

LTCi Policy Value Research Findings

DECEMBER 2020

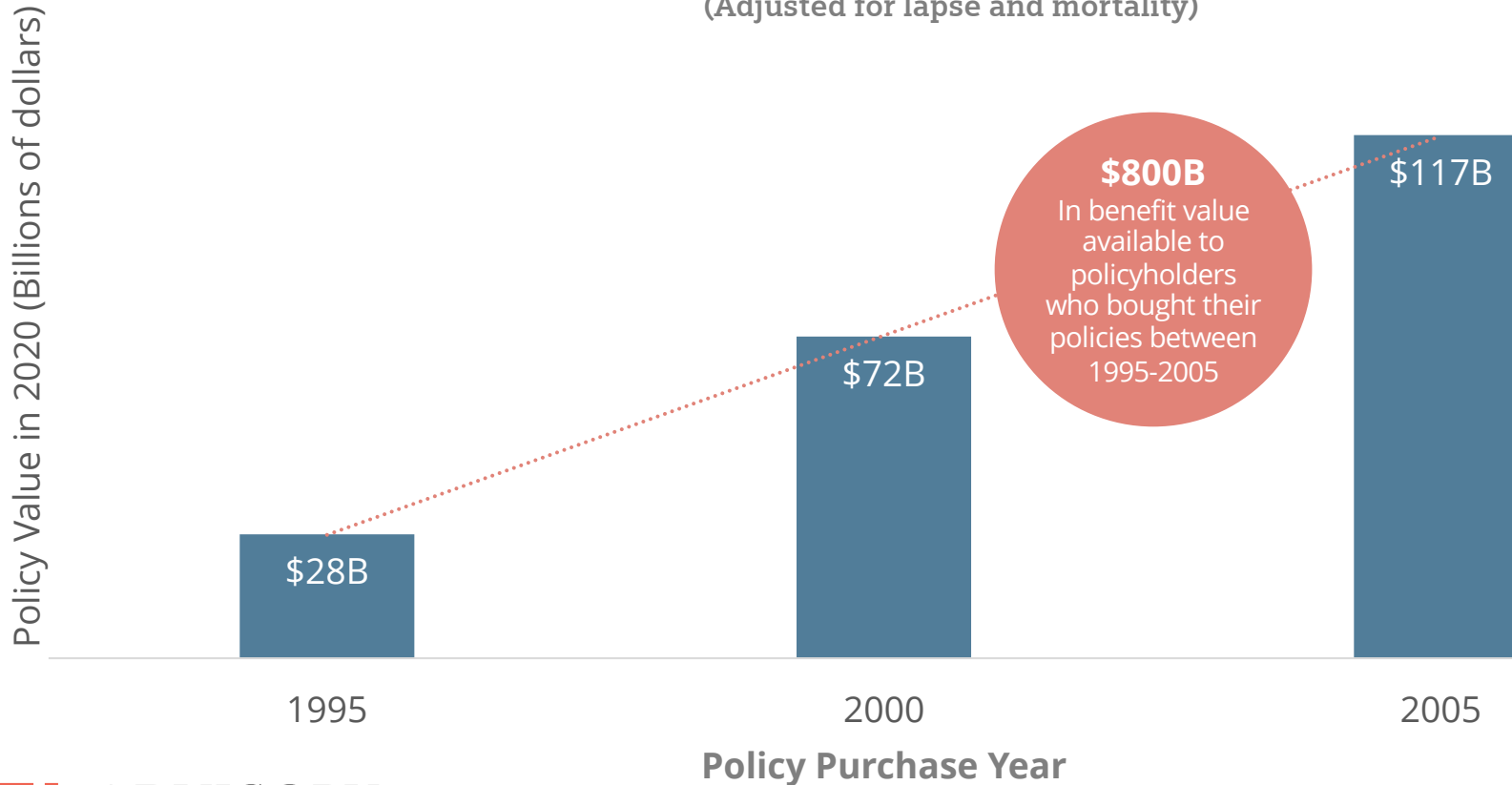
With support from the Anthem Public Policy Institute, ATI Advisory and LeadingAge LTSS Center @UMass Boston, analyzed data on private long-term care insurance (LTCi) policyholders who purchased policies between 1995 and 2005 to understand national and state-level in force policy value, buyer demographics, and the likelihood of buyers' Medicaid eligibility in absence of their LTCi policy



