2020 Milliman LTCI Survey

PRODUCT EXHIBIT DETAILS

This section describes, row-by-row, information in the product exhibit. Because many features cannot be fully described in limited space or may vary by state, please contact insurers (see row 55) for more information.

Please note that, during the COVID-19 crisis, some insurers have temporarily discontinued sales that would require face-to-face interviews. Our Exhibit ignores such temporary restrictions.

The abbreviations in the exhibit (other than abbreviations of state names) are defined in Table 28.

Company Name (rows 1 and 53) lists participating insurers in alphabetical order across the top of the exhibit. Each insurer may display as many as three products.

Product Type (row 2) distinguishes between comprehensive, home-care-only and facility-only products, indicating if the product is limited to work-site sales. In rows 2, 52, and 105, we identify two insurers offering facility-only coverage. No insurers offer home-care-only. One product is listed as "work-site" and rows 83-85 describe employer discounts for two other insurers.

A "Facility Only" entry in other rows means the row is irrelevant for that product.

Product Marketing Name (rows 3 and 54) is the product's common brand name.

Product Form Number (row 4) is generic. It may vary by state.

Year First Individual LTCI Product Offered (row 5) is the year the insurer first offered individual LTCI coverage.

Year Current LTCI Product Was Priced (row 6) is the year the current product was most recently priced.

Jurisdictions LTCI Available (row 7) generally shows jurisdictions where the insurer sells, or intends to sell, LTCI. A displayed product **may not be available** in all jurisdictions. In some states, the insurer may sell through an affiliate (such as a New York company), which might have different product design.

State Partnerships (row 8) identifies the number of state Partnerships in which the insurer participated as of January 1, 2020, and specifically identifies any of the origi-

TABLE 28. DESCRIPTION OF ABBREVIATIONS USED IN THE POLICY EXHIBIT

Abbreviation	Meaning
Amt(s)	Amount(s)
APC	Alternate Plan of Care
App(s)	Applications
Avail	Available
BIO	Benefit Increase Option (Inflation Protection)
BP	Benefit Period
Cal	Calendar
CBIO	Compound Benefit Increase Option (Inflation Protection)
Clm	Claim
Coord	Coordination
CPI	Consumer Price Index
CPI-U	Consumer Price Index for All Urban Consumers
DB	Data Base
DC	District of Columbia
'ee(s)	Employee(s)
EP	Elimination Period
Extra $	This Feature Costs Extra
FC	Facility Care
FPO	Future Purchase Option
HC	Home Care or 1 day of Home Care
HC 25%/1 Yr	Home Care up to 25% of Nursing Home Benefit for Maximum of 1 Year
HCA	Home Care Agency
HCBC	Home & Community-Based Care (e.g., Adult Day Care)
HCO	Home care only (no facility coverage)
IF	In force business
ILO	In lieu of
Incr	Increase/Increasing
IR	Independent Review (Of Claims)
Jt WP	Joint Waiver of Premium
K; KK	One Thousand; One Million
LT	Lifetime Benefit or Lifetime Benefit Period
LTC	Long-Term Care
LTCI	Long-Term Care Insurance
Max	Maximum
MDB	Maximum Daily Benefit
MGI	Modified Guaranteed Issue
MMB	Maximum Monthly Benefit
Mo(s)	Month(s)
NA	Not applicable
NH	Nursing Home
NH 75% /4 Yrs	75% of Nursing Home Benefit for Maximum of 4 Years
NTQ	Non Tax-Qualified
PAC	Pre-Authorized Check
Pfd	Preferred Risk Class
Prem(s)	Premium(s)
PR	Puerto Rico
Reimb	Reimbursement
Reqt	Requirement
SSTD	Substandard Risk Class
SUW	"Simplified Underwriting" (Fewer-Than-Normal Health Questions)
Svc	Service
To 2x	Until the Benefit Doubles
TQ	Tax-Qualified
UK	United Kingdom
US	United States of America
UW	Underwriting
WP	Waiver of Premium
w/	With
x, 2x	Times, Two Times
Yr(s)	Year(s)
$	Money (Premium)
<	Less Than (e.g., "<70" may mean less than age 70)
>	Greater Than

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nal four state partnerships (CA, CT, IN and NY) in which the insurer participates.

Financial Ratings & Ranking (rows 9-14) lists each company's ratings from the four major rating agencies (A. M. Best, S & P, Moody's, and Fitch) as of December 31, 2019. Line 14 shows Ebix's COMDEX ranking as of May 1, 2020.

