



LTCi e-Seminar Conference Series

Making Recommendations in Today's Market *Mark Randall*



*SOME RESTRICTIONS MAY APPLY
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Welcome!

- Webinar will begin promptly
- Today's slides may be obtained by www.ltcagentsalestools.com
- You can email Mark at
 - markr@goldencareusa.com

No one can predict the future

- Anyone's chance of receiving Long Term Care is either 0 percent or 100 percent
- The length of care received may be above or below the average
- The length of care received may be an extreme at one end or the other

There is no right or wrong answer!

Driving Factors

- Age & Longevity
- Assets & Income
- Desires
- Risk Tolerance

Recommendations can be personal

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Risk: Do We Insure 100%?

- How many of you...
 - Carry a \$2-5M Umbrella?
 - Carry a \$1M Umbrella?
 - Rely on underlying liability limits?

Do we have to insure LTCi risk at 100%?

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LTCi: What Would Cover 100%?

- Daily Benefit equal or greater than local cost
- Lifetime Benefit
- Inflation
- First day cost

Unless inflation is more expensive level of care
Unless costs are higher for other reasons
Unless they need a more expensive level of care
Unless they need 50

As close to 100% of risk as we can sell...

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100% Of Risk Suitable For Some

- Wealthier clients of any age
- Clients very adverse to risk
- Younger clients who can afford premium

But, to many – it makes LTCi unaffordable!

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What about a Five Year Plan? ¹

- Daily Benefit equal or greater than local cost
- 5% Compound Inflation
- First day coverage

**Over 99% with
Shared Care!**

36% Savings – About 97% Risk¹

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¹ Based on data from "How To Right-size Ltc Protection To Match Real LTCi Claims Usage" by Milliman, LTCi Sales Strategies, 12/05, using a 55 year old married person, United of Omaha Assured Solutions Plus

What about a Three Year Plan? ¹

- Daily Benefit equal or greater than local cost
- 5% Compound Inflation
- First day coverage

Over 95% with
Shared Care!

52% Savings – About 89-90% Risk

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¹ Based on data from "How To Right-size Ltc Protection To Match Real LTCi Claims Usage" by Milliman, LTCi Sales Strategies, 12/05, using a 55 year old married person, United of Omaha Assured Solutions Plus

What about a Two Year Plan? ¹

- Daily Benefit equal or greater than local cost
- 5% Compound Inflation
- First day coverage

Almost 90%
with
Shared Care!

58% Savings – About 85-86% Risk

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¹ Based on data from "How To Right-size Ltc Protection To Match Real LTCi Claims Usage" by Milliman, LTCi Sales Strategies, 12/05, using a 55 year old married person, United of Omaha Assured Solutions Plus

Elimination Period¹

- Change to a 90 day facility with first day HHC
 - Drops premium 23% on a 55 year old

Hint: Better concept for larger policies...weaker on smaller policies

Break point normally 18-20 years on lifetime - goes up as policy length shortens

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¹ Example based on a 55 year old married person using United of Omaha's Assured Solutions Plus LTCi policy configured with same benefits as all slides in this presentation.

Inflation¹

- Change to 3% inflation
- Drops premium 47% on a 55 year old

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¹ Example based on a 55 year old married person using United of Omaha's Assured Solutions Plus LTCi policy configured with same benefits as all slides in this presentation.

SNF's

- Independent studies indeed confirm SNFs provide post-acute rehabilitation to dramatically more patients than in the past -- and at a significant savings to the Medicare program.
- A recent United Hospital Fund report, for example, found that the number of patients in New York State staying in a nursing home for less than two months more than tripled from 1996 to 2005. In addition to this rise in short-stay patients, the study further concluded that, "between 1996 and 2005, both long-term residents and short-term patients have become more disabled, and more of them are cognitively impaired."

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SNF Inflation – What It Shows

Producer Price Index Skilled & Intermediate Care Facilities

Year	Dec.	Annual
1994	100.0	
1995	105.9	103.7
1996	111.6	110.0
1997	116.3	114.7
1998	121.4	119.6
1999	126.3	124.1
2000	134.3	131.0
2001	141.6	139.3
2002	145.4	144.6
2003	151.7	149.4

Nursing Care Facilities

2003	100.0	
2004	103.9	102.6
2005	107.3 (P)	106.3(P)

**Average Annualized Increase
4.5% Over 11 Years**

**But with
previous
slide...
Maybe closer
to 2.5 – 3%....
But, be careful
with this one.**

HHC Inflation

Producer Price Index Home Health Care Services

Year	Dec.	Annual
1996	100.0	
1997	106.2	103.3
1998	106.7	106.2
1999	111.0	107.1
2000	112.1	111.1
2001	115.7	114.0
2002	116.1	116.6
2003	119.0	117.0
2004	120.3	119.8
2005	121.7(P)	121.0(P)

***Average Annualized Increase
2.1% Over 9 Years***

**Increasing
usage of HHC
means this is
number that
should be
watched.**

ALF

- Every cost of care study shows 4+⁰% annual increase in costs
- Reality? We're building nicer ALF's
 - The monthly cost of nicer facilities is higher
 - Increasing the average cost
 - Actually, inflation is fairly flat in ALF's

**Or, should this
be considered
inflation?**

AVERAGE INCREASES IN LTC COSTS³

LTC SETTING	9-YR. AVG. CHANGE
Nursing home	
<i>Private room</i>	3.5%
<i>Semi-private room</i>	3.2%
Assisted living facility	4.1%
Home health care aide	1.3%
Adult day care	2.2%

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The 9-year average annual increases are based on a comparison of data gathered from providers from across the country for John Hancock's 2002, 2005, 2008, and 2011 Cost of Care Surveys

Not Trying To Tell You What To Sell...

- But, remember flexibility is the key¹
 - From almost 100% risk coverage to lowest cost plan for a couple at age 55
 - Almost 100% risk coverage: \$5,149
 - Lowest cost plan: \$ 238
 - There's a lot of room in between the two...

Design a plan to fit your client's need...

And affordability!

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Critical Care

Tougher underwriting means more declines and uninsurable prospects. Don't walk away from commission dollars. Turn your declines into gold with Critical Care – the best alternative to LTCi available

- It should pay more claims than a LTCi policy!
- Issuing 98% of LTCi declines
- 5 Question application – 3 day average issue time
- Easy to explain – easy to sell

If you're in LTCi – You need Critical Care

800-842-7799

THANK YOU FOR ATTENDING!

GoldenCare USA ~ 800-842-7799



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