



# **BASIC LTC UNDERWRITING**

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**Presenters:**

**Norm Kono, Transamerica LTC**

**Todd Armstrong, PennTreaty**

**Pam Kreager, LTCG**

# LTC Underwriting

## Broad overview

### **Job of the LTC Underwriter:**

- Know the risks associated with the need for LTC services.**
- Be aware of Adverse selection.**
- Evaluate the risk and determine if applicant eligible for coverage.**



# What Factors do we Evaluate?

- **Current Health status (physical)**
- **Past Health history**
- **Cognitive Status**
- **Activity Level**
- **Living Situation**



# How Do we Evaluate the risk?

- **Typical underwriting Tools:**
  - **Insurance Application**
  - **Applicant Interview**
  - **Medical Records(APS)**
  - **Others?**



# Purpose of Application

- **Determine the insurability of applicant**
- **Contains applicant signature**
- **Reviewed at time of early claim for Potential rescission/ contestability review of policy**
- **Provide authorization for medical records**
- **Determine type of policy requested**



# Application Types

- **Group Applications: Completed and submitted by the individual applicant**
  - Enrollment Forms
  - Short Form
  - Long Form
- **Individual Applications: Completed and submitted by the agent or representative**



# Enrollment Form Application

- **Typically used for actively at work employees in a group setting**
- **Guaranteed Issue if meet eligibility requirements**
- **May have 2-3 auto decline or “knock out” questions**



# Short Form Application

- **Height and Weight**
- **Current use of “Hands-On” assistance**
- **Use of Nursing Home Care, Home Health Care or Adult Day Care Services**
- **Specific uninsurable medical conditions**
- **Use of assistive devices**
- **Smoking**

# Long Form Application

- **All information from the short form application ...PLUS**
- **Medications, including dosage, frequency, date started, reason**
- **Assistance with IADL's**
- **Provider services (Hospital, ER, etc)**
- **Specific medical conditions**
- **Physician information**



# Individual Agent Application

- **Typically a long form application for all applicants, all ages and work status**
- **Often is more detailed than a group application in an attempt to assist underwriting to obtain as much information as possible**
- **May have more options for benefit selection (Plan Type, MDB, EP)**



# The Applicant Interview

- **Why Is it important ?**
  - **Confirm Information on Application**
    - Non - Risk related Information
    - Risk related information
  - **Evaluate Cognitive Status**



# The Applicant Interview

- **When is it Important ?**
  - **Certain Benefit amounts ?**
  - **Certain Ages ?**
  - **ALL Applicants !!**

# Two Basic Types of Interviews

- **Telephonic Interview (PHI)**
- **Face to face (Paramed)**

# Telephonic Interview (PHI)

- Advantages:
  - Easy to obtain
  - Objective interviewer
  - Quick turn around time
  - Control of Information
  - Ability to assess cognitive status
  - Inexpensive (in house vs. outsource)
  - Applicant comfort level

# Telephonic Interview (PHI)

- Disadvantages:
  - Limited Detail
  - Possibility of unreliable information
  - Hearing problems
  - Applicant Comfort Level

# Face to face (Paramed)

- Advantages:
  - Objective Interviewer
  - Benefit of examiner's observations
  - Relatively quick turn around
  - Control of information
  - Ability to assess cognitive status (more choices)
  - Hearing difficulties much less of a factor
  - Reliability of Information

# Face to Face (Paramed)

- Disadvantages:
  - Limited detail
  - Possibility of unreliable information
  - Some loss of control (outside vendor)
  - Expense
  - Applicant Comfort Level

# Medical Records/ A P S

- **Why A P S?**
- **How?**
  - In House
  - Outsource
- **Needed?**



# Medical Record

- **A chronological written account**
  - **Patient's initial complaints and medical history**
  - **Physician's physical findings**
  - **Results of diagnostic tests/procedures**
  - **Any therapeutic medications/procedures**



# SOAP

- **Subjective**
- **Objective**
- **Assessment**
- **Plan**



# A P S

- **Short**
- **Summary**
- **Subjective**
- **Specific, but ...**



# Between the lines

- **A copy of the patient's chart provides**
  - **Symptoms, often in the patient's own words (not what they want an ins co to hear)**
  - **Helpful little notes:**
    - **Call daughter to advise next appointment**
    - **Wife says he has been forgetting things lately**
    - **Copy sent to (names of LTCI companies, dates)**

# How much history?

- **How much admitted?**
  - Short app
  - Detailed app
- **How old is the applicant?**
  - Senior
  - Working
- **How much risk?**
  - Lifetime
  - Big bucks, short elimination

# How much history?

- **What else are you getting?**
  - **MIB**
  - **Rx**
  - **On-site assessment**

# Who will do it?

- **In House**

- **Control**

- Cost
    - Follow up
    - Tracking (status)

- **Customization**

- **Outsource**

- **Expertise**

- Volume
    - Knows  
doctor/clinic

- **Cost**



# If Outsource

- **Time Service**
  - **Commitment**
  - **Reports**
- **Price**
- **Customer Service**

# Either way

- **Field ordering**
- **Receive**
  - Paper
  - Image
- **Status**
  - Internet
  - Customer service desk



# Little Things

- **Special authorizations**
- **Copy services**
- **Kaiser, VA, Mayo Clinic, etc.**
- **Agent pickup**

# More Little Things...

- **How much should you pay?**
  - **When the doctor wants \$200?**
- **How long should you wait?**
- **How many doctors should you write to?**
  - **Do you need the report from the cardiologist? The oncologist? Lab reports?**



# The Biggest Little Thing

- **Do you really need the APS at all?**
  - **Personal history interview**
  - **On site assessment**
  - **MIB**
  - **Rx**

# In Summary

- **Medical Records are:**
  - The best, most complete source of history
- **You can**
  - Do it yourself
  - Find a good service partner
- **You must**
  - Decide the when, who, how, timing, etc.
- **Look out!**
  - Privacy laws