



Parallels:

What Can The Continuing Care at Home Field Learn From The Long-Term Care Insurance Field?

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Premise

From a senior living insider (adapted):

“Can draw a comparison with marketing insurance products, like long-term care insurance, where there is no guarantee that the policyholder will receive a benefit, only just a potential likelihood of receiving a benefit? And can we relate what we learn from that to the typical obstacles/objections to prospects buying a CCaH contract?”

Approach

1. Research on the long-term care insurance (LTCI) field
2. Interviews with LTCI sales professionals
3. Interviews with CCaH providers



Special thanks to Sara Montalto,
VP of Strategic Insights

Discussion

1. Typical Consumer Objections to CCaH and LTCI Products
2. Insights On the LTCI Field
3. LTCI Strategies for Overcoming Objections:
What Can We Learn?
4. Does the CCaH Product Need to Evolve?
5. Questions & Answers

Goal: Learn from each other!

Part 1

Consumer Objections to CCaH and LTCI Products

Consumer Objections

Continuing Care at Home

- ❖ I'm not ready yet.
- ❖ I'm healthy. I don't need it.
- ❖ Medicare will pay for it.
- ❖ If I don't need it, I lose all that money.
- ❖ It's too expensive.
- ❖ I have long-term care insurance.

Long-Term Care Insurance

- ❖ I'm too young.
- ❖ I'm in good shape.
- ❖ How do I know you'll be around in 20 years when I need you?
- ❖ How do I get my money?
- ❖ What if I change my mind?
- ❖ It's too expensive.

