

THE TIMES  
THEY ARE  
A-CHANGIN'  
BOB  
DYLAN

THE LONESOME DEATH OF HATTIE CARROLL  
BOOTS OF SPANISH LEATHER  
RESTLESS FAREWELL / WITH GOD ON OUR SIDE  
THE TIMES THEY ARE A-CHANGIN'  
ONLY A PAWN IN THEIR GAME  
WHEN THE SHIP COMES IN / ONE TOO MANY MORNINGS  
BALLAD OF HOLLIS BROWN / NORTH COUNTRY BLUES

# LTCIF

“A new world is coming for  
Underwriting & Claims  
Assessments”

LTCIF, May 4, 2007

# The Times They are A-Changin

**OLD**



**NEW**



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**OLD**



**NEW**



# The Times They are A-Changin

**OLD**



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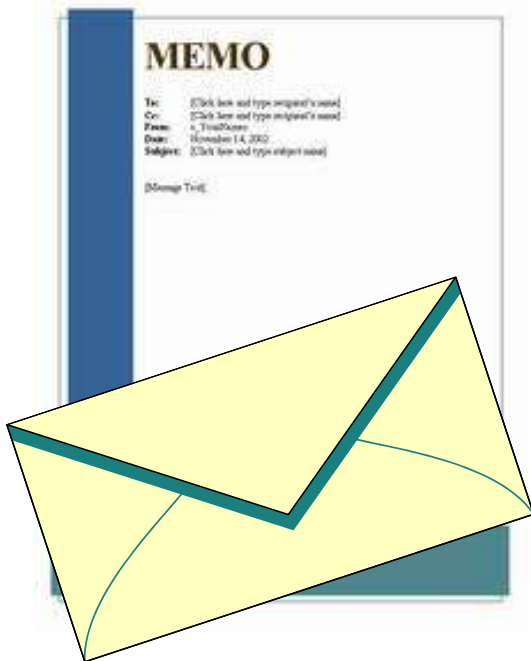


