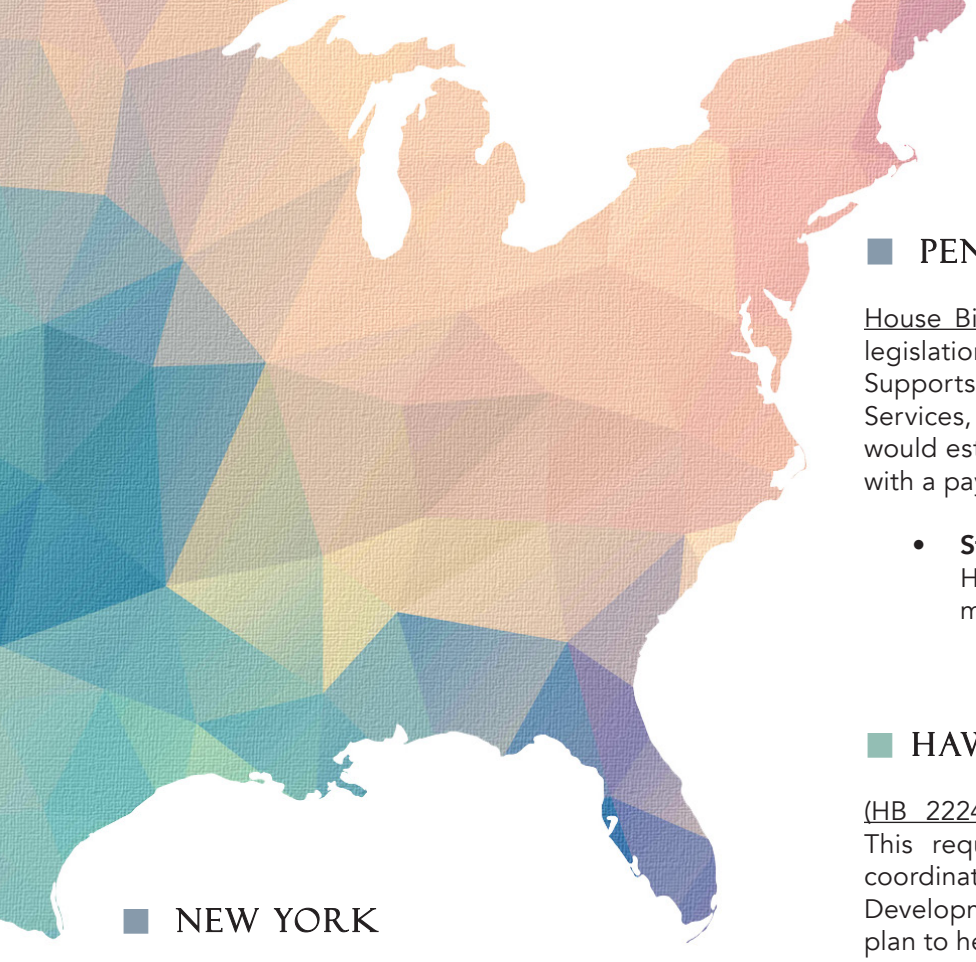
AB 567, established the Long Term Care Insurance Task Force to explore the feasibility of implementing a statewide LTC program. Five design options were proposed ranging from $36,000 in LTC benefits to $144,000. Notable financing recommendations include the possibility of a payroll tax.

- **Status:** The LTC Task Force was dissolved in July 2024. If the legislature decides to proceed, it may adopt some, all, or none of the Task Force's recommendations. The legislature may also decide not to establish a public LTC program.
- **Prediction:** We are in a wait-and-see mode and looking for an ideal "champion" within the legislature, DOI, or governor's office. But there are barriers, like the budget deficit, and the fact that Californians are taxed at a high rate.
- Warning from CA's insurance commissioner: CA DOI Agent and Broker Alert!

Where States Stand on LTC Initiatives



- Enacted LTC legislation
  WA
- Active discussion of future LTC initiatives
  CT, KY, MD, MA, MI, NY, PA
- LTC task force established; study completed
  CA, MN
- Indications of future LTC activity
  AK, CO, HI, IL, MO, NC, NM, OR, UT, VT



NEW YORK

There are two pending proposals. The first one is the "Long Term Care Trust Act" which was re-introduced in January 2024. This proposal closely mirrors the WA Cares program. (It provides for Traditional LTC as an eligible product for opt-outs).