Part 2

The Long-Term Care Insurance Field

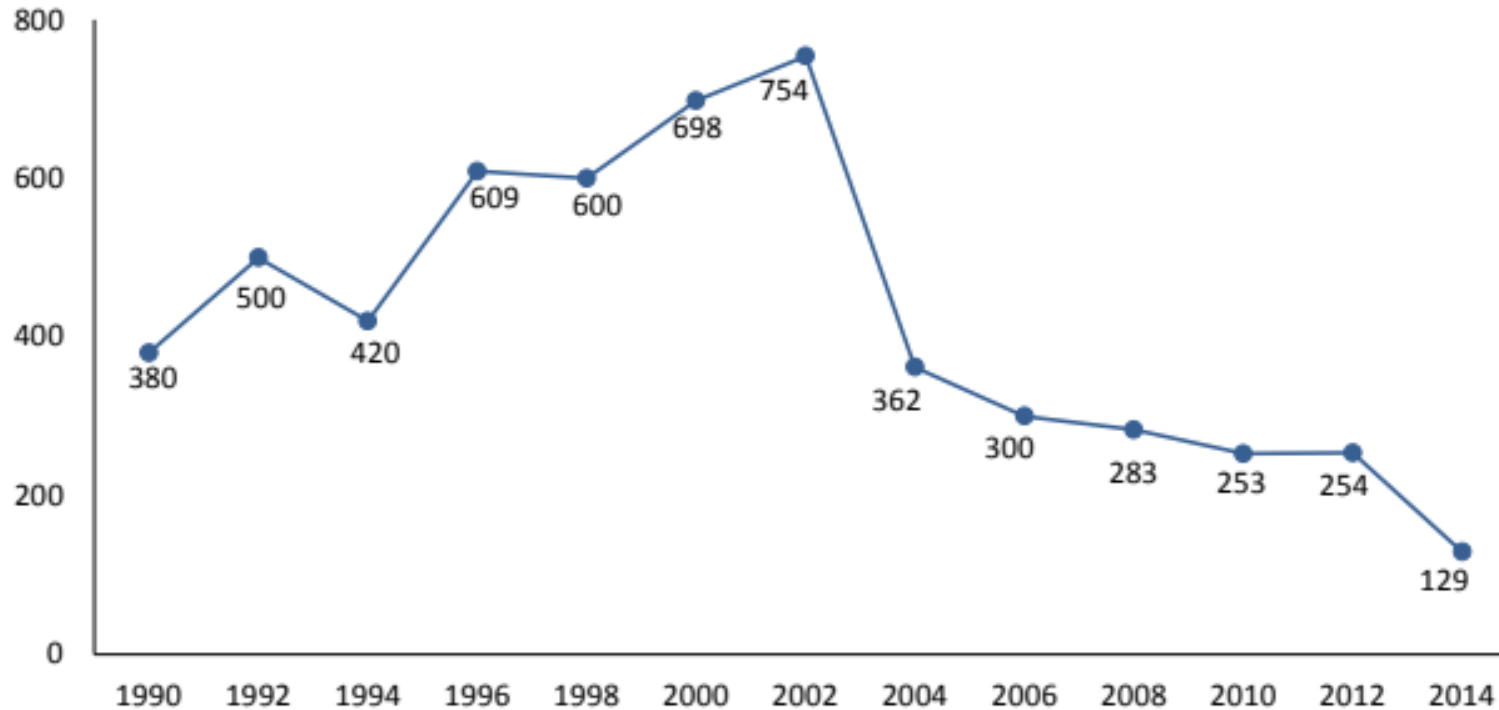
Early LTCI Sales Success

- ❖ Trained a few agents to sell LTCI exclusively
- ❖ Education-based sales presentations to consumer who responded to lead generation
- ❖ Sessions lasted several hours and often more than one visit
 - Start with risks and costs of LTC
 - Then explain complex nature of LTCI
- ❖ Lastly, provided rationale for high premium rates

LTCI Annual Sales

Figure 2: Individual Market Sales: 1990–2014 (Thousands)

Source: LifePlans Analysis Based on AHIP, LIMRA and LifePlans Sales Surveys, 1990–2015



LTCI Consumer Profiles

Characteristic	2010	2005	2000	1995	1990
Average Age %> 70	59 Years 8%	61 Years 16%	65 Years 40%	69 Years 49%	68 Years 42%
% Married	69%	73%	70%	62%	68%
Median Income % > \$50,000	\$87,500 77%	\$62,500 71%	\$42,500 42%	\$30,000 20%	\$27,000 21%
Median Assets % > \$75,000	\$325,000 82%	\$275,000 83%	\$225,000 77%	\$87,500 49%	N.A. 53%
% College Educated	71%	61%	47%	36%	33%
% Employed	69%	71%	35%	23%	33%

Changing Consumer Attitudes by Generation

1. Baby boomers have different financial and consumer attitudes than the GI generation who purchased during the high growth period of the industry.
2. Baby boomers want immediate value for purchases.
3. Baby boomers are less patient for the LTCI sales education and less interested in protecting assets for children and grandchildren.
4. Baby boomers are more interested in using assets to sustain their lifestyle.

Part 3

LTCI Strategies for Overcoming Objections: What Can We Learn?

Overcoming Objections

“An objection becomes an objection when it was not answered appropriately during the educational part of the presentation. Anticipate the objections! 90% of objections could have been avoided if education was properly given up front.”

— LTCI Professional Sales Trainer

Overcoming Objections

1. I'm too young, and in good shape.

❖ Educate!

- *“It has nothing to do with your mortality; it has to do with your morbidity. You might live to be 100, but you might need care for 15 years.”*
- *“Do you ever think your home is going to burn down? Do you ever think you're going to demolish your car? Why not protect your body the same way you protect your home and car?”*
- *“If you wait until you're 70, and you're beginning to have health issues, your rates are going to be way high.”*
- Tell (real) stories: Personal experiences, member experiences.