The COMDEX ranking is from VitalSigns, a publication of EbixLife, Inc. EbixLife converts each company's A.M. Best, Standard & Poor's, Moody's, and Fitch ratings into a percentile ranking. For insurers rated by at least two of these rating agencies, EbixLife produces a COMDEX ranking by averaging that insurer's percentile rankings.

The COMDEX ranking has two key advantages: it combines the evaluations of several rating agencies and its percentile ranking makes it easier to understand how a company compares to its peers.

Financials (rows 15-18) reflect the insurer's statutory assets and its statutory capital and surplus (in millions) at year-end 2019, and the percentage changes from the previous year. These figures include neither assets nor surplus of related companies that don't sell LTCI or assets under management.

LTCI Premiums (rows 19-22) lists the annualized premiums (in millions) of policies sold in 2019 and, separately, of policies in-force on December 31, 2019 and percentage changes from the previous year.

LTCI Lives Insured (rows 23-26) shows the number of lives covered by new policies and by year-end in-force policies, as well as year-to-year percentage changes.

Product Ranges and EP Terms (rows 27-34) shows issue age, daily benefit, benefit period (BP) and elimination period (EP) ranges and how the EP works.

Issue Age Range shows that only one participant issues LTCI to people age 80 or older. Three companies will not issue individual coverage to people below age 30.

Daily, Weekly or Monthly Benefit Range shows the minimum and maximum policy size at issue. The range is shown on a weekly or monthly basis if home care, ALF care and facility care are always sold on that basis.

Benefit Period (BP). One participant offers an endless (lifetime) benefit period, one offers a 10-year benefit period and one offers a one-year benefit period.

Elimination Period (EP). Cumulative EPs can be satisfied in stages, which is generally meaningful only for EPs longer than 90 days. For example, if you have a 180-day EP and need qualified care for 100 days, and then recover, your remaining EP is 80 days under a cumulative EP. However, if you need care for fewer than 90 days, insurers typically do not credit such days against the elimination period. A vanishing EP means the EP needs to be satisfied only once. One participant does not have a cumulative EP, but all have vanishing EPs.

A calendar-day EP costs more than an otherwise identical service-day EP, but has the following advantages:

- Clarity. Even if clients understand, at issue, that only service-days retire the EP (e.g., if they get care three days/week, a 90-day EP will end after 30 weeks), they may forget by the time they go on claim. A calendar-day EP can reduce the risk of disputes. ("After first expense" means the insurer, in order to have a clear starting point, does not count calendar days until there has been a paid day of care. Families might be upset if, after providing care for 90 days, they learn that they have satisfied not a single day of a "calendar-day" EP.) Only one participant offers calendar-day EP without requiring a paid day to start.
- Flexibility. It is hard to predict future family finances, status and preferences. A calendar-day EP allows the family to satisfy the EP with family/informal care that would not satisfy a service-day EP.

Row 34 indicates whether the insurer offers a shorter elimination period for home care and indicates if home care service days count toward ("retire") the elimination period for facilities.

Product Benefits (rows 35-45). Row 36 indicates whether independent EPs or benefit periods apply based on venue.

Row 37 shows that one insurer offers an alternative to accept a lower benefit that does not require a commercial cost. For example, if a caregiver is a teacher and can provide all the care needed during the summer, the client might use such a benefit at that time but switch back to reimbursement benefits during the school year. The unused benefit during the summer extends the benefit period.

Row 38 shows that two insurers offer, at additional cost, to pay a disability benefit *in addition* to the normal reimbursement benefit.

Row 39 shows how home care benefits are determined. Monthly (or weekly) determination permits unused benefits on low-cost days to apply toward high-cost days. Five insurers offer a product which automatically has weekly or monthly determination, two offer it only as an option and one does not offer monthly determination.

Rows 40 and 41 indicate the ratio of the maximum daily benefit for assisted living claims (row 40) and home care claims (row 41) to the maximum daily benefit for a nursing home claim. Entries of 100% in these rows indicate the maximum daily benefit is the same for all levels of care.

Row 42 indicates coverage for independent professionals (such as nurses not affiliated with a home care agency). "Same" indicates that the benefit applies identically for an independent professional as for someone employed by a home care agency. Such coverage has become more restricted in the past few years.

Row 43 describes homemaker coverage. Only one insurer's product does not cover "incidental" homemaker services, which generally means homemaker services must be provided by someone who provides personal care during the same visit. This restriction can be problematic for someone whose religion might preclude a caregiver from preparing meals. One carrier limits it to one day/week.