- **Status:** This bill has been referred to the Senate Health Committee. It did not move forward in 2024, which is likely attributed to NY's short legislative session and current budget deficit.

The second is a companion bill (A10143) introduced in May of this year and "enacts the NY LTC Trust act and establishes the NY LTC trust program."

MINNESOTA

LTC Services and Supports (LTCSS) Initiative Study provided three recommendations to transform LTCSS access and expand LTCSS funding options in Minnesota. (1) Care Navigation & Support Services; (2) Medicare Companion Product; and (3) Catastrophic-Lite State Based Program.

- **Prediction:** Considering Minnesota's demographics, legislators may be motivated to act (high cost of care and aging population).

PENNSYLVANIA

House Bill 844 was introduced in April 2023. This legislation establishes a "Long-Term Services and Supports Commission" and creates a "Long-Term Services, Supports Council, and Trust Fund". This bill would establish an LTC program similar to WA Cares, with a payroll tax of 0.58%.

- **Status:** Bill was assigned to the Assembly Human Services Committee and has not moved.

HAWAII

(HB 2224) passed in July 2024 – Now Act 159. This requires the Executive Office on Aging, in coordination with the State Health Planning and Development Agency, to create a comprehensive LTC plan to help ensure the availability of a full continuum of institutional and community-based services.

- **Status:** A report of the findings and recommendations, including any proposed legislation, is due to the legislature before the 2025 regular session convenes.

OTHER STATES

Kentucky House Joint Resolution was introduced directing the DOI to create a task force to explore the feasibility of implementing a statewide insurance program for LTCSS.

Massachusetts House Bill 652 would create a special commission to make recommendations for establishing a statewide LTC program. A hearing has not been scheduled and the bill was referred to the Committee on Elder Affairs. A 2024 budget bill includes an actuarial study for a statewide program.

Maryland House Bill 349 was introduced in January 2024 and required the Department of Aging to conduct an insurance study on public and private options for LTC needs. In February 2024 the bill was canceled, and the Senate sponsor withdrew the bill.

State Map: State advocacy | Leaders in state

WHAT ABOUT THE FEDS?

Bill HR 8820 (June 2024) would amend the Internal Revenue Code of 1986 to provide an above-the-line deduction for eligible LTC insurance premiums and reduce certain tax credits. It would provide a tax deduction for eligible LTC insurance premiums whether or not medical expenses exceed 7.5% of adjusted gross income (AGI). The deduction would be allowed whether the taxpayer itemizes deductions or not.

- **Status:** This bill has been referred to the House Committee on Ways and Means.

WHAT YOU CAN DO

There are many questions. Will some states consider a comprehensive study like Minnesota? Will others enact legislation like Washington? Will benefit amounts be richer like some options proposed by the CA Task Force? What about exemptions to opt-out of a payroll tax? Are states more inclined to require private LTCi to be in place prior to the legislation's effective date (to avoid the bottleneck as seen with WA Cares)? If exemptions are allowed, which products would qualify?

Would it be better for legislation to come from the Feds to allow for more uniformity and portability between states? The answer is, we don't know. But if you want to keep up with the ever-changing LTC legislative landscape, then become engaged with organizations like NAIFA, FINSECA, or NABIP.

While we can't tell you where your state will end up, or how long it will take, we do know your clients are already "living with" caregiving. They are likely a witness to someone receiving care, or they may be a part-time caregiver themselves.

Your clients are talking about LTC at the dinner table or on the golf course. They are already engaged. Don't wait for states to implement legislation. Instead, have the long-term care conversation now.

RAMONA NEAL
CLU®, ChFC, CLTC®, REBC

Ramona has 30 years of experience in the life insurance industry with roles in field sales, competitive intelligence, advanced sales, and policy administration. She has extensive history helping advisors and wholesalers position insurance products. Ramona is president of Living Benefit Review, LLC. The company provides impartial competitive intelligence services for life insurance with LTC solutions: hybrid products, chronic illness, critical illness, and LTC riders.

