

“Long-Term Care Premiums Soar” *Wall St. Journal*, ANNE TERGESEN and LESLIE

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[http://online.wsj.com/article/SB10001424052748703298504575534513798604500.html?mod=googlenews\\_wsj](http://online.wsj.com/article/SB10001424052748703298504575534513798604500.html?mod=googlenews_wsj)

Hello Anne and Leslie – I wanted to bring three points to your attention:

- 1) the ability to use life insurance benefits tax-free happened 1/1/97 with HIPAA, not 1/1/10. Just the annuity/LTC combo was affected 1/1/10 by the Pension Protection Act of 2006.
- 2) the comment that the life insurance combo is easier to get than traditional and that annuities require no underwriting at all is erroneous. Life insurance is closely underwritten, just like traditional LTCI. Annuity/LTC combos may have less stringent underwriting but there is underwriting definitely.
- 3) my best advice to lower premium is to decrease the benefit period first. Policyholders who lower the daily or monthly benefit may not be able to make up the difference at claim time and spend through their savings quickly. Same with lengthening the waiting period/elimination period.

Based on a 20 year claims study, most people are taken care of with a 3 or 4 year benefit period - Below is look at how long claims are lasting from the Society of Actuaries - consolidated first, then by gender in the lower table.

The best thing policyholders can do today is buy a Long-Term Care Partnership policy. If the insurance isn't enough, they can access Medicaid for unlimited benefits and protect assets equal to the benefits paid out plus what Medicaid allows them to have. Partnerships are in about 40 states. They still have to satisfy the physical or cognitive degree of impairment required by the state in which they are applying for Medicaid, but it's a safety net that gives consumers confidence to buy the plan they can afford, even if it is for a short benefit duration such as two years. This is better for the consumer as he/she gets to be a private-pay patient as long as possible, and the BEST thing for the economy, as Medicaid becomes payer of last resort, not first resort. The best thing is for employers to offer it so most employees can get it with limited underwriting. Some plans offer the limited underwriting to spouses as well, generally working. I'm in the middle of a national tour to train insurance professionals how to help employers offer worksite LTCI plans easily as well as how to help individuals take advantage of the combo plans you mention in your article. <http://www.ltconsultants.com/eblast/2010falltour/>

This is something people can do now and we don't need a new law to pass. We also don't need to test it to see if it works as that has already been done. The Partnership was just expanded nationally by the Deficit Reduction Act of 2005. In the original four states that have been selling P'ship policies for about 20 years, less than 500 policyholders out of about 325,000 have accessed Medicaid...home run, wouldn't you say? Those states are CT, NY, IN and CA. David Guttchen, Director of the CT P'ship is a wealth of information about how the Partnership helps a state budget. I copied him in case you want to contact him for more information.

Half of the claims last less than one year
Two-thirds of claims last less than two years
Three-fourths of claims last less than three years
85% last less than 4 years
90% last less than 5 years

and by gender:

Duration from Incurral Date	Percent Still on Claims		
	Consolidated	Female	Male
30	88.93%	88.72%	89.30%
365	51.58%	52.24%	50.37%
730	35.43%	36.85%	32.91%
1095	24.11%	25.69%	21.34%
1460	15.52%	17.64%	12.03%
1825	10.50%	12.71%	7.09%

(Source: Unpublished research by Barry Koklefsky, FSA, the contributor of claims continuance information in the Society of Actuaries, LTC Experience Committee Intercompany Study 1984-2004, November 2007 available at <http://www.soa.org/research/long-term-care/research-ltc-study-1984.aspx>)

If I can be a resource for you, please don't hesitate to let me know. My bio is attached.

*Phyllis*

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**"Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has." Margaret Mead**