Policy Value in LTCi Policies Sold Between 1995 and 2005

There's Significant Value Locked Up in LTCi Policies Sold Nationally Between 1995 and 2005

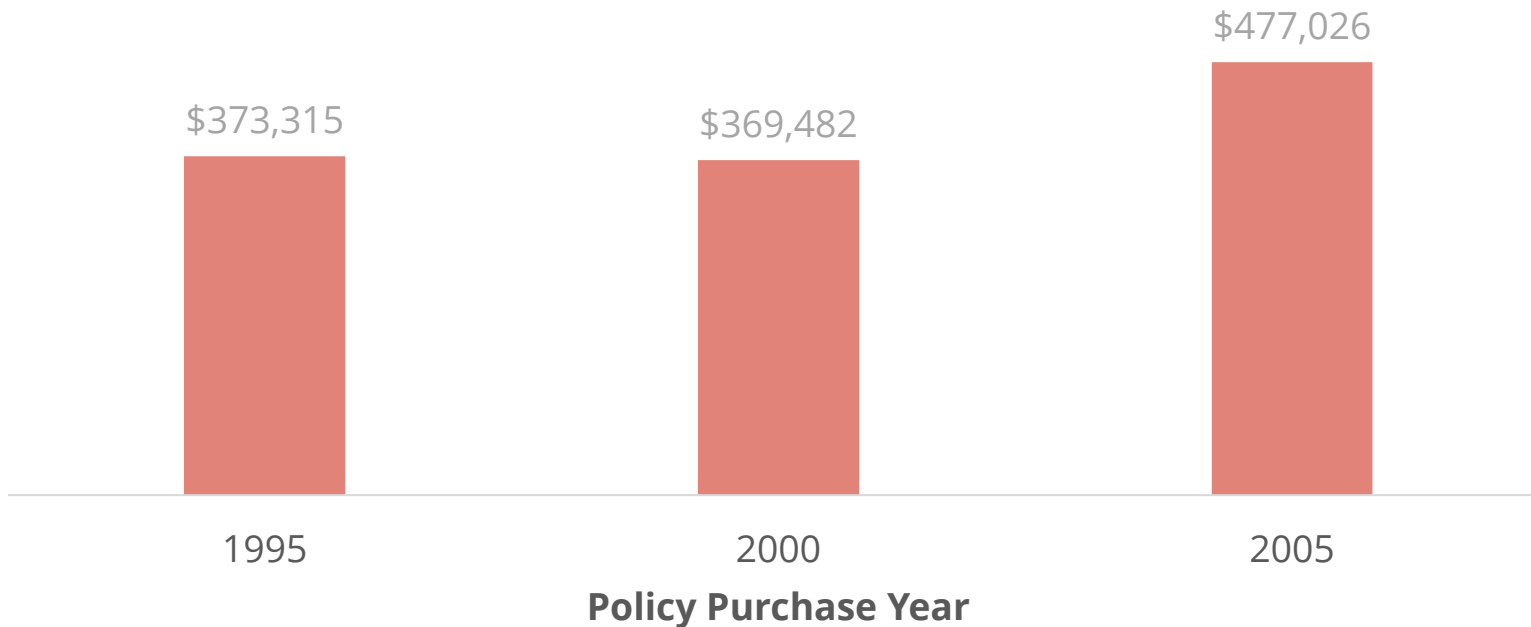
National-Level LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



