

## 2021 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 56) for more information.

**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, 53, and 106, 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 because it is “facility only”.

**Product Marketing Name** (rows 3 and 55) 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 soon 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, 2021, and specifically identifies any of the original 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, 2020. Line 14 shows Ebix’s COMDEX ranking as of May 1, 2021.

TABLE 30. DESCRIPTION OF ABBREVIATIONS USED IN THE PRODUCT EXHIBIT

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

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The COMDEX ranking is from *Vital Signs*, 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 2020, 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 19-23) lists the annualized premiums (in millions) of policies sold in 2020 and, separately, of policies in-force on December 31, 2020 and percentage changes from the previous year.

**Most recent issue year that has had a price increase** shows the year of issue for the most recent policy to have had a rate increase.

**LTCI Lives Insured** (rows 24-27) 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 28-35) 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. Two 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 35 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 36-46). Row 37 indicates whether independent EPs or benefit periods apply based on venue.

Row 38 shows that one insurer allows claimants 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 ben-

efit at that time but switch back to reimbursement benefits during the school year. The unused benefit during the summer extends the benefit period.

Row 39 shows that two insurers offer, at additional cost, to pay a disability benefit *in addition* to the normal reimbursement benefit.

Row 40 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 and one does not offer monthly determination.

Rows 41 and 42 indicate the ratio of the maximum daily benefit for assisted living claims (row 41) and home care claims (row 42) 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 43 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.

Row 44 describes homemaker services coverage. Only one insurer restricts coverage to "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 homemaker services to one day/week.

Rows 45 and 46 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 47-53) 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

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options (FPO) utilize attained age premium increases.

Rows 48 (compound increases) and 49 (simple, i.e. equal, increases) show level premium features that increase maximum benefits annually indefinitely. Row 50 shows other level premium benefit increase features.

Rows 51 and 52 describe FPOs and options to add or increase level premium benefit increase features in the future.

Abbreviations in Table 30 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 53 and 106). See row 106 below.

**Ancillary Benefits** (rows 57-64) 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 58) 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 65-70) “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 67) 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 68). Such discounts can provide outstanding value but cannot be guaranteed today to exist in the future.

“Care Coordination” (row 69) describes whether care coordination is provided by insurer staff or an independent network of professionals contracted by the insurer or can be someone chosen by the insured. 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 in-force 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 71-89) 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 (a “yes” to a knock-out health question 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 or when two spouses buy at separate times (perhaps because one was deferred due to health issues). 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 are some subtleties relative to couples’ discounts, such as what happens if one policy lapses or there is a divorce or legal separation, etc.

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

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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.

Row 88 shows how long unmarried couples must have lived together in order to qualify for the "two partners buying" discount.

Row 89 identifies situations in which non-spouse, non-partner co-habitants can get a "both buy" discount.

**Limited-Pay Policies** (rows 90-91) shows that two participants offer 10-year-pay policies, one of which offers a single premium.

**Waiver of Premium** (rows 92-95) might begin (row 93) 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 94) is generally available but

may not be provided under some circumstances (e.g., for a substandard rating classification).

Joint waiver (row 95), 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 96-98) 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 99-107).

**Survivorship** features (survivor pays no premium after the partner's death, rows 100-102) 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** (rows 103-104) 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 103 means each part-

ner has his or her own pool (that cannot be invaded by the other) and a third, shared pool is provided by rider.

Row 104 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 105. 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 53 and 106) 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 107 shows the types of **Linked-Benefit Policies** the insurer offers. Linked-Benefit products offer LTCI benefits in the same policy as life insurance, annuity or disability benefits. To be a linked-benefit policy, the insured must be able to get more than the death benefit in case of LTC need, either by an extension of benefits (continuing coverage after the death benefit has been used up) or by compounding, or both.