Rows 44 and 45 describe whether (how) benefits might be used to pay an informal caregiver such as a neighbor or a family caregiver with no proven expertise. These rows do not reflect caregiver training benefits (see ancillary benefits).

Benefit Increase Features (rows 46-52)

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describe ways that maximum (daily, weekly or monthly and also lifetime) benefits can increase to try to maintain purchasing power and whether premiums increase as well. For example, most future purchase options (FPO) utilize attained age premium increases.

Rows 47 (compound increases) and 48 (simple, i.e. equal, increases) show level premium features that increase maximum benefits annually indefinitely. Row 49 shows level premium benefit increases that max out at some point.

Rows 50 and 51 describe FPOs and options to add or increase level premium benefit increase features in the future.

Abbreviations in Table 28 are used to convey the frequency and amount of the increases, when such offers stop and how premiums increase when benefits increase. It is not possible to fully explain such features in limited space.

Other Comments (rows 52 and 105). See row 105 below.

Ancillary Benefits (rows 56-63) provides information regarding bed reservation, respite, alternative plan of care, home modification, caregiver training, emergency alert, equipment, drug and ambulance benefits.

The bed reservation and respite benefits (row 57) show the number of bed reservation days per policy year ("+other" means bed reservation is not limited to hospitalization) and how many days of respite benefits are available without satisfying the EP. Respite relieves a family caregiver who keeps the care recipient off claim. If such a caregiver needs a "break" or to take a trip, it would be aggravating to face an EP that would have already been satisfied if the family had hired a commercial caregiver in the past. Calendar-day EP makes a respite care benefit nearly meaningless because, by the time respite is needed, the EP should have been satisfied.

"APC" indicates the feature could be covered under an alternate plan of care benefit. APC typically requires satisfying the EP before obtaining benefits. Satisfaction of an EP is less likely to be required with separate ancillary benefits (not part of an APC provision).

Frequently, two or four types of ancillary benefits share a combined maximum benefit. "Included above" identifies such packaged benefits. We asterisk items that are linked in such fashion. We also asterisk items provided as part of enhanced care coordination. In such cases, we put a corresponding asterisk in the Care Coordination row.

Ancillary benefits are often limited to a percentage of the daily/monthly facility/home care benefit. The ancillary benefits are lifetime maximums unless "/yr" or "/mo" is indicated.

Claims Issues (rows 64-70) "Conditional Receipt Protection" describes if/how the insurer protects an applicant who is insurable when the app is signed but has an adverse health change before the policy becomes effective. "Full, after app" indicates the applicant is protected against health changes that occur after the date of application. "Full, after UW reqt" means that protection applies after underwriting requirements are completed. However, "Full, after app" might not become effective until underwriting requirements have been met so the insurer can ascertain that the person's health at the time of the app was satisfactory. Readers are advised to review insurers' specific wording and ask questions.

"Coverage Beyond USA" (row 66) reports international coverage. For example, "Other (365)" means that, other than the areas specifically listed, 365 days of coverage are available. "NH 75%/4 yrs" means that benefits are paid for nursing home confinement up to 75% of the maximum daily benefit (MDB) with a four-year benefit period. Some reimbursement policies provide an indemnity benefit when foreign care is received.

Some insurers' claimants may currently benefit from negotiated discounts from LTC providers (row 67). Such discounts can provide outstanding value but cannot be guaranteed today to exist in the future.

"Care Coordination" (rows 68-69) describes whether care coordination is provided at insurer cost and if so, whether it is provided by insurer staff or an independent network of professionals contracted by the insurer or can be someone chosen by the insured. The display also shows limitations regarding care coordination. Asterisks indicate that the use of care coordination improves benefits asterisked elsewhere in the display.

Row 70 explains whether/how insurers have extended Independent Review (IR) beyond regulatory requirements. Most of our participants have extended IR to inforce policies and/or to states that have not required IR and/or might initiate IR without waiting for the policyholder to request it.

Premiums and Discounts (rows 71-87) shows whether prices are gender-distinct (row 72), the percentage discount for the insurer's lowest-priced rating classification compared to its second-lowest-priced rating classification (often called "preferred" vs. "standard"; row 73) and the percentage extra cost compared to the most-common rating classification (unless otherwise stated) for other rating classifications (row 74).

Row 75 shows the amount of discount if both spouses or a pair of significant others purchase coverage. If couples' discounts require that both people have the same coverage, there is a "yes" in row 76. A decline for a reason other than a knock-out health condition (one that should have kept the application from being submitted) is called a "surprise" decline.