The Need for Long-term Care Insurance

❖ Educational points

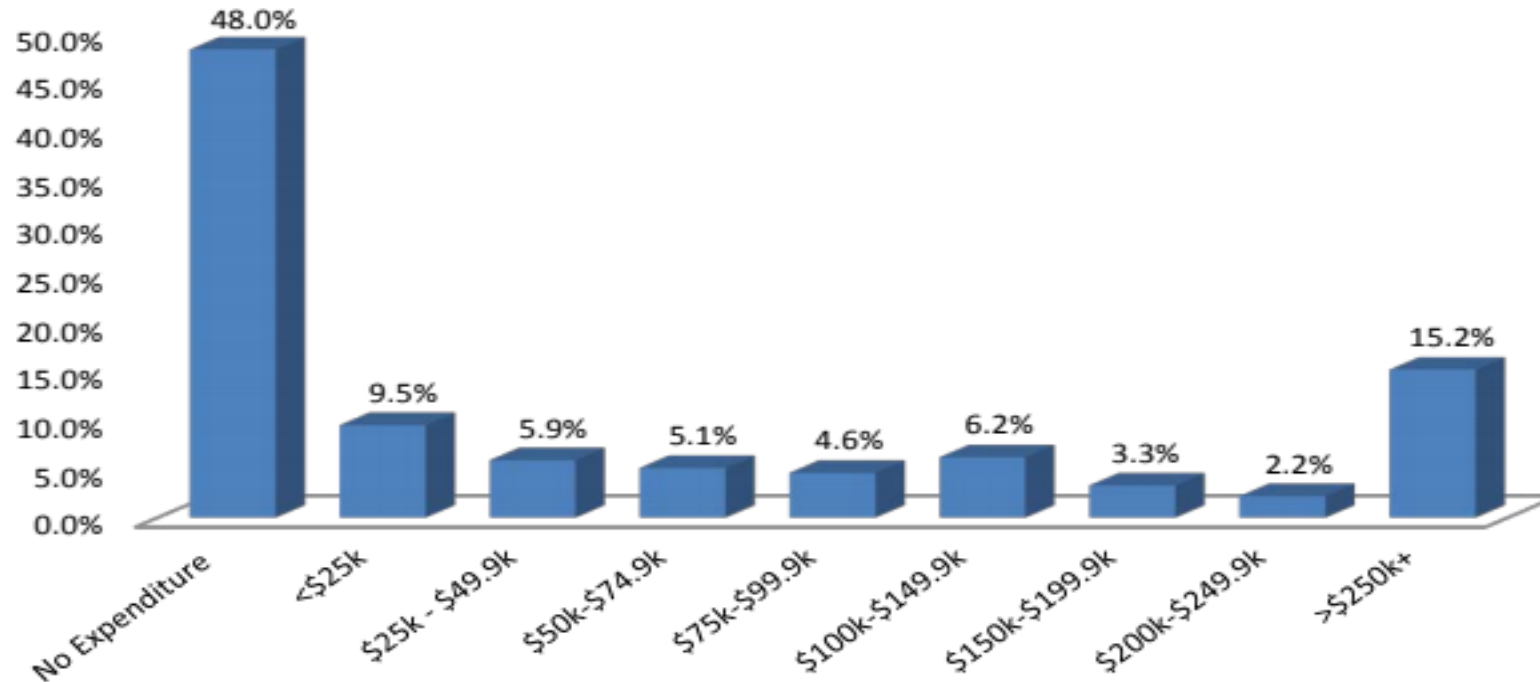
- Paying for LTC continues to be one of the great financial risks facing Americans during retirement.
- Current estimates suggest the annual costs of care in a nursing home are roughly \$85,000, and home health care can cost upwards of \$25,000 per year.
- Recent data suggests on average, Americans turning age 65 today can expect to incur \$138,000 in future costs with roughly half being paid out of pocket.
- While out-of-pocket spending is high, it is low compared to the unpaid LTC by families.

Source: The State of Long-Term Care Insurance, May 2016
National Association of Insurance Commissioners, and the Center for Insurance Policy & Research

Probability of Incurring LTC Costs

Figure 11: Expected LTC Costs From Age 65 to Death for Those Turning 65 in 2015—2019
(Thousands)

Source: U.S. Department of Health and Human Services



Lifetime Need for LTC

Table 5: Lifetime Need for LTC for Persons Turning 65 in 2015-2019 by Gender and Income

Source: Department of Health and Human Services

	% With LTC Need	Average Years of High LTC Need	Average Years with Paid LTC	Distribution of need (% of cohort)				
				None	< 1 Year	1-1.99 Years	2-4.99 Years	>= 5 Years
Men	46.7	1.5	0.7	53.3	18.4	7.4	11.1	9.8
Women	57.5	2.5	1.3	42.5	19.4	8.1	12.3	17.8
Income Quintiles								
Lowest	55.3	2.7	1.2	44.7	17.6	7.1	11.7	18.9
Second	53.2	2.3	1.2	46.8	16.8	7.0	12.7	16.7
Middle	53.9	2.2	1.1	46.1	18.7	8.1	12.4	14.7
Fourth	49.7	1.8	0.9	50.3	19.5	7.4	10.6	12.2
Highest	51.1	1.5	0.8	48.9	20.7	8.7	11.6	10.1
Total	52.3	2.0	1.0	47.7	18.9	7.8	11.7	13.9

What Works for You?