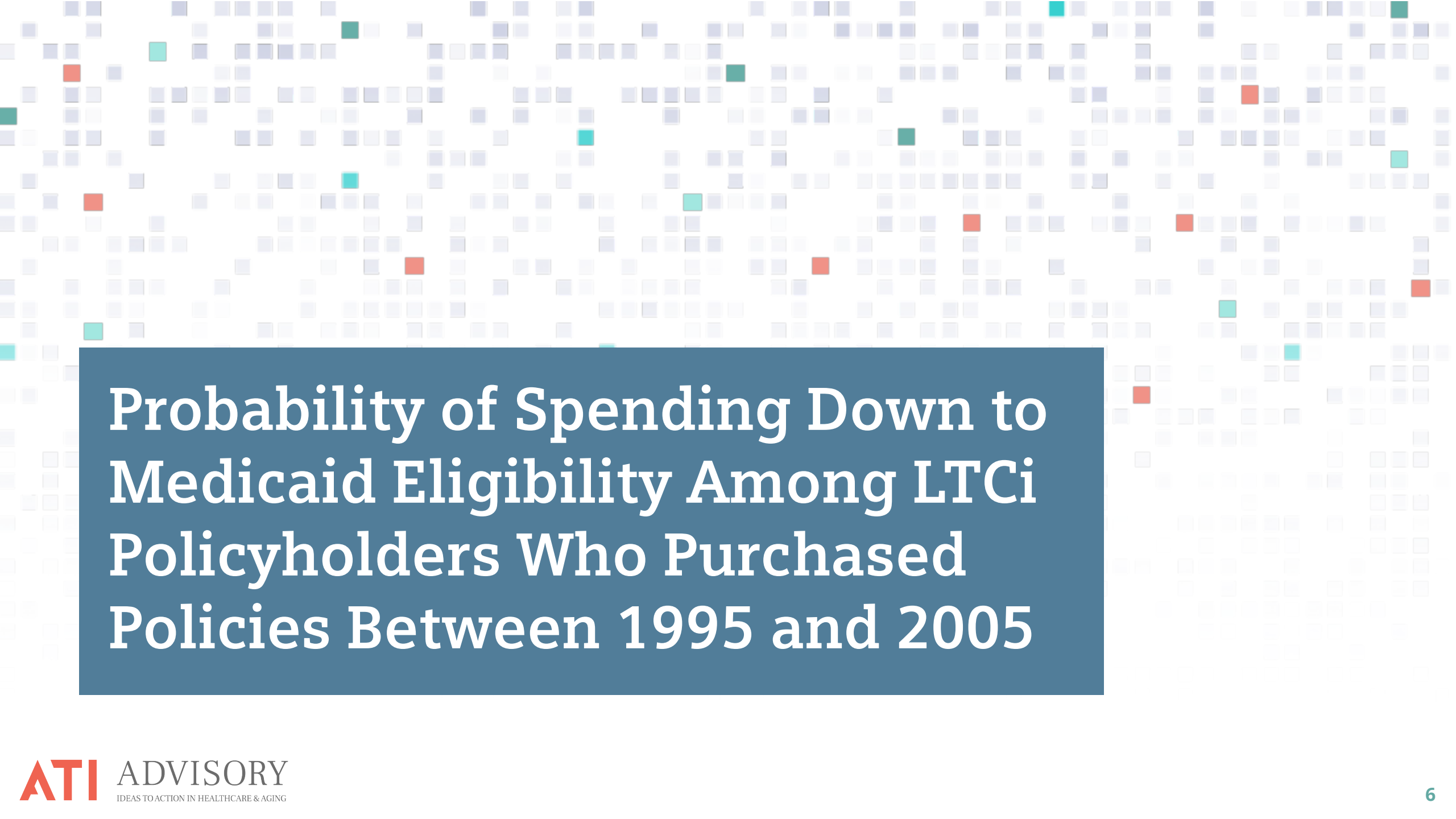
As a point of reference, the Medicaid program spent just **over \$100B** on long-term services and supports (LTSS) for older adults and persons with disabilities in FY 2016¹

LTCi Policyholders Who Purchased Between 1995 and 2005 Hold Significant Value in Their Policies

Average Value of Policies in 2020
(Adjusted for lapse and mortality)