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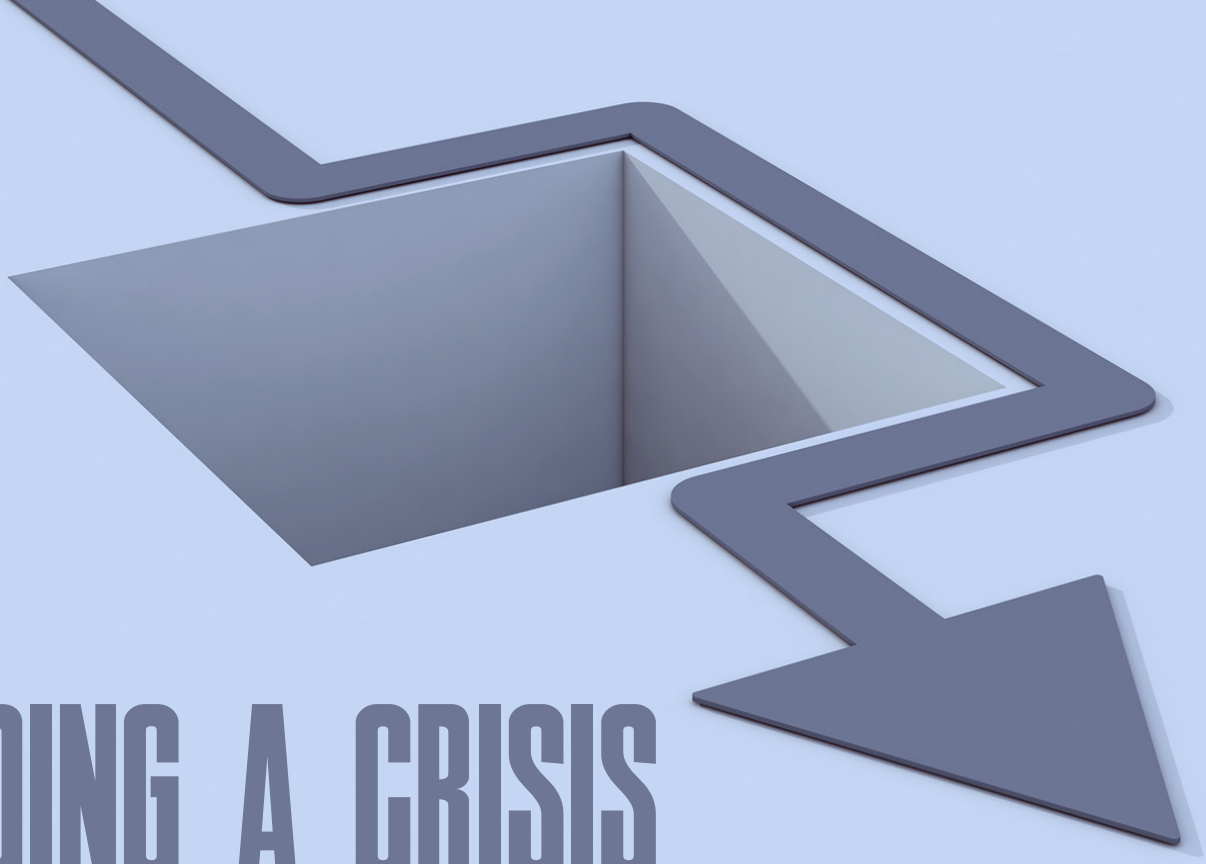
1 "The Economic Impact of Caregiving." Blue Cross Blue Shield Association, 2021



AVOIDING A CRISIS

Encouraging and Enabling Adults to Plan for Future Care

By Eileen J. Tell, Dustin Plotkin, and Beth Ludden

ABOUT THE SURVEY

At the CLTC Leadership Summit earlier this month, findings from a survey were presented, shedding light on middle-income consumers' awareness of the risks and costs associated with long-term care (LTC) needs and planning. Addressing the "knowledge gap" among this significant demographic may be essential to motivate and enable more adults in the middle-income market to plan for their future care needs.

The 2024 survey was commissioned by Certification For Long-Term Care (CLTC), with sponsorship by CareScout, Oliver Wyman, and ET Consulting.

