



**National Council of Insurance Litigators
2023 National Meeting – Life Insurance &
Financial Planning Committee**

An LTC Industry Update: Public/Private Collaborations

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Long-Term Care Insurance Products

Note, the WA state effect in 2021 increased sales by **37%** for Hybrid products and standalone LTC by **118%**.

	Type	2021 Policies	2022 Policies	% increase	2022 Annualized Premium
New Business	Standalone LTC	90,752	36,872	-59.4%	Avg = \$3,737
	Hybrid Life w/Extension	40,411	25,940	-35.9%	270,571,855
	Hybrid LTC Acceleration	158,859	98,075	-38.3%	500,270,703
	CI Acceleration	291,681	290,590	-0.4%	Avg = \$7,448
	Total	581,733	451,477	-22.4%	
					Note:
In Force	Standalone LTC	1,353,709	1,336,275	-1.3%	~ 5 million per NAIC Form 1
	Hybrid	1,591,753	1,720,727	8.1%	

Source: LIMRA 2022 US Individual Life Combination Product and Long-Term Care Insurance Product Sales and In Force Surveys.

Today's Long-Term Care Insurance Industry

A renewed focus on wellness, care navigation, innovation, and public/private collaboration.

Product diversity:

Standalone LTC, Short-Term Care, Hybrid Life, Hybrid Annuity, Chronic Illness Riders, Supplemental Health, etc...

Based on Form 1 of the recent NAIC LTC Experience Reports,

- 14 of the top 20 in force carriers remain in the LTC solutions market, and
- About 80 of the 114 companies have less than 10,000 policies.

Public/Private Collaborations:

WA Cares – began July 1, 2023

California Long-Term Care Insurance Task Force

Minnesota's Own Your Future initiative

Other Sources for LTSS:

Medicare Advantage plans

Medicaid/Medicare MLTSS programs

PFML

Community Resources, Areas on Aging, and many other effective programs.....

Minnesota DHS: Options to Increase Access to Long Term Care Financing, Services and Supports in Minnesota



Primary Objective and Goals of the Study :

- Improving access to LTSS for Minnesotans that typically do not qualify for Medicaid,
- Examining and evaluating integrated LTSS funding options, and
- Transforming the LTC funding system.

An emphasis on options that; enable older adults to receive care in their homes, improve the caregiver supply, engage stakeholders, and develop a broad base of support for positive recommendations.

Encourage **simplicity**, system **integration**, **equity**, and **accessibility** of LTSS services.

Considers revised roles for private LTC insurance, for Minnesota's Medicaid program and for other funding sources including Medicare LTSS and Older Americans Act programs.

Explores new and/or innovative models of LTC financing and service delivery.

Minnesota DHS: Options to Increase Access to Long Term Care Financing, Services and Supports in Minnesota



It is all about the process to identifying a solution for Minnesotans!

Stakeholder-led comprehensive recommendations that address the needs and wants of individuals, families, caregivers, government programs, insurance programs, and many other stakeholders who all seek to address the LTSS needs of older adults in Minnesota. Using:

- An expert stakeholder team of Minnesotans and a careful examination of the existing climate and the options that may be available within the entirety of the LTSS system.
- A common understanding of developed evaluation criteria.
- Inclusion of experts and innovators to bring ideas to the stakeholder team
- Financial analysis to feed the stakeholder decisions along the way.
- A final report detailing the support for the recommendations to meet the LTSS needs of Minnesotans.

Public/Private Coordinated Plan Designs from the RFP

Range of Policy Options:

“Back End Catastrophic” Public Program Option

- Financial support for longer duration care situations (i.e. 3 or more years). It would require a waiting period (or deductible dollar amount) be met before people could begin accessing benefits. Enables integration with other potential funding sources to fill the initial waiting period gap.

Home and Community-Based Services

- A public program providing funding for care and services for middle income older Minnesotans similar with more modest benefit levels and caps on the benefit duration to keep the program costs down. Like Option 1, this program will have a waiting period or dollar deductible.

Early Intervention Benefit for Medicare Recipients Option.

- A public program providing modest, capped dollar, at-home benefits to Medicare recipients to delay or mitigate their need to spend out of pocket funds for paid care or spend down to be eligible for Medicaid. Provides care coordination and preventative support services before they first begin to evidence the need for LTSS.

Private Long-term Care Insurance Incentives Option

- Strengthen the appeal and encourage innovation within private long term care insurance to help address gaps in funding. Includes regulatory or legislative modifications that can make private long term care insurance more affordable and more accessible to middle income adults.