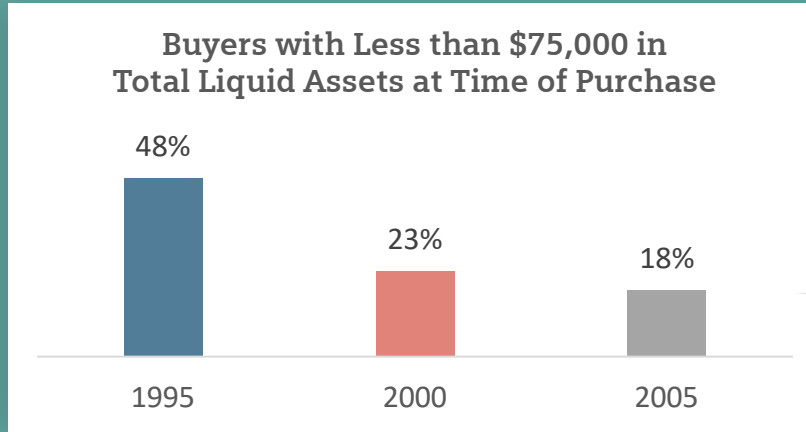
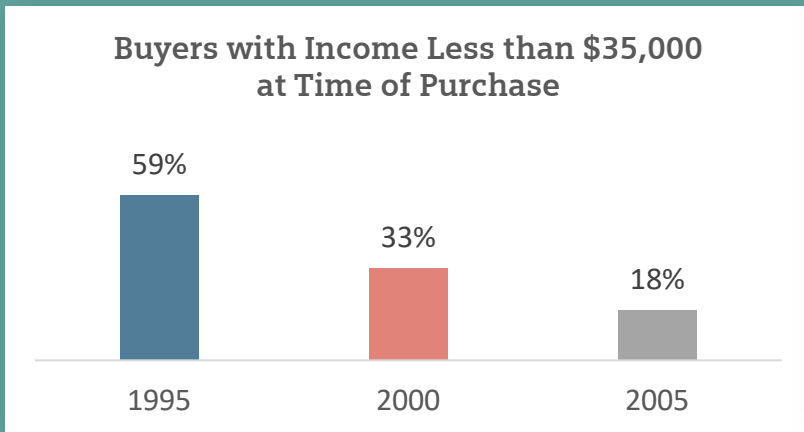
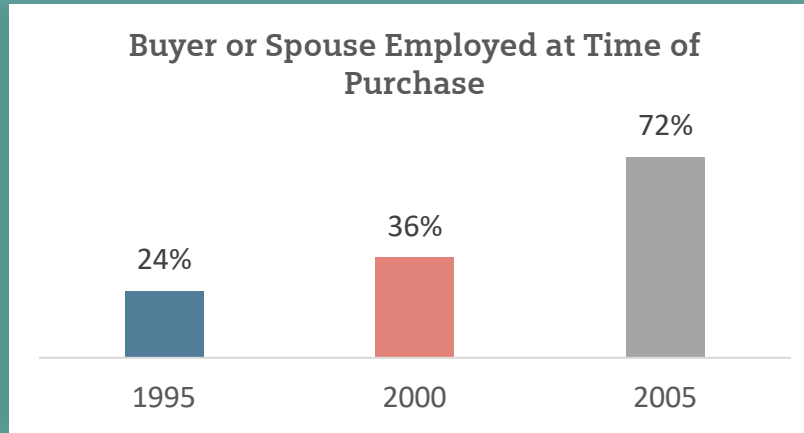
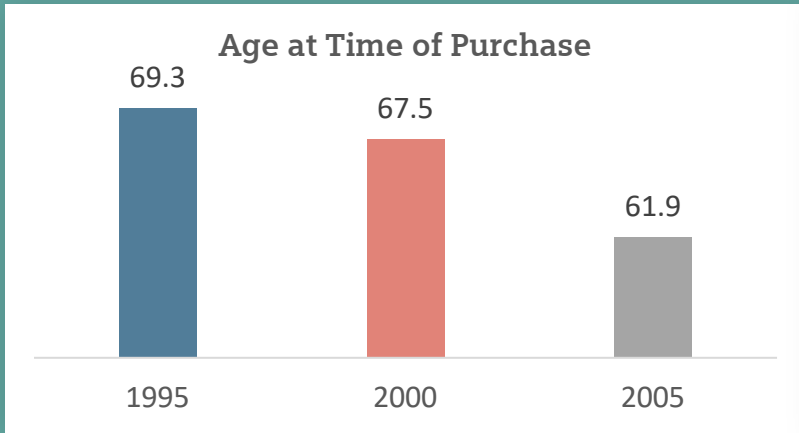


The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹



Probability of Spending Down to Medicaid Eligibility Among LTCi Policyholders Who Purchased Policies Between 1995 and 2005