The survey research team includes Eileen J. Tell (CEO of ET Consulting), Dustin Plotkin (Oliver Wyman), and Gabriel Albourkek (Oliver Wyman). The survey was conducted online with 1,050 adults aged 35-74, and stratified between middle-income and upper-income households[1].

The objectives of the survey were to:

- Understand the state of LTC planning among middle-income households compared to the more affluent market;
- Understand key factors explaining differences in LTC planning interest;
- Identify obstacles that limit people's willingness or ability to plan for future care needs;
- Identify factors that help overcome those obstacles; and
- Explore middle-income consumers' interest in various planning solutions.

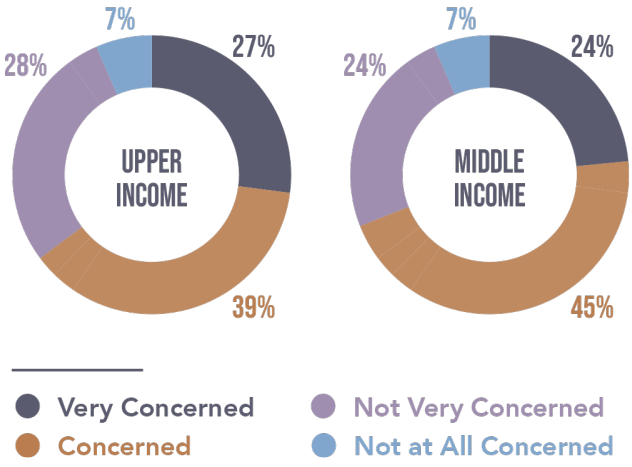
KEY FINDINGS

LTC Basics

Middle- and upper-income consumers cited similar levels of concern regarding how future LTC needs might impact their confidence in the adequacy of their retirement savings. (*See Chart 1*)

CHART 1

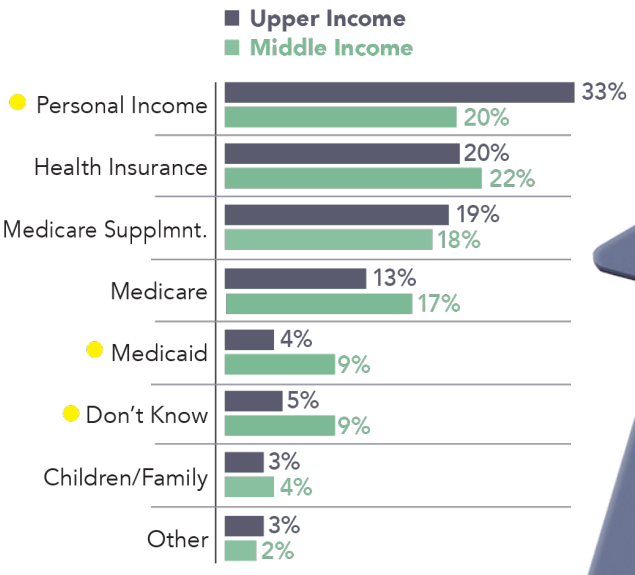
How concerned are you about the impact your future LTC needs might have on your ability to retire comfortably?



However, upper-income consumers were more likely to recognize that, in the absence of insurance, costs would need to be paid out of pocket; middle-income consumers were more likely to expect Medicaid to cover their LTC costs. (*See Chart 2*)

CHART 2

If you needed LTC for an extended period, which of the following payment sources would cover the majority of the cost?



Statistically significant variance.

Roughly 60% of the survey sample indicated they had prior caregiver experience. This is consistent with the incidence of family caregiver experience in prior surveys. Also consistent with other research, individuals with prior caregiver experience expressed the highest level of LTC awareness regarding both the likelihood of needing LTC services and the reality of how those costs would be paid.

Planning for LTC Needs

Not surprisingly, individuals with accurate awareness of the risks and costs of LTC were also more likely to plan for their LTC needs. However, for those who indicated they were not likely to take on an LTC planning option, a lack of affordability and competing priorities were the most often cited barriers for many of the specific LTC planning options in the survey.

