



Alternate Plans of Care

Unlocking Doors for Win-Win Results

2006 LTC International Forum

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Today's Discussion:

- ◆ APOC Philosophies – “the spectrum”
- ◆ Other terms – “AKAs”
- ◆ Relevant changes in the LTC dynamic
- ◆ APOC dissection
- ◆ Contract language examples
- ◆ Most commonly seen requests
- ◆ Recommendations on building APOCs
- ◆ Recommendations on administration of APOCs
- ◆ Q&A



Beliefs / Philosophies / Myths

- ◆ If ‘its’ not spelled-out in the contract, ‘its’ not open for discussion...
- ◆ If we allow ‘it’ for one, we’ll have to allow ‘it’ for all...
- ◆ It makes sense to allow ‘it’ in this case...
- ◆ This is just like the case we had when we agreed to ‘it’...
- ◆ This would be a good case for ‘it’- if they asked...
- ◆ Maybe we should ask if they would consider ‘it’?
- ◆ Let’s review all cases to see if ‘it’ makes sense...



Alternate Plan of Care “Aliases”

... ‘it’ is AKA:

- ◆ Supplemental Care Benefit
- ◆ Supplementary Benefit
- ◆ Extra-contractual Clause (or Agreement)
- ◆ Alternate Care Benefit
- ◆ Supplementary Service Plan
- ◆ Administrative Alternative Agreement
- ◆ Expanded Guideline Provision*



Why the Interest – What’s Changed?

- ◆ Maturing blocks of business = more claims on older products – *the world changed but the “rules” didn’t* – older contracts can’t accommodate certain scenarios;
- ◆ Claimant-becomes-customer = low-touch morphs to high-touch – higher demands and expectations;
- ◆ Portfolio growth/product development = highly technical & variable environments - lots to track, administer and ‘get-right’ with (usually) little technology to assist;
- ◆ Policyholder base expansion = more demand on infrastructure and support services.



Have Policyholders Changed?

- ◆ Early ph expectations minimal:
 - Premium Billing & collections
 - Occasional plan change / bio
 - Few reasons to have follow up contact
- ◆ Today, frequent & important touch points
 - Mobile – frequent address changes
 - Adjusting plans and portfolios
 - Additional required touch points (3rd-party desig.)
 - Frequent in-bound inquiries – folks *expect* to use this coverage



Have Claimants Changed?

- ◆ '80s / '90s – ‘low touch’
 - Infrequent contact with claimant
 - More likely to be SNF based – more impaired
 - ‘Simpler’ administration - indemnity models
- ◆ '90s / '00s – ‘high touch’
 - Claimant frequently initiates claim
 - Opportunities for intervention/partnering
 - Monthly contact on payment reconciliation
 - Multiple claim events over several years

High Expectations / Demands

Delivery on the Promise

“AAA”

Service Delivery

- ◆ Access
 - Easy to reach
 - Knowledgeable staff
- ◆ Assurance
 - Sense of urgency
 - “...we can help you with this...”
 - Clear “next steps”
- ◆ Action
 - “Product Delivery”
 - Follow up, follow through





Components of APOC Language

- ◆ Assume basic eligibility criteria met
- ◆ Request must be made for consideration
- ◆ APOC agreements are ‘prospective’
- ◆ All parties must be in agreement
- ◆ Plan may include restrictions/limitations
- ◆ Plan may be reviewed/renewed annually
- ◆ Plan may be discontinued at client request
- ◆ Policy rules apply after APOC ends

“APOC” – Example 1

- ◆ Once all of the conditions of the Eligibility For The Payment Of Benefits have been met, the insured may request an *Alternate Plan of Care*. If We agree, We will pay benefits in accordance with the *Alternate Plan of Care*.
- ◆ An *Alternate Plan of Care* may prescribe the use of facilities, providers or other items not otherwise covered by the Policy such as:
 - Additional equipment;
 - Additional home safety devices;
 - Stays in other types of facilities.





Example 1 (cont'd)

◆ The following additional terms apply under this Benefit:

- Except as We expressly agree in the *Alternate Plan of Care*, the rights of the insured and Ours will be governed by all of the Policy terms;
- All of the benefits We agree to pay under the *Alternate Plan of Care* must be for Qualified Long-Term Care Services as defined in Internal Revenue Code Section 7702B(c); and
- We may agree only for a set period of time (for example, one year). At the end of that period of time, the *Alternate Plan of Care* will end unless We agree to renew it. The insured may terminate an *Alternate Plan of Care* at any time, by giving Us at least (15) days advance written notice of the termination.



Example 1 (cont'd)

- ◆ After an *Alternate Plan of Care* terminates, We will resume paying benefits for *Eligible Charges* incurred in accordance with all of the terms of the Policy.
- ◆ *Alternate Plans of Care* are necessarily unique to each insured, and We reserve the right to decline to agree to any such request, or to any proposed term of an *Alternate Plan of Care*, but We will consider all requests for an *Alternate Plan of Care* on a non-discriminatory basis.



“SPC” – Example 2

- ◆ We will pay the Prevailing Expenses you incur for care, treatment, services, supplies or other items you receive in accordance with a Supplementary Care Plan.
- ◆ Any plan may be adopted as a (SCP) as long as: it clearly specifies the benefits to be payable; and is mutually agreeable to you, your Doctor and us as a cost effective alternative to Benefits otherwise covered by the policy. Benefits are not payable for any expenses incurred prior to the date of mutual agreement.
- ◆ Agreement to participate in a (SCP) will not waive any of the rights you or we have under the policy.



Example 2 (cont'd)

- ◆ Supplementary Care Plan Examples: A (SCP) may call for the use of providers, facilities or supports not otherwise covered by the policy or this rider. Examples include, but are not limited to:
 - In-home safety devices.
 - Home delivered meals.
 - Stays in other types of facilities
 - Additional Equipment Benefits.



Example 2 – cont'd

In all other respects the definitions, exclusions and limitations, and all other provisions and conditions of the policy apply to this rider and remain the same.



Most Popular APOC Requests

- ◆ Care provider alternatives in remote areas (licensure issues)
- ◆ Extension of home care via NH pool
- ◆ Extension of informal care benefits
- ◆ Accommodation for alternative settings
- ◆ Special home modifications
- ◆ Unique treatment modalities/settings



Suggestions for Building APOCs

- ◆ Be very clear on setting expectations
- ◆ Explore reasons/motivations for the request
- ◆ Include clinical resources on both sides
- ◆ Negotiating aspects of the plan is common
- ◆ Look for the “win/win” opportunities – not all APOCs
- ◆ Clearly outline the plan in writing and request sign-off – document all components
- ◆ Set clear guidelines for plan renewal



Suggestions for Administering APOCs

- ◆ Establish a clear corporate “philosophy” – where are you on the “it” continuum?
- ◆ Include multiple internal resources:
 - Establish an APOC Committee
 - Include various disciplines
- ◆ Maintain historic documentation to guide consistency for similarly-situated insureds
- ◆ Track outcome by regularly reviewing claim
- ◆ Make adjustments as needed – revert to standard provisions when plan is no longer of benefit



Expanded Guidelines / Administrative Alternatives

- ◆ Uniform liberalization to a specific contract provision
- ◆ Very specific & targeted focus
- ◆ Clearly states effective date for change
- ◆ Otherwise subject to all provisions of policy
- ◆ Must be clearly evaluated and signed-off by all internal parties
- ◆ Be willing to “live with it” for the long haul



Q & A