Reaching the Middle-Income Market – “the Red Box”

Family Income	MN Population	General Idea of where “clients” are served for HCBS				
		Medicaid Programs	OAA Programs	EW Programs	Personal pay	Private pay
<\$10,000	44,763	X		X		
\$10,000-24,999	186,569	X	X	X		
\$25,000-49,999	233,175	X	X	X		
\$50,000-74,999	177,876		X		X	
\$75,000-99,999	102,906				X	
\$100,000-\$124,999	67,775				X	X
\$125,000-\$149,999	30,726				X	X
>=\$150,000	76,885					X
Total	920,675					

Building Upon What Works in MN: It's All About the Supports!

Minnesota's existing LTSS approaches:

Partners including the Area Agencies on Aging, Counties, Tribal Nations, and Managed Care Organizations

A "no wrong door" approach: Senior LinkAge Line, Office of Ombudsman for Long-Term Care, MN Adult Abuse Reporting Center, etc.

A provider capacity that taps all revenue streams, including private pay.

Reaching older adults and family caregivers further upstream from Medical Assistance (Medicaid).

Minnesota Medicaid - Managed Care for Seniors:

- PMAP: Over 35 years experience with managed care for Medicaid seniors.
- 65,000+ Medicaid seniors currently required to enroll statewide.
- PMAP for seniors changed to Minnesota Senior Care (MSC) and MSC+ statewide during 2005.
- Minnesota Senior Care Plus (MSC+): Adding Elderly Waiver and 180 days of nursing home services to managed care. Statewide phase in completed in 2009
- MSHO: 25+ years experience with integration of Medicare/ Medicaid and primary/acute/LTC service delivery

A Sampling of Potential Designs Under Consideration based on Minnesota Stakeholders:



Option 1: Early Intervention and Support

A state developed program to provide a care support structure that leverages existing services, provides strong awareness and education, and supports informal caregivers. This option would also provide modest, capped, at-home benefits with the goals of delaying or mitigating their need to spend down to be eligible for Medicaid. A Care Navigation service will also focus on obtaining access to community services offered by waiver and alternative care programs and be the platform to support residents and their caregivers. The aim is to maintain a safe home environment and preserve the safety net.

Option 2: Medicare MLTSS

A mandatory state sponsored LTSS program of 1 year of coverage, purchased by non-Medicaid eligible residents during Medicare enrollment or earlier. Participants receive care support and preventive services coordinated with their Medicare plans. The program will also offer additional options to buy-up for more than a year of coverage. Purchase/funding options prior to age 65 and with employer support may be offered. The approach is modelled after the comprehensive care coordination approaches of MLTSS plans.

Option 3: Catastrophic Coverage

A mandatory state insurance program to help pay for long-lasting, long-term care expenses that exceed 2 years, without Medicaid's income and asset restrictions. The program will be self-funded by a state specific payroll deduction for all workers 21 years of age and over. The deductions will go into a restricted fund for this program's use only.

THE Essential Criteria 2.0 – A MN Version

Quantitative:	
Access	Improves access to and usage of LTSS by Minnesota’s older adult population.
Costs and Efficiency	The system improves efficiency and generates savings for public programs, consumers and their families/caregivers.
Benefits	Total benefits are reasonable in relation to the total costs borne by the consumers across the system of public/private/ personal approaches.
Sustainable	The funding mechanism is sustainable and adjusts to changing economics, demographic eras, changes in family composition, and care support conditions. Sustainability applies across all stakeholder groups including consumers (out of pocket costs), public and private programs (solvency), and care providers (reasonable reimbursement).
Qualitative:	
Systemic Change	Provides fundamental positive changes to the way LTSS funding and service delivery is coordinated in Minnesota.
Feasibility	Implementation of the financing program is feasible and with limited obstacles and limited administrative costs to implement.
Integration	The care and supports, financing, and care coordination/management between private, public and other sources should be part of an integrated system.
Incentivization	The financing approach encourages support for care, prevention, and wellness initiatives. The approach aligns stakeholder needs. The system promotes consumer responsibility.
Supportive:	
Adaptable and Supportive	The system is flexible and adaptable related to market conditions, demographic shifts, and availability of care providers and resources. The system is responsive to cultural needs and embraces caregiving approaches of different cultures and family composition.
Understandable and Marketable	Eligibility for LTSS benefits, the financing approach, and the processes are simpler, clearer, and more understandable to consumers and their families/caregivers, providers, employers, and other stakeholders.
Equity of Access	Equity of access applies across urban and rural areas and across demographic and ethnic groups.

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