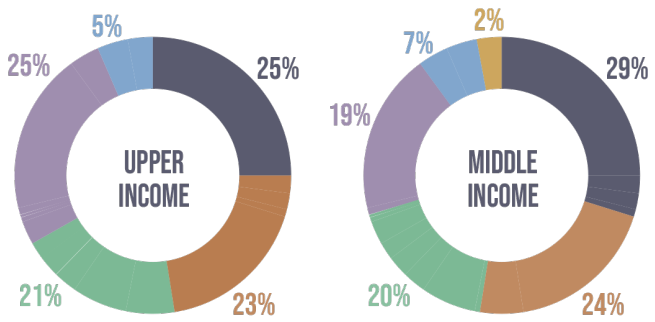
Compared to upper-income consumers, middle-income consumers indicated that they were less likely to increase their retirement savings specifically for LTC needs, when they were asked about a variety of financial planning options. This was the only statistically significant difference regarding likely planning options between middle- and upper-income consumers.

Regarding possible ways to facilitate planning, middle-income consumers cited more interest in seeking educational resources such as a trusted financial advisor familiar with their personal situation or a government-sponsored website. (*See Chart 3*)

Roughly
60%
of the survey sample indicated they had **current and/or prior caregiver experience.**

CHART 3

What is the most likely action you will take to help prepare for when you might need LTC?



- Talk with Financial Planner/Insurance Agent
- Set Money Aside for LTC
- Buy LTCi
- Increase LTC Retirement Contributions
- Reverse Mortgage Funds
- Other

LTC Insurance Views and Preferences

Overall, middle- and upper-income consumers expressed a similar likelihood of purchasing LTC insurance, despite upper-income consumers expressing more familiarity with the product. However, 24% of upper-income consumers indicated they were "very likely" to buy, compared with 16% of middle-income consumers. Respondents with a solid understanding LTCI were more likely to say they would purchase LTC insurance (77%), compared to individuals with more limited product knowledge (56%). (*See Chart 4*)

When presented with a range of reasons from which to select regarding why one might not buy LTC insurance, middle- and upper-income consumers expressed similar levels of concern around the perceived affordability of LTC insurance. However, middle-income consumers were more likely to cite affordability as the most important reason they would be unlikely to purchase LTC insurance.

Middle-income consumers' lack of interest in buying LTC insurance was also more likely to be influenced by the belief they would not need LTC in the future. Upper-income consumers who expressed a reluctance to buying LTC insurance were more likely to indicate a willingness to use their own income and assets to pay for LTC when the need arose. (*See Chart 5*)

Finally, we asked individuals to consider several alternative planning solutions, including insurance and non-insurance designs. A health insurance-like LTC insurance product with a 20% co-pay garnered the most interest, while preferences were otherwise similar across both middle- and upper-income groups. The other planning solutions in the top "three" spot included an LTC insurance plan that could be shared with a family member, and a tax-based government program providing LTC coverage after a two-year waiting period.

CHART 4

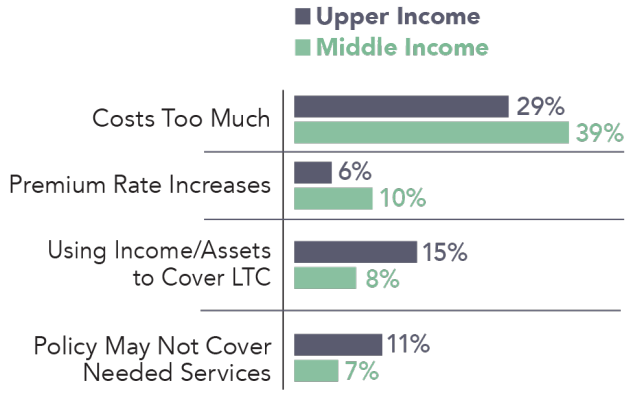
How likely are you to consider purchasing LTCi?

- Already Have **5%**
- Very Likely **24%**
- Likely **33%**
- Not Very Likely **31%**
- Not at All Likely **7%**

- Already Have **2%**
- Very Likely **16%**
- Likely **46%**
- Not Very Likely **26%**
- Not at All Likely **10%**

CHART 5

What is the most important reason why you are **unlikely** to purchase LTCi?



CONCLUSION

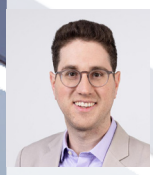
The survey results demonstrate that raising awareness of LTC risks, costs, and "who pays" remains critically important, particularly among middle-income consumers. With the survey revealing that middle-income consumers would be more open to LTC planning if they first had access to a trusted advisor familiar with their personal situation, educating the middle-market's support circle (e.g., friends and family members) becomes essential.