**NEW**

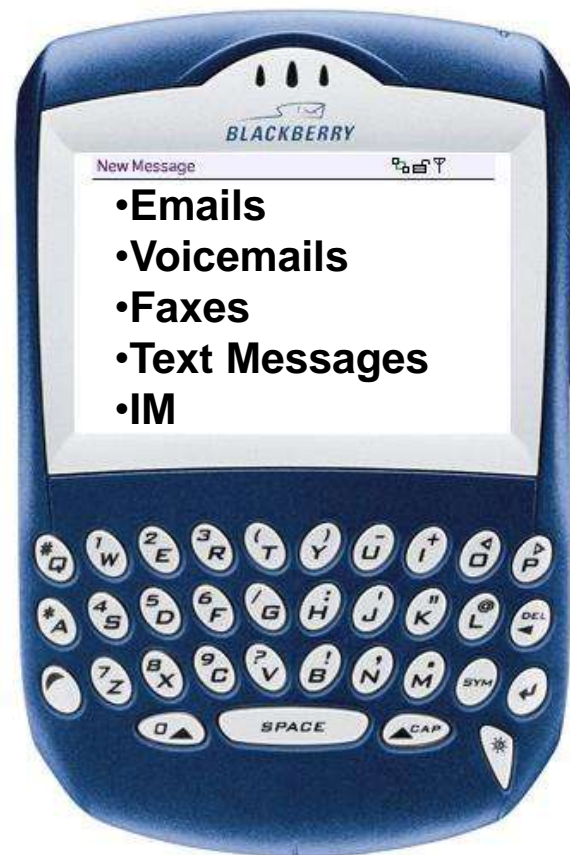


# The Times They are A-Changin

## OLD



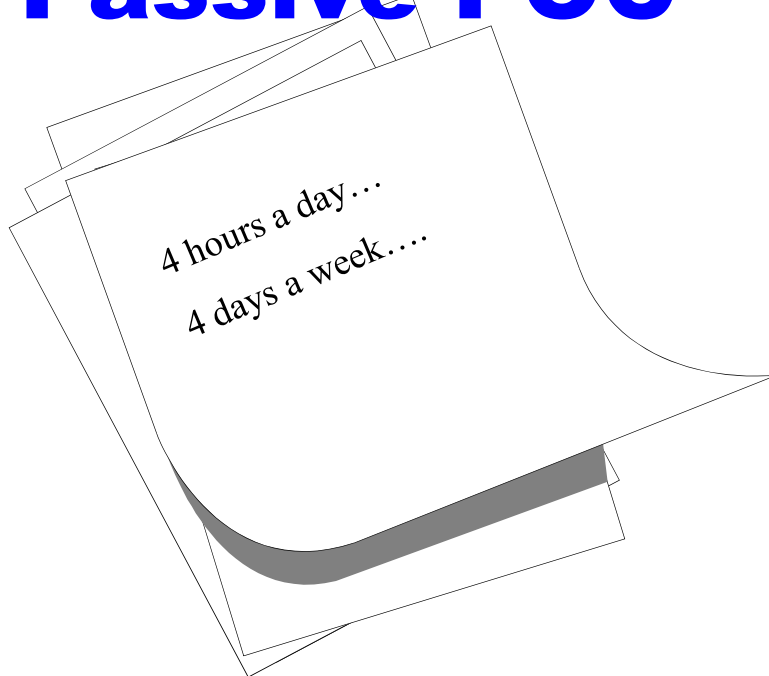
## NEW



# The Times They are A-Changin

**OLD**

**Passive POC**



**NEW**

**Actively  
Managed POC**



# The Times They are A-Changin

**OLD**

**NEW**

LTC Policy

Life Policy →

Combo Policy

Annuity Policy

# The Times They are A-Changin

## OLD

**Average LTC Applicant  
72 years old**



## NEW

**Average LTC Applicant  
55 years old**



# AGENDA

1. Change in types of information & collection methods for Underwriting –  
Cam Cook
2. Uses of Underwriting information for both new types of information and new uses for old types of information –  
Dr. David Engleking
3. Changes in Claims Assessments & how the information can be used –  
Mary Ann Wilkinson

# Three Generations of Underwriting

- 1980's – mid 1990's
  - “adapted” models from Life or Health
- Mid 1990's – mid 2000's
  - 1<sup>st</sup> LTC Model (Cog. testing, on site assessments, etc.) stable by late 1990's with little variation between companies.
- Now in early stage of next revolution.
  - Some “on the way” already
  - Some “thinking about it”
  - Some unaware

# Drivers of Change

## Need For:

- Greater Predictive Capability (longer select period).
- More Accuracy (rate stability).
- Faster Service (24/7 and “Now” world).
- Blending Effect of Combo Products and Non Traditional LTC Distribution.
- Stronger Sentinel Effect.
- Greater Segmentation by Age and Market.
- Response to Environmental/Social Pressures.

# How Can We Achieve These Needs?

# Better Predictability

(longer select period)

- Admit we're predicting not just looking back.
- More focus on underlying factors. Identify symptoms, diseases and risk factors causing traditional direct causes of claim.

## Examples:

- Dementia – F.H., head injury
- Stroke – Metabolic Syndrome, CAD, PAD, Build
- Fractures – Fall risk (meds, frailty, etc.)
- More Science – Less Art
- Closer to “Life” Model

# Greater Accuracy

- Tighter Questions on Apps, Interviews & Assessments.
  - Less room for interpretation by questioner or applicant
- Add more questions on symptoms. Don't rely on diagnosis and treatment. Specific & non specific.
- More use of objective and measurable tests rather than just subjective observation and history.
  - Blood, urine or oral fluids
  - EKG, TM EKG, CXR
  - TGUG, lung function, grip strength
  - Databases (RX, MIB, DMV)
  - Reflexive interviews or tests
- More Science – Less Art

**Work with Actuaries to do  
Cost / Benefit Studies to  
Justify Higher UW  
Expenses in Product  
Assumptions.  
(as needed)**

# Faster Service

- Use Databases and Reflexive Testing & questions to target information collection to only necessary risks.
- Maximize evidence types that allow electronic ordering and receipt
- Limit use of Medical Record at median ages (perhaps 40-65) to “For Cause” situations.