What have you found to be most successful in educating prospects about the likelihood of needing future support?

What stories have been most effective for you, either in groups, or 1:1?

Overcoming Objections

2. How do I know you'll be here in 20 years when I need you?

- ❖ LTCI presents detailed financial strength profiles and histories of their companies.

How do you generate confidence that

- 1) Your organization is financially strong, and*
- 2) You will still be strong and supporting your CCaH program in 10, 15 and 20 years?*

Overcoming Objections

3. How do I get my money?

- ❖ LTCI clearly defines the criteria for when coverage kicks in (2 ADLs).

How do you paint a clear picture of how members access benefits?

Overcoming Objections

4. What if I change my mind, or if I don't need LTC? Can I get my money back?

- ❖ This was a major stumbling block for LTCI, particularly as premiums continued to rise. We will address it in the next section.

*How do you overcome the
“What if I don't need it?” objection?*

Overcoming Objections

5. It's too expensive!

- ❖ Home and car insurance do not just protect you, they protect your family. Same thing for LTC insurance: It doesn't just protect you, it protects your family.
 - *“Your family will help you if you need them to, but that's not what you want them to do.”*
 - *“Think your family will take care of you? Don't be so selfish. Think of them, too.”*
 - *“Children and spouses just are not qualified to manage care.”*
- ❖ Show how needing LTC for an extended time could devastate their portfolio

What Works for You?

How do you communicate the value of membership?

Overcoming Objections

6. Additional tips

- ❖ Be sure you're talking to the right person in the room.
 - *"I always focus on the female in the couple. She's the planner."*
- ❖ *"Ask your way to the sale."*

Part 4

Does the Continuing Care at Home Product Need to Evolve?