Those with experience as family caregivers remain an already primed market segment across all incomes, especially when insurance and services/supports are melded.

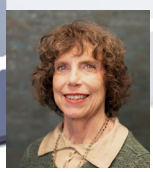
Additional exploratory and qualitative research with middle-income consumers can delve more into (i) barriers and motivators (especially to help address the "value proposition" for LTCI) and (ii) appealing product models.

Those with experience as family caregivers remain an **already primed** market segment across all incomes.

Eileen J. Tell is Principal ET Consulting, LLC, a woman-owned business focused on long term care (LTC) and aging. Her experience in the field spans over 30 years.



Dustin Plotkin, FSA, MAAA, ACIA is a Senior Principal and the Toronto office leader at Oliver Wyman Actuarial. Dustin co-leads Oliver Wyman's Long-Term Care Actuarial Practice.



Beth Ludden is the LTC Product Senior Director for CareScout Insurance. She joined Genworth/CareScout in 2005 and has 37 years of LTC insurance experience.

1 Middle income households were defined as income that is two-thirds to double the US median income; upper income households were defined as income above double the US median. Income bands varied by age.

Selling LTCi From the Other Side of the Table

By Linda Jahnke, BCPA

I had no idea what I was doing. I was not a salesperson, I never expected to sell insurance, but I wanted to help people. Just by chance (or was it?), the first job I took fresh out of college was in a skilled nursing facility. I was a recreation therapist working with Alzheimer's patients. I had no intention of working with elderly people, my training was with developmentally disabled children. In my mind, this was only a short-term gig until I could find something else.

At that facility, I met a woman who would change the course of my career, and my life. She was young, a professional mom who visited her client each month. She was an insurance agent. I was taken aback that an insurance agent would visit a nursing home. I was intrigued because from my experience, no one had insurance for nursing home care, there was only "state aide"—what we called Medicaid back then.

She recruited me, she trained me, and my first appointment to sell a "nursing home policy" was one I will never forget. The Amex, Aetna, and CNA brochures were neatly laid out on my prospective client's kitchen table. I had my calculator, multiple tri-fold rate books, and no nerve. I could not do it. I never got to the sale, and I left after two hours of looking at family photos and talking about how hot it was in Sun City, AZ, in the summer. How kind that family was; clearly, they could feel my terror. I got in my car and knew I was not cut out for this.

I headed back to the office to quit, but the nice lady who recruited me gave me another lead. She encouraged me to try one more, but this time she said, "Put the sales material away and tell your story, Linda."

For the next 35 years, that is what I did, I told my family's story and along the way, I told other family's stories. For me, this type of sale was never focused on how much I knew about the policy benefits or statistics. It was always about real people and events. It was about how to answer the question we all ponder: "Who will take care of me when I am old and disabled, and how will I pay for it?"

THE OTHER SIDE OF THE TABLE

For the last 14 years, my focus and my insurance practice has changed. I am now a patient advocate. The work my staff and I do is focused on educating and advocating for clients as they navigate their LTC insurance claims process. We help them whether they are at the beginning of the process or are appealing an unsuccessful claim outcome. As a result of this work, I view the LTCi sales process with a totally different perspective. I see over and over the misunderstandings that cause heartburn for consumers during a claim event. I can now clearly see what I should have done differently and how I should have communicated more effectively.

Put the sales material away and tell your story.

MOTIVATION

I bought my LTCi policy when I was 35; I will soon be entering my sixth decade. I still don't think I will ever use my policy. I still hope I never will.

When a client is contemplating buying an LTCi policy the motivation is often one of the following:

- Fear (from experience)
- Prudence (their financial advisor is behind it)
- Acquiescence (their spouse or family members are concerned)

UNDERSTAND THE LTCI SALE IS AS MUCH AN EMOTIONAL DECISION AS IT IS A FINANCIAL ONE.

If a person is fearful about their aging scenario, it is important for the broker to know this.

- Are they a single person without the first line of defense (children)?
- Is a parent or immediate family suffering from Alzheimer's and they believe this will befall them as well?
- Do immediate family members live far away?
- Have they had a recent change in financial status, either positive or negative, putting the cost of care on the front burner?
- Has their loved one or family friend just experienced a devastating diagnosis?

