The Society of Actuaries’ Long Term Care Section and Forecasting and Futurism Section have completed a Delphi research project, with the results being reported October 22, 2013, at the group’s national conference. As we noted last month, for this extensive (and, on a personal note, as the co-chair of the Future of LTCI committee, sponsor for the project, I would add exhaustive) research method we utilized three subsequent opinion surveys, each progressively focused to arrive at as much consensus as possible.

A comprehensive “white paper” is being funded by the SOA and will be available during first quarter 2014. I am very proud of our efforts and pleasantly surprised at the consensus of agreement and direction that was generated. A group of 40 selected LTC stakeholders was created for the project and composed of actuaries, regulators, home office executives and distribution leaders—all of whom donated many hours of valuable opinions and creative alternatives.

You need to begin as we did by trying to understand exactly where we are and why we seem to continue to find ourselves circling in a dead end cul-de-sac.

There are 12 million Americans today who rely on personal care, and half of the cost for their care falls on federal and state governments.

There are 40 million unpaid caregivers (most frequently family members), and the cost to U.S. business is more than $30 billion.

Plus, there are 500,000 on waiting lists for state-sponsored home and community based services.

As The Heritage Foundation recently reported, “There is no magic bullet, no simple formula and no escape.” As a result, “Given the gravity of the challenge ahead, another failure in public policy will be the most expensive alternative.”

Americans are painfully unprepared. Millions are failing to plan ahead—more than 56 percent have done no planning, and about half of older adult households have less than $10,000 in non-housing assets. Even when counting home equity, 65 percent of Americans fall short of being able to retire. We must all strive to do a much better job of telling the truth about inaction!

The visible problem is only the tip of the iceberg. In 2011, paid care from all sources was $210.9 billion, but unpaid family care was $450 billion. Already 65.7 million Americans are caregivers, representing one in three of the adult population.

Using a football analogy, we must ask: “Where is the coach?” Government financing—both federal and state—has become a maze of conflicting jurisdictions. Private insurance is losing the spirit to win. There is no coordinated plan. There is no playbook. There is no referee. There is chaos fueled by misdirected planning, ineffective good intentions, and cosmic levels of public denial.

The immutable conundrum begins with asking questions:

Who is responsible? Individuals? Gov-

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ernment? Family members? Or the insurance community?

**How much protection is enough?** The average value of paid care is only $50,000. In today’s dollars, $100,000 would cover 70 percent of all the claims that have ever existed. However, 20 percent of those who reach age 65 will have claims lasting five years or longer.

**Where is the leadership?** Of the companies that sold LTCI, 90 percent are gone, and the limited number of remaining players may be creating their own form of adverse selection.

**What is wrong with today’s products?** Previous marketing options have failed, been dramatically reduced or gone missing. Benefit alternatives have been driven out by unanticipated claims, interest rates and popularity (non-tax qualified, multi-life, advanced pay, unlimited benefits, survivor benefits and simplified underwriting).

The truth is that we live in a world of vanishing benefits, vanishing companies and vanishing commitment. Products are still too expensive. Sales are tragically still viewed as “optional” by consumers, agents and companies. And, frankly, there is no consensus about what the sale is meant to accomplish in the first place.

Is it about replacing only risk with insurance, is it simply about protecting assets, or is it about the philosophical necessity of avoiding government dependence? The **bottom line is that we have failed.**

After 30 years of insurance sales we still have only a 10 percent market penetration. All previous government incentives—OBRA 1993, HIPAA 1997, DRA 2005 and PPA 2006 have yet to make any perceptible impact. Sales remain flat. The compound growth rate for the last five years has been a negative 2 percent. Sales are very precarious, with three fourths of them coming from the top five companies. Einstein’s definition of insanity prevails across the land!

The “**Land This Plane**” survey arrived at some very important conclusions. I will try to summarize the findings now and complete the specific results next month.

- The approach must be comprehensive and synergistic.
- The industry has to commit to a cooperative working relationship with existing and future government initiatives.
- Products have to be more flexible, less restrictive and simplified.
- A more creative product approach to enhance participation and consumer understanding must be taken.

- Universal consumer access to “qualified dollars” is a must.
- Additional tax incentives are a necessity.
- A public/private commitment to a social insurance component must occur.
- A public/private “awareness campaign” has to be ongoing.
- A public/private catastrophic coverage strategy must be included, as well as Medicare/Medicaid reform and mandated agent training.

The research has done an exceptional job of identifying all the moving parts of the problem and providing a substantial blueprint for a sound and functional structure in the future. However, it requires compromise and commitment from all the parties involved, as well as cooperation and coordination with government programs—old and new. Regulators must stand down and insurance companies stand up. Needless to say all insurance agents must participate in LTC risk abatement and all consumers must at least acknowledge the potential results of bad planning, bad math and bad thinking.

*Other than that I have no opinions on the subject.*