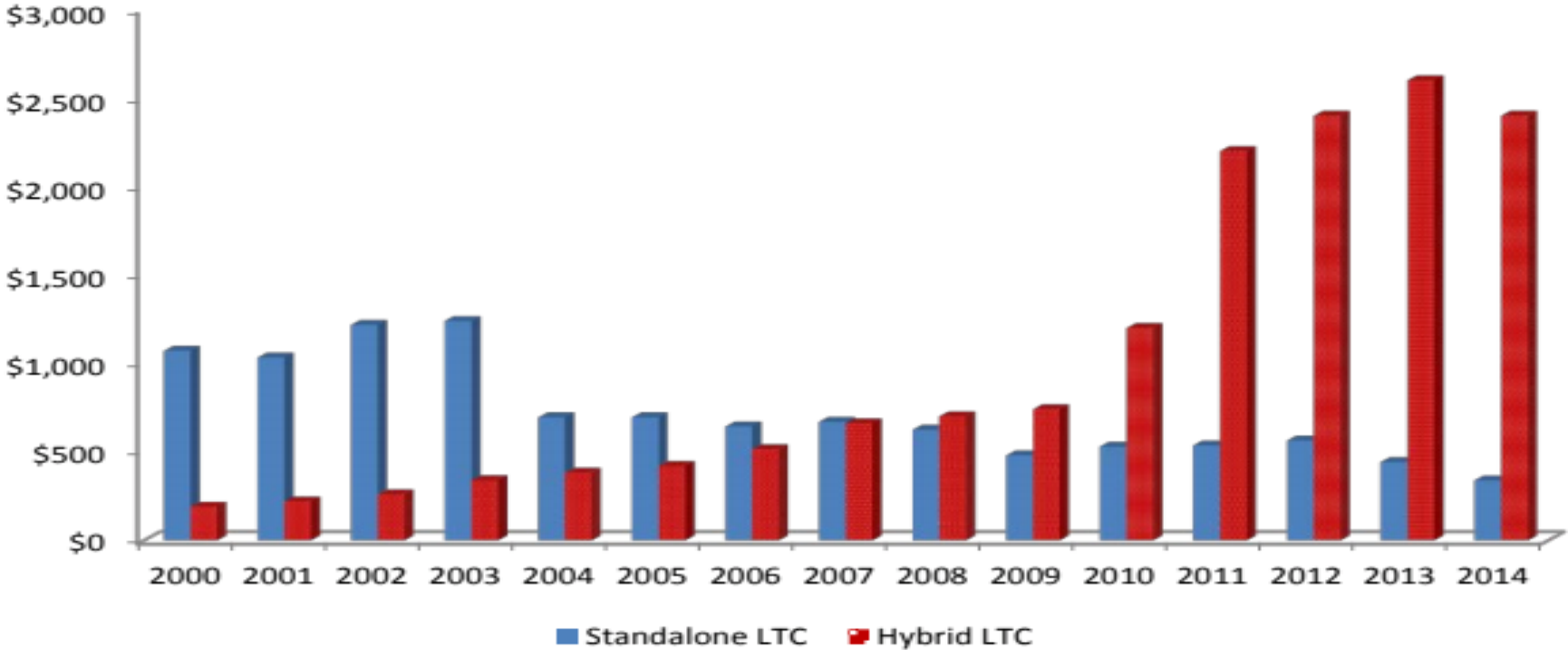
The Evolution of LTC Insurance

Hybrid products: Life insurance with a LTC rider

- ❖ Death benefit is accelerated to pay LTC costs.
- ❖ Death benefit is paid in full if LTC is not used.
- ❖ Cash value can be withdrawn.
- ❖ Most objections from traditional LTCI go away.
- ❖ *“Live. Die. Quit. Any way, you win.”*

Sales of Hybrid vs Traditional LTCI Policies

Figure 26: Traditional vs. Hybrid New Premiums Issued (Millions)
Sources: 2001–2013 Broker World Surveys, LIMRA



A LTCI Sales Professional's Response to CCaH

“I would never buy your product. Who is this company/community? What is its financial status? I don't know if it's going to be around in 20 years when I need it. Plus, if you move, you lose it. And there's no cash value.”

My Response to Navigation by Salemtowne

1. First reaction: Loved it! Much more cost effective approach to LTC needs than lifecare.
2. I believe there is great potential for it. I would recommend developing rental and/or fee-for-service entrance fee communities with a CCaH add-on to address ongoing health needs.

My Response to Navigation by Salemtowne

Navigation by Salemtowne

All Inclusive Plan (100% Coverage)		
AGE	SINGLE	COUPLE
60	\$ 26,291	\$ 24,976
65	\$ 34,353	\$ 32,635
70	\$ 44,480	\$ 42,256
75	\$ 55,675	\$ 52,891
80	\$ 66,764	\$ 63,426
85	\$ 78,148	\$ 74,240
90	\$ 88,229	\$ 83,817
Monthly	\$ 574	\$ 545

Daily Cap \$350

Security Plan (85% for home; 70% for facility)		
AGE	SINGLE	COUPLE
60	\$ 21,220	\$ 20,159
65	\$ 27,790	\$ 26,400
70	\$ 36,196	\$ 34,386
75	\$ 45,562	\$ 43,284
80	\$ 54,844	\$ 52,102
85	\$ 64,060	\$ 60,857
90	\$ 71,724	\$ 68,138
Monthly	\$ 502	\$ 477

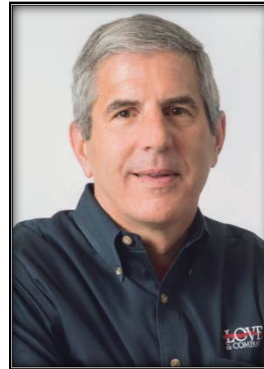
Co-Pay Plan (50% home or facility)		
AGE	SINGLE	COUPLE
60	\$ 18,214	\$ 17,303
65	\$ 22,774	\$ 21,635
70	\$ 28,795	\$ 27,355
75	\$ 35,469	\$ 33,696
80	\$ 41,998	\$ 39,898
85	\$ 48,482	\$ 46,058
90	\$ 53,862	\$ 51,169
Monthly	\$ 442	\$ 420

Put Yourself in the Buyer's Mindset

1. How many of you have already signed up for your program?
2. If you were age eligible, how many of you would become a member today?
3. What objections do you have?
4. What would you want to see changed about the program, for you to buy it?

Questions and Answers

About Rob Love



Rob Love is president of Love & Company, a 38-year-old marketing, advertising, research and sales management firm that specializes in marketing senior living communities. Rob leads the firm's strategic market analysis work, helping client organizations identify the strategic initiatives they need to address to succeed both now and in the future. Rob also leads the firm's development planning projects, working with development teams to plan the most appropriate product to bring to the market, including residence types, sizes, pricing, services, amenities and contract options.

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