Have you possibly seen one of these motivators on a client's face, or heard it in their voice during an LTC planning conversation? I imagine you have and could attribute it to why they came to you. Conversely, if you did not get the sale, is it possible that you did not take the time to listen, to know what was motivating them? Why have they picked up the phone or responded to an ad? If you know this, and you can bring the answer to their motivation, you will be successful. You will remember them, and they will remember you (which is also called a referral source).

TRANSPARENT INTEGRITY

When I file claims now, it is not unusual for my client to be surprised when I tell them their benefits will begin after a certain period of time. I have no doubt most advisors have clearly explained the waiting period provisions. Nevertheless, this is always a hard moment because memories fade. It is important to go deep, and take the time to explain the waiting period, not from the perspective of how much out of pocket they will be responsible for, but from a strategic perspective. Remind them that if they have an event, and Medicare or private insurance pays for their care, filing a claim will be important as those days will count towards the satisfaction of that waiting period.

The waiting period is part of a claim strategy. It is a great way to talk about the benefits of in-home care. It is a great way to talk about aging in place with dignity. It is a great time to talk about how Medicare days coordinate.

Paint the picture of how to use a home care benefit, remind them not to wait until a facility claim is imminent as this will be more costly. While the claimant must prove chronic illness for at least a 90-day period, they should understand it is possible to have multiple events over their life which can reduce a future waiting period (for a condition they may never recover from).

These conversations take time and will not blow up your sale; it will solidify your professionalism and it will communicate integrity. This type of conversation rounds out the confusion of what long-term care support looks like and the multiple ways people can remain independent and a valuable part of their community, while receiving supportive services.

Last, it is also important to communicate proof of loss and what that means. You may refer to this as a qualifying event, or chronically ill definition. Please understand, if you tell your client their doctor will determine or direct the claim approval, this is false. This should not be communicated. This simply is not true. While there are a handful of companies that require Attending Physician Statements (APSs), most claim outcomes will be determined by a nursing assessment directed by the carrier or their third-party administrator. Physicians are typically not brought into the processes.

ADL CONFUSION AND MINIMAL CARE REQUIREMENTS

Your client must be aware of how they will qualify for benefits. They need to be educated on what an ADL (activity of daily living skill) is and is not. For example, ask your client how they would define the ADL "eating". You will be surprised to find that most think eating means meal preparation. The ADL "transferring" is also confused with transportation in a vehicle.
A common error made by facility care providers is to include medication management as an ADL. Because this service is important, they erroneously assume it must fulfill the requirement for claim approval. Since medication management is not an ADL, assisting with medication does not move the needle for claim approval.

How would a broker know these things unless they themselves have experienced the claim process? Reading statistics from insurance company profiles reporting the amount of benefits paid is not the same as knowing, firsthand, a claim story. Taking the time to learn about a client's claim event, and their opinion of the process can help prepare you to answer questions that may be uncomfortable.

The foundational success of your LTCi practice will always be about knowing your client, understanding their perspective and communicating the value of LTCi benefits. These policies are a necessary tool that offer security, strategies, and hope for families who plan well, and who put their trust in our professional experience.

LINDA JAHNKE, BCPA
Founder and President, Jahnke Consulting

Linda has been a long-term care insurance specialist for over 30 years and began her career working in a skilled nursing facility providing care for residents suffering from Alzheimer's disease. In 2013 she founded Jahnke Consulting and Long-Term Care Alliance. Their mission is to provide premier long-term care insurance options and claims advocacy. Linda and her team manage and oversee all aspects of a claim event as well as manage professional care options.

These conversations take time and will not blow up your sale; it will solidify your professionalism and communicate integrity.

LTC CASE STUDY

Meet Sarah

By Austin Hultquist
Collaborative Insurance Solutions

As demonstrated in this case study, when it comes to long-term care (LTC), the real concern often goes beyond the financials—it's about the worry of becoming a burden on loved ones. Clients aren't just protecting their assets; they're taking proactive steps to ensure their families won't have to shoulder the responsibility of their care. By addressing the emotional and behavioral aspects of LTC, advisors can help clients find peace of mind, knowing that their loved ones can focus on being family rather than caregivers. This approach ensures that your clients' care needs are met without placing unnecessary stress on those they care about most.