# Blending Effect of Combo Products & Non Traditional Distribution

- Marketers are more comfortable with processes they are familiar with.
- Non traditional marketers are more familiar with Life than LTC Underwriters.
- Life dwarfs LTC. Why swim against the current?
- If we want to grow we need to more closely mirror new distributors processes!

# What do we need from our Vendor Partners?

- Capacity to obtain samples (blood, etc.) and perform simple tests on a mobile basis.
- Centralized sites to complete tests requiring more expensive equipment for sophisticated tester capability.
- Ability to automatically obtain information on a reflexive basis (needs wide array of integrated services or strategic partners).

# What do we need from our Vendor Partners?

- Recognize LTC Risk is moving into Life UW and vice versa.
- Look into the FUTURE both with and for us.
- Be Flexible and Proactive.
- Increase role/capability as Risk Assessment Advisors.

# What do LTC Underwriters need to do?

- Embrace Change!
- Be Leaders!
- Adapt and drive changes based on your organization's future needs.
- Anyone open to an LTC Underwriting "Study Group"?

# CHADS: Quantifying Stroke Risk in Atrial Fibrillation

Dr. David W. Engleking

# Atrial Fibrillation

- Atrial Fibrillation is the most common clinical cardiac arrhythmia.
- It increases with age going from 1% at <65 to nearly 10% at age 80.

# Stroke Risk

- Stroke risk is 5% in Atrial Fibrillation; strongest cardiovascular risk factor for stroke.
- The risk is several fold (2 to 7x) greater than those without Atrial Fibrillation.

# CHADS

Atrial Fibrillation induced stroke risk varies based on associated comorbidities.

**C** – congestive heart failure

**H** – hypertension

**A** – age >75

**D** – diabetes

**S** – stroke in past

CHADS is scored by allotting 1 point for each comorbidity except 2 points for stroke.

# NRAF Validation Study: Stratified by CHADS Score

JAMA 2001, 285; 2867

Gage, Waterman, Shannon, Rich & Radford

CHADS Score	% of Study Population	% of Stroke Population	Adjusted Rate
0 pts	120/1733	2/94	1.9 X
1 pts	463/1733	17/94	2.8 X
2 pts	523/1733	23/94	4.0 X
3 pts	337/1733	25/94	5.9 X
4 pts	220/1733	19/24	8.5 X
5 pts	65/1733	6/94	12.5 X
6 pts	5/1733	2/94	18.2 X

# Metabolic Syndrome (Syndrome X – Circa 1988)

Dr. David W. Engleking

# Metabolic Syndrome is defined as any three of the following:

- Abdominal obesity in 39% of adults
- Dyslipidemia (low HDL; high triglycerides) in 37% of adults
- Hypertension in 34% of adults
- Prediabetes (glucose intolerance) in 13% of adults

## Metabolic Syndrome will be the leading cause of morbidity/mortality in the next decade.

- Overtake traditional risk factors of smoking, cholesterol
  - 50% reduction in smoking in last 25 years
- Account for 24% of population – 47 million adults in the US
  - Resulting from marked increase (60%) in obesity over last 15 yrs
    - 56% of US population now overweight; 20% obese
- CVD incidence doubles; DM incidence increases 4 fold

# **Metabolic Syndrome is caused by insulin resistance from decreased sensitivity by cells**

- Obesity is the principal causative factor.

# Diagnostic Metrics

- Waist circumference  $>40$  in men;  $>35$  in women
- HDL  $<40$  in men;  $<50$  in women
- Triglyceride levels  $>150$
- Blood pressure  $>130/85$
- Glucose levels  $>100$  mg%; HbA1c  $>5\%$
- C-Reactive Protein levels greater than 3 mg/L
- Prothrombotic factors

# Assessing Frailty

## The Value of the “Timed Get Up & Go Test” (TGUG)

Dr. David W. Engleking

# Frailty is defined as any three of the following five factors:

- 1) Slowness of movement
- 2) Inactivity
- 3) Decreased muscle strength
- 4) Generalized fatigue
- 5) Weight loss/shrinkage