In row 79, we show the discount for a married person whose spouse does not apply, and row 80 indicates the maximum discount a couple the same age, both in the most favorable risk classification and both buying, can earn compared to two people who are single and in the most-common risk classification.

Row 81 ("Later Marriage Earns Discount For") indicates what happens if a person buys LTCI while single, then marries someone who buys LTCI. The "IF"(existing) insured's original premium may be reduced prospectively. The "New" spouse may enjoy a full "married couple, both buy" discount or a "one-of-a-couple" discount.

There can be many subtleties relative to couples' discounts, such as what happens if one policy lapses, a single person enters a non-spouse relationship, there is a di-

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vorce or legal separation, etc., and whether discounts apply to blood relatives living together.

Row 82 ("When are dividends and credits expected to start?") relates to dividends or other non-guaranteed credits that can reduce the cost of insurance. With today's conservative pricing assumptions, such credits seem more likely to occur.

Row 83 indicates the most common employer and affinity discounts. Row 84 shows the minimum number of employees an employer must have to be eligible for a discount and the minimum number of applications required for the employer group to earn the discount. Row 85 shows the minimum number of members an affinity group must have to be eligible for a discount and the minimum number of applications required for the affinity group to earn the discount.

Row 86 shows the modal factors for various payment frequencies. The first factor (SA) is multiplied against the annual premium to determine the semiannual premium. The next factor applies to direct quarterly billing. The third factor (often "NA") is for direct monthly and the fourth factor is for automatic deductions from a bank account.

Row 87 shows for what payment frequencies (if any) credit cards are acceptable and whether credit card payment is limited to the first payment.

Limited-Pay Policies (rows 88-90) shows that only two participants offer policies that are guaranteed to be fully paid up before age 95.

Waiver of Premium (rows 91-94) might begin (row 92) after a specified number of service or calendar days or satisfaction of the EP or a specified number of service days after satisfaction of the EP or after a deductible has been met.

"Home and Community Based Care Waiver" (row 93) is generally available but may not be provided under some circumstances (e.g., for a substandard rating classification).

Joint waiver (row 94), which waives both spouses' premiums if either is on claim, may be automatically included, available at additional cost by itself, or included only with shared care (see below).

Return of Premium Riders (rows 95-97) pay a potential benefit upon death. "Net" means premiums are returned only to the degree that they exceed claims. Second-to-die means that premiums are not returned until the second death (both insureds' claims are deducted). "Full" means that all premiums are returned regardless of claim activity. "100%" clarifies that the entire premium is included in the calculation. "Grades to" indicates that the percentage of premium included in the calculation grades up, or down, to the indicated percentage by the specified duration or attained age.

Other Riders and Features (rows 98-105).

Survivorship features (survivor pays no premium after the partner's death, rows 99-101) are described, indicating whether they are automatically included or optional, how long both partners must survive for survivorship to apply upon the first death, and whether a requirement exists that the insureds had no claim for that specified period.

Shared Care (row 102-103) shows if shared care is available. "Permanent Extra $" means survivors continue to pay their shared care premiums. "Extra cost ends if partner dies" indicates that survivors stop paying their shared care premiums (but continue to pay the premium for their base policy).

Most commonly, each insured has access to the other insured's unused benefits after using up his or her own benefits. "Third Pool" in row 102 means each partner has his or her own pool (that cannot be invaded by the other) and a third shared pool is provided by rider.

Row 103 describes other shared care features. For example, joint waiver of premium might automatically apply. "Must Leave 1 Year for Living Spouse" means that if your spouse or partner is still alive and his/her policy has less than a year's worth of maximum benefits left, you can no longer draw benefits from that policy. In some shared care provisions, if a claimant depletes a spouse's pool, a non-claimant spouse below a specified age is permitted to buy a two-year benefit period policy without providing health evidence.

Whether restoration of benefits is automatically included or available at additional cost is reflected in row 104. Restoration of benefits restores the original benefit period if a claimant has not been chronically ill for a period of, generally, 180 days.

Other Comments (rows 52 and 105) allow us to provide some unique product-specific information, such as:

- Special discounts
- Special underwriting programs for work-site cases
- Premium guarantees, electronic apps or other service features
- Special features or riders, the availability of home-care-only or facility-only coverage, wellness programs, absence of war exclusion, etc.

Row 106 shows the types of **Combo Policies** the insurer offers. Combo products offer LTCI benefits in the same policy as life insurance, annuity or disability benefits. We do not reflect such policies which simply accelerate benefits that would otherwise be paid upon death.