BACKGROUND

Sarah, aged 44 and recently divorced and navigating a new chapter in life, was focused on securing her financial future. With two adult daughters who were both nurses, she was proud of their accomplishments but worried about becoming a burden to them down the road. Financially, she had a $1.7 million balance sheet, a $132,000 teacher salary, $27,000 in annual alimony, and a $55,000 business buyout over 20 years. However, the fear of future long-term care costs lingered. While her immediate financial situation seemed secure, the prospect of long-term care and the potential impact on her daughters' lives dominated her worries. She expressed apprehension about her daughters having to pause their own lives to provide care if needed.

CHALLENGES

Sarah's financial advisor did not think she should consider LTCi based on her level of assets and her age. She faced significant challenges in navigating the complexities of long-term care planning. Concern around the impact to her daughter's lives, coverage options, and the potential financial burden on both her and her family created a considerable source of stress. Additionally, she expressed a desire to protect assets for future generations, further complicating the planning process.

SOLUTIONS

To address Sarah's concerns about long-term care costs and potential financial burdens, Collaborative Insurance Solutions developed a comprehensive approach to long-term care planning.

Solution Development
Needs Assessment: A thorough evaluation of her financial situation, health status, care preferences, and family dynamics was conducted to identify specific long-term care needs.

Solution Exploration
A range of long-term care insurance options were presented, including traditional long-term care and asset-based long-term care solutions with various payment structures.

Policy Selection
Policy Analysis: A detailed comparison of policy features, costs, and benefits was conducted for both traditional and asset-based long-term care options.

Client Preference
Based on her financial goals, cash flow, risk tolerance, and care preferences, a 10-pay asset-based long-term care contract was selected.

OUTCOME

After careful consideration, Sarah opted for a 10-pay asset-based long-term care contract. This solution offered a death benefit if care was not needed, flexible indemnity benefit payments, and required a lower initial premium, aligning perfectly with her financial goals. Sarah was extremely happy with this outcome, stating that it provided peace of mind and alleviated concerns about the potential financial burden of long-term care.

By implementing a tailored long-term care insurance solution, we were able to help Sarah protect her assets, create peace of mind regarding her daughters, and ensure a higher quality of life in the event of long-term care needs. She was especially happy with the fact that if her daughters insisted on providing her care, she would be able to pay them to do so based on the terms of the contract.

SUMMARY

- **Challenge:** A recently divorced client was concerned about her daughters having to care for her in the future, and wanted to protect her $1.7 million in assets for future generations.
- **Solution:** We crafted a 10-pay **asset-based** LTC plan that offered a death benefit if care was not needed, flexible indemnity benefit payments, and required a lower initial premium.
- **Outcome:** The client gained peace of mind, knowing her care needs are covered without burdening her daughters or depleting her assets, ensuring a secure and independent future.

AUSTIN HULTQUIST
Sr. Insurance Strategist,
Collaborative Insurance Solutions (CIS)

Austin joined the team as an intern in 2016 during college and has been helping Americans plan for their financial security ever since. CIS works alongside other financial advisors serving as the out-sourced insurance solution for wealth management firms, law firms, and other professionals. CIS specializes in life, long-term care and disability insurance as well as annuity solutions.

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OPTION 1
Traditional LTC

	Monthly Benefit	Total Benefit Pool
Day 1	$5,500	$330,000
Age 80	$15,941	$956,432

Death Benefit	N/A
Payment Type	• Reimbursement • Licensed care required
State Partnership Qualified	Yes
Non-Guaranteed Premium	• $13,748 for 10 years ($137,486) • 7 years guaranteed

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OPTION 2
Asset-Based LTC

	Monthly Benefit	Total Benefit Pool
Day 1	$5,500	$426,915
Age 80	$15,941	$1,237,318

Death Benefit	• $132,000 (less benefits paid) • Guaranteed minimum $10K
Payment Type	• Indemnity (cash) • Will pay for unlicensed care
State Partnership Qualified	No
Guaranteed Fixed Premium	• $9,784 for 10 years ($97,814) • $79,419 single pay