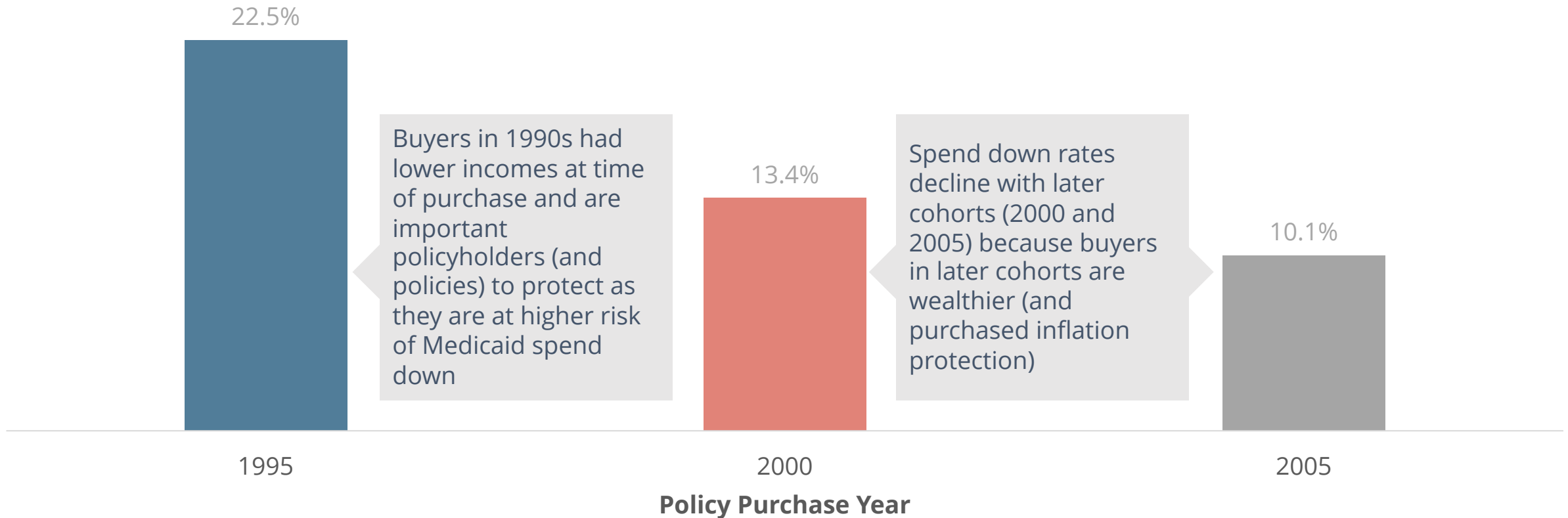
Who Bought LTCi Policies Between 1995-2005?



More recent LTCi buyers are younger and wealthier

LTC Insurance Buyers in 1990s Most Vulnerable to Medicaid Eligibility in Absence of Their Policies

Probability of Spending Down to Medicaid Eligibility



Note: Individuals who require more than 5-years LTSS were evaluated at 8-year duration period in simulation.

Those Who Would Spend Down To Medicaid Have Lower Levels of Income and Assets at Baseline, Are Less Likely To Be Married, and Are Female

	1995 Buyers		2000 Buyers		2005 Buyers	
	Spend-down	No Spend-down	Spend-down	No Spend-down	Spend-down	No Spend-down
Percentage of Cohort	22.5%	77.5%	13.4%	86.6%	10.10%	89.90%
Average Income at Projected Average Onset of LTSS Use	\$30,638	\$43,242	\$38,031	\$60,890	\$52,899	\$106,728
Average Assets at Projected Average Onset of LTSS Use	\$85,745	\$299,969	\$135,193	\$544,092	\$137,600	\$622,508
Percent Married at Purchase	57.9%	63.1%	58.7%	72.7%	63.8%	73.7%
Percent Female	72.6%	54.9%	67.7%	50.4%	69.3%	53.8%