# Frailty when present has the following effects:

- 1) Increases ADL dependency by 2.2 times
- 2) Increases likelihood of hospitalization
- 3) Increases likelihood of LTC stays

# **Challenge in evaluating frailty is subjectivity with regards to most of the five factors**

- 1) TGUG is one of a few objective, measurable tests

# TGUG has value in the following:

- 1) Poor performance as an underwriting criterion for denial &/or rating
- 2) ALF's already use a variation of the TGUG to determine eligibility
- 3) Potential proactive claims management tool in association with rehab

# TGUG interpretation for a 3 meter roundtrip walk starting from a sitting position

- 1) Less than 10 seconds represents normal mobility
- 2) 10 to 30 seconds represents variable mobility
- 3) Greater than 30 seconds represents abnormal mobility

# Caveats to remember with the TGUG

- 1) Use of assistive devices should be standardized
- 2) More than one component is being evaluated (standing, walking & turning)

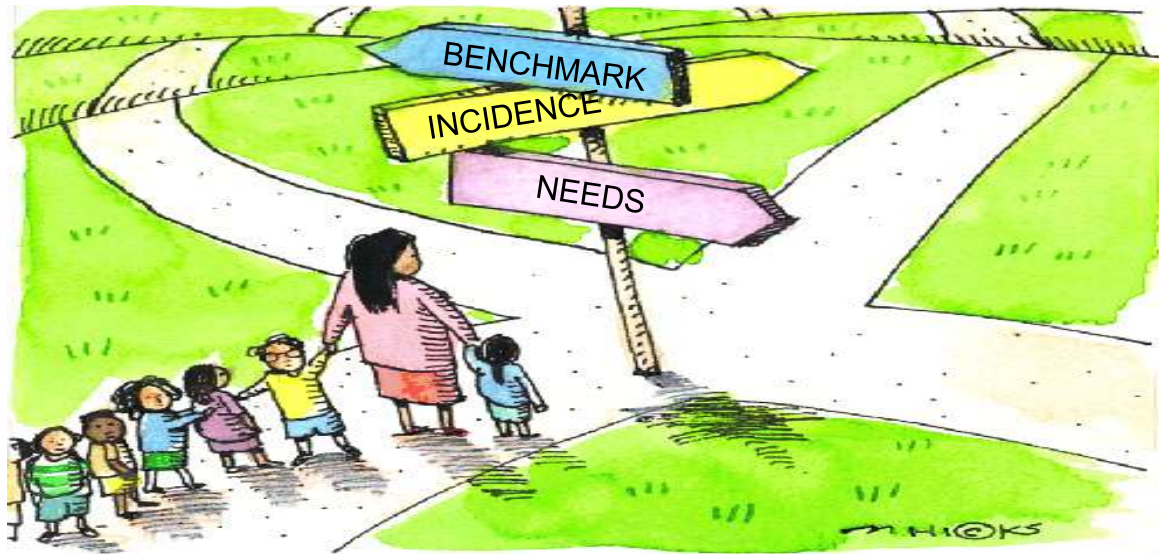
# Expanded Timed Get Up & Go (ETGUG)

- 1) Split times for each of the individual components of the TGUG
- 2) Provides opportunity to tailor therapies to specific functional deficits

# Claims On Site Assessment

Mary Ann Wilkinson

# CLAIMS ON SITE ASSESSMENTS



What is your risk management path for claims?

# CLAIMS ON SITE ASSESSMENTS

- Incidence Based
  - Determine initial benefit eligibility
  - Policyholder self directs care services and claim duration

# CLAIMS ON SITE ASSESSMENTS

- Benchmark Based
  - Determine initial benefit eligibility
  - Establish a plan of service
  - Assign a claim duration based on acuity level

# CLAIMS ON SITE ASSESSMENTS

- Needs Based

- Determine initial benefit eligibility

- Active involvement with policyholder and their physician in:

- Providing type of service provider needed to achieve goals
    - Providing the frequency of services required to meet identified needs
    - Providing services until goals achieved

# QUESTIONS