

LTC News

Underwriting Corner: Atrial Fibrillation

By Debbie Kocsis

“A-Fib often causes strokes, Transient Ischemic Attacks, and Congestive Heart Failure.”

Atrial fibrillation, commonly known as A-FIB, is the rapid and irregular contraction of the upper chamber of the heart, which leads to the irregular contraction of the lower chambers of the heart. This causes a drop in cardiac output and may produce the following symptoms: light headedness, syncope, or angina. A-FIB may be intermittent or chronic and may be associated with underlying heart disease such as coronary artery disease and valvular disease. A-FIB often causes strokes, Transient Ischemic Attacks (TIAs), and Congestive Heart Failure.

Treatment may be with medication or with an electrical shock to the heart to restore the regular rhythm. Coumadin is usually prescribed to decrease the risk of blood clot, TIA, or stroke.

A-FIB, as with most medical conditions, is not necessarily uninsurable. To determine the insurability, there are questions that need to be asked of an applicant. Those questions are:

1. What is the current treatment?
2. Has there been any history of congestive heart failure, fainting or falls?
3. Has there been any history of a TIA or multiple TIA's? If so, when?

This information will enable us to determine the insurability of your client. Providing the most accurate information regarding an applicant's health condition will reduce the number of declinations for agents.

1. When was this diagnosed?
2. Has there been a hospitalization for A-FIB within the past year?

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Key to LTC Sales: Help Consumers Face the Need

By Anita Potter and Jennifer Douglas

Those who are actively marketing long term care insurance believe the LTC market is headed for moderate to strong growth.

That finding came from two recent studies by Health Insurance Association of America and LIMRA International.

Why? Although the studies pointed to five different reasons, "need" was the underlying assumption. That is, consumer need will drive this market in the years to come.

Therein lies the problem. The need for LTC insurance now and in the future has never been greater. Historically, however, consumers have been reluctant to purchase the coverage. Is this reluctance simply a matter of lack of awareness and education about LTC, or is it something else altogether? And will need alone spur sales in the future?

To get some answers, it is helpful to understand how consumers view LTC itself as well as LTC insurance issues.

Consumers tend to be quite realistic in their assessment of both their risk of someday needing nursing home or LTC and the financial ramifications such care would entail. The possibility is all too real for people, and they know it.

Even so, many consumers choose to ignore the issues surrounding LTC. Some prefer to bury their heads and hope it will never happen to them. Others either underestimate or do not understand the need for LTC protection.

The reality of today's demographics—the increase in non-traditional families, family members living further apart, and adult children unable or unwilling

to provide the care once taken for granted—has not yet hit home with these individuals.

In addition, many consumers have a false set of beliefs when it comes to LTC costs and funding (AARP, "The Costs of Long Term Care: Public Perceptions Versus Reality," December 2001).

Thus, the difficulty the LTC insurance industry faces is not so much with the product, but in overcoming the denial for the need for LTC insurance.

Most individuals involved in the market agree that one of the barriers to growth has been a lack of consumer knowledge about the product, its features and benefits. Producers report that, because of lack of exposure, knowledge of LTC insurance is very basic—many consumers

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“...many consumers choose to ignore the issues surrounding LTC.”

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still think of it as nursing home insurance.

Many consumers are unaware, or only have a vague understanding, that LTC can be provided in an assisted care facility, adult day care center, or at home, and that the care need not be provided by a licensed professional.

To date, emphasis has been lacking on home health care features and the ability of individuals to stay independent. Historically, much of the discussion has centered on institutionalized care. Further, many consumers do not understand the services they are purchasing or can purchase.

Another popular misconception is that people tend to overestimate the true cost of LTC insurance. In some cases, consumers grossly overestimated the cost of premiums.

In a recent set of LIMRA focus groups, for example, consumers were presented with a typical, basic policy for a 60-year-old and asked how much they thought this policy would cost. More often than not, participants estimated five to 10 times a policy's actual cost.

Many of these cost perceptions can be directly linked to the economic value consumers place on LTC insurance. Most consumers do not understand the value of what they are purchasing. They are confronted with the question "Is the value I derive from the coverage worth the cost?"

Without a better understanding

of just exactly what it is they are purchasing, the answer tends to be "no."

Many producers active in this market believe it is necessary to illustrate the cost comparisons between LTC insurance and the cost of care over time. As one producer in a LIMRA focus group said:

"Something else I've found that helps them become more comfortable with it is that once they understand it is not necessarily an all-or-nothing deal, the discussion point becomes how much of the risk do they want to transfer to the insurance company. And then it becomes not a yes or no, but where along the spectrum do you want to transfer the risk."

Most experts agree that the key to growth in this market is educating consumers about what LTC insurance is, what it covers, what it costs, how it works at claim time, and how it works to protect assets.

However, they also agree that there is a delicate balance between creating informed buyers and overwhelming them. Too much information will scare off the consumer.

Another challenge the industry faces is in positioning LTC protection appropriately. As mentioned previously, too many consumers view this insurance as a nursing home policy or old people insurance. And unfortunately, that view often contradicts their own view of being healthy, physically active, older adults. That view can also conjure up negative connotations, such as helplessness, loss of dignity, and quality of care issues, for consumers--

three issues consumers would prefer not to dwell on.

One pre-retiree in a LIMRA consumer focus group summarized it this way:

"Just the very idea of being there; the costs involved; how it degrades a person. Its like you're in there and you never get out. I don't care how they sugarcoat it, once a person gets into that situation, that's it. They're there for the remainder, whatever that is."

Thus, it would be more prudent to position LTC insurance as a financial product--a retirement tool or an estate-planning vehicle--rather than "just" a health product.

By balancing the products health component with other financial planning components, producers can place more emphasis on the psychological and financial benefits of the coverage, such as protecting ones assets from the ever-increasing costs of LTC services or having a sense of independence and control.

Producers we have spoken with describe LTC insurance as an emotional sale, more so than any other product.

Indeed, many producers active in this market feel that even a limited awareness of the various care options available, the financial outlays required for LTC, and the wear-and-tear on those involved with the care is typically enough to firmly establish need for the product in the eyes of consumers.

Source: www.nationalunderwriter.com

Six Reasons People Buy LTC Insurance

- They don't want to burden their children or family.
- They want to protect their home and assets.
- They want to have access to quality long term care.
- They want to avoid going on Medicaid.
- They want to have peace of mind.
- They want to have control and independence.

"...there is a delicate balance between creating informed buyers and overwhelming them."

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Does LTCI Make a Difference?

Absolutely! But according to the findings of a just-published national study, primary beneficiaries are caregivers-especially those who are family members.

The following are some conclusions reported in the MetLife Study of Employed Caregivers, published March 2001. The research isolated the effect of long-term care insurance from other important influences on family caregiving. Care was be-

ing provided for individuals 65 and older who were living in the community and had at least two ADLs or who were cognitively impaired.

Twice as likely to remain working
"Those caring for disabled elders with long-term care insurance are nearly two times as likely to stay in the workforce than are those caring for non-insured disabled individuals."

More quality time spent
"...working caregivers of those with long-term care insurance devote more "quality time"- more compassionate and less hands-on assistance with basic living services than those without."

Less stress
"Long-term care insurance can reduce certain "social" stresses among working caregivers."

Source: Sales Strategies