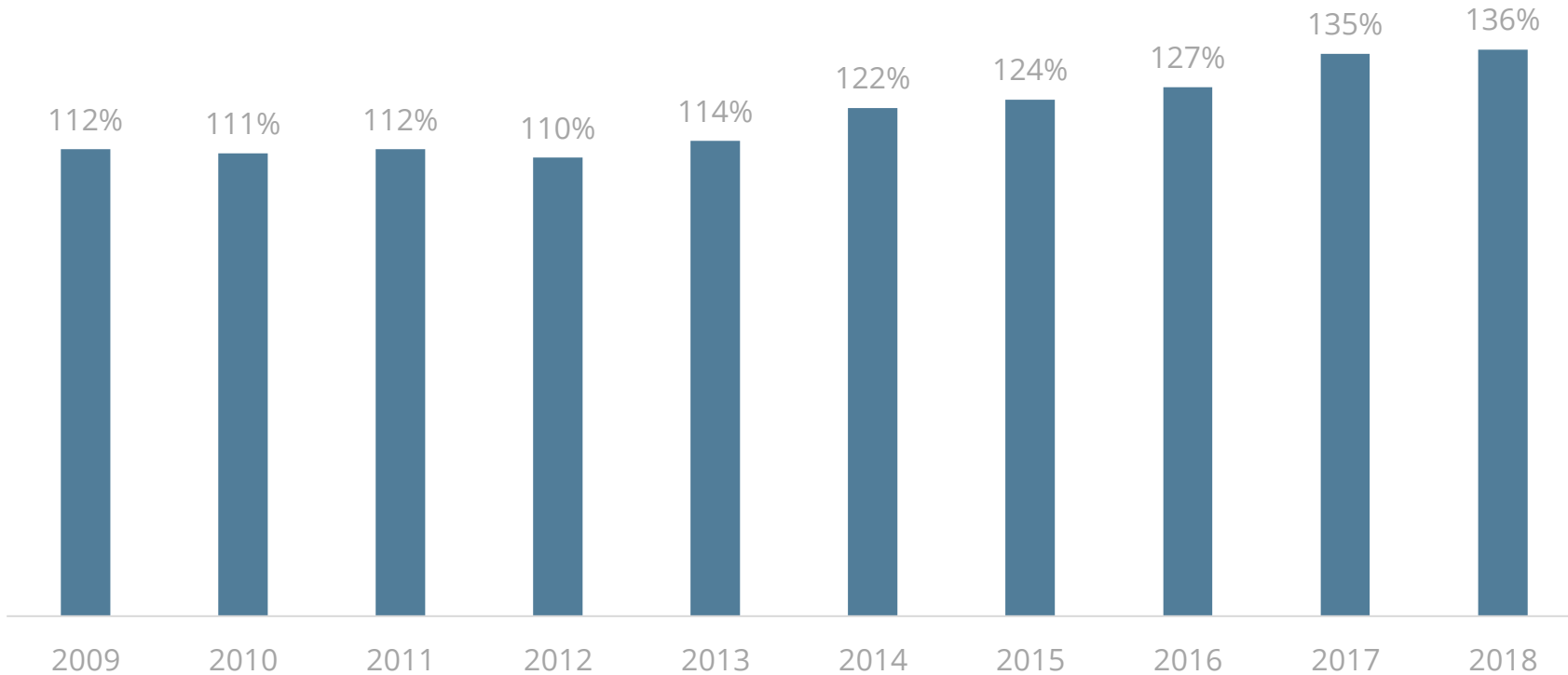
Note: Individuals who require more than 5-years LTSS were evaluated at 8-year duration period in simulation.



Industry-Wide Actual to Expected Incurred Claims Ratio

Across the Industry, Actual to Expected Incurred Claims Ratio Exceeds 100%

Industry-Wide Actual to Expected Annual Incurred Claims, 2009-2018

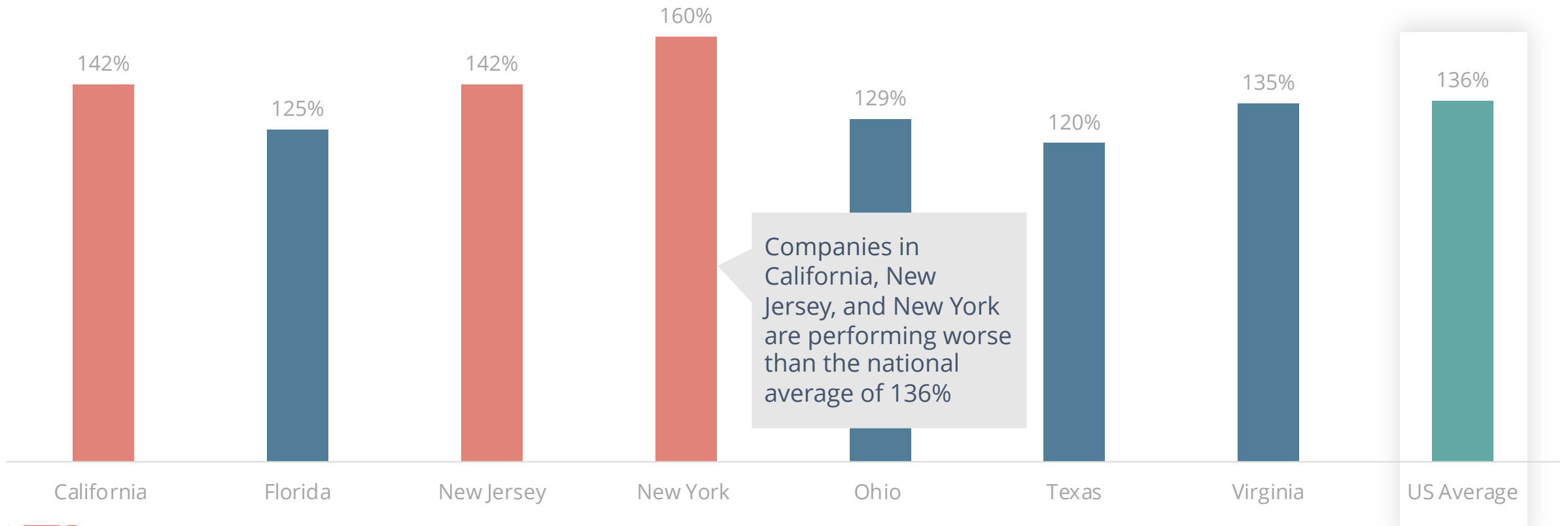


Companies are paying more claims than anticipated; driven by:

- Lower than expected lapse rates and more people for whom they must pay claims
- People are living longer, and more people are becoming claimants
- People are using benefits longer than actuaries anticipated

Higher Risk for Experiencing Additional Rate Increases or Increased Medicaid Risk among Seven Study States

Actual to Expected Claims Experience by State, 2018



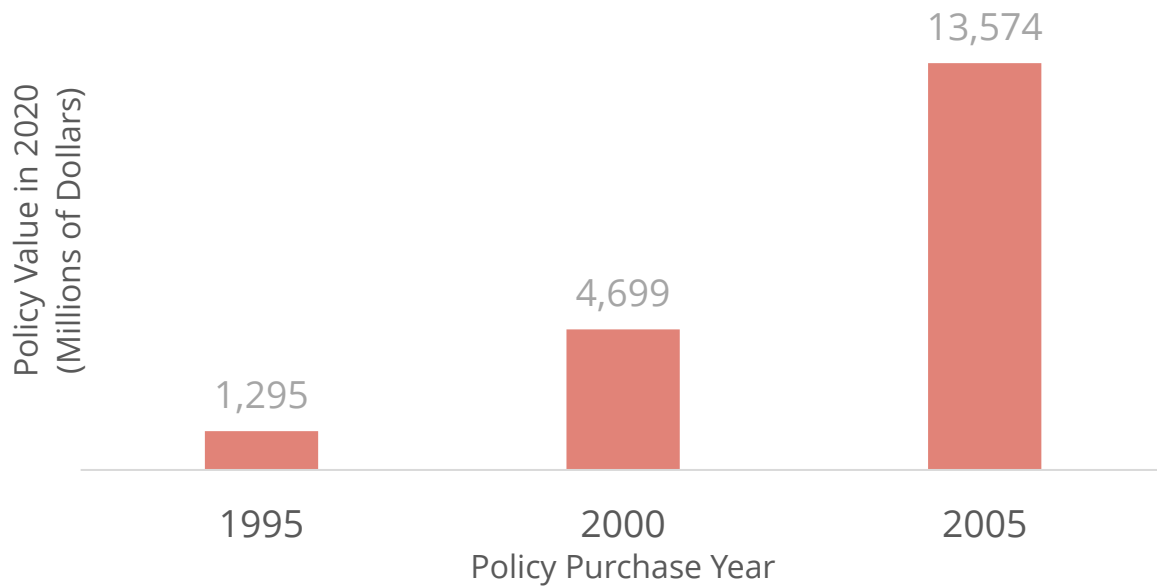
Companies in California, New Jersey, and New York are performing worse than the national average of 136%



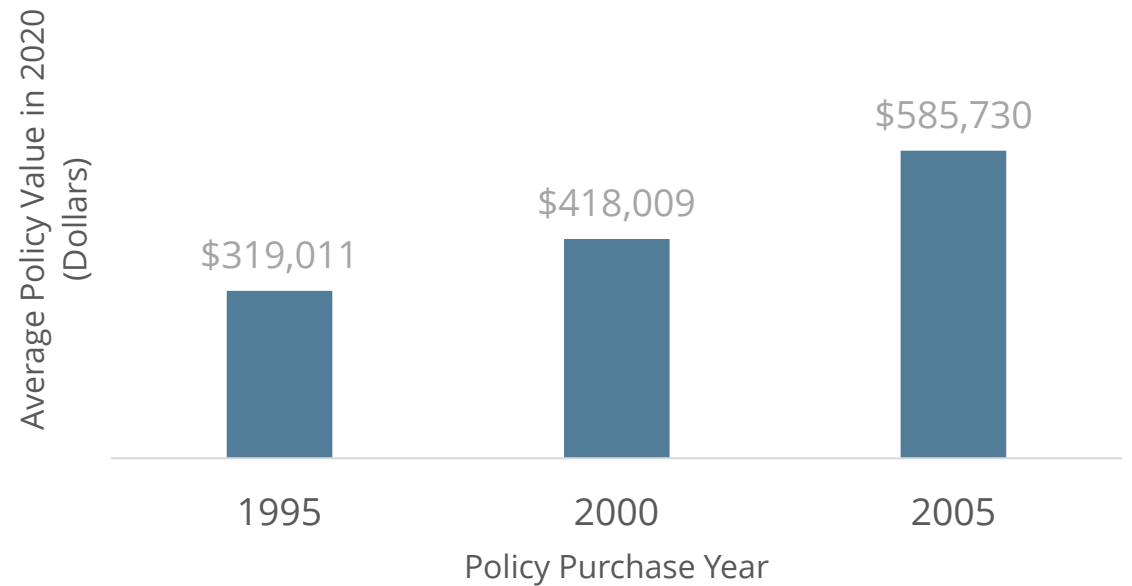
Appendix: LTCi Policy Value in Select States

Value in LTCi Policies in California

California LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



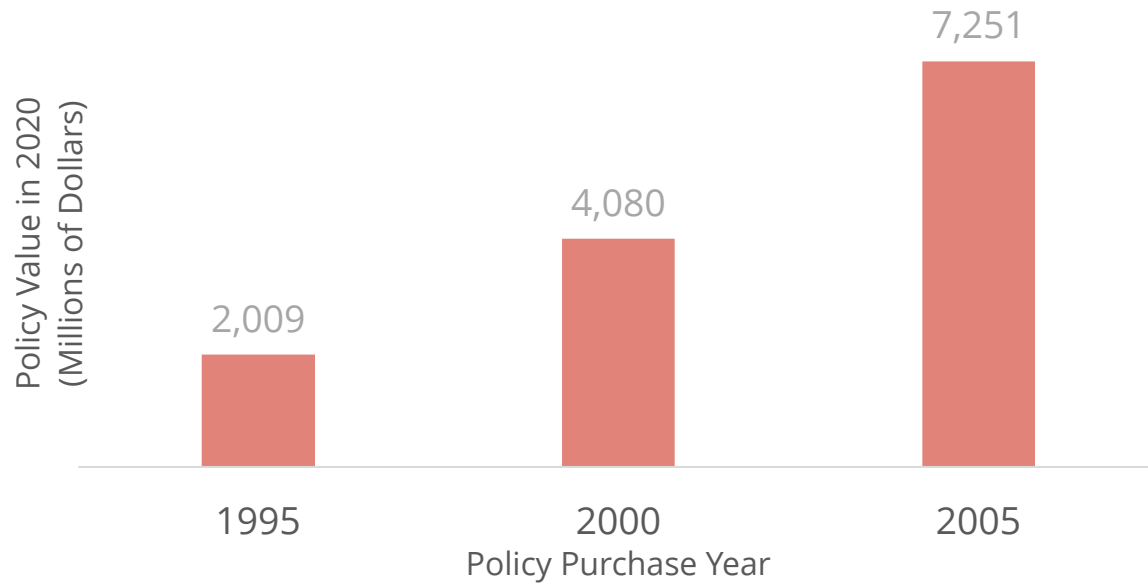
Average Value of California Policies in 2020
(Adjusted for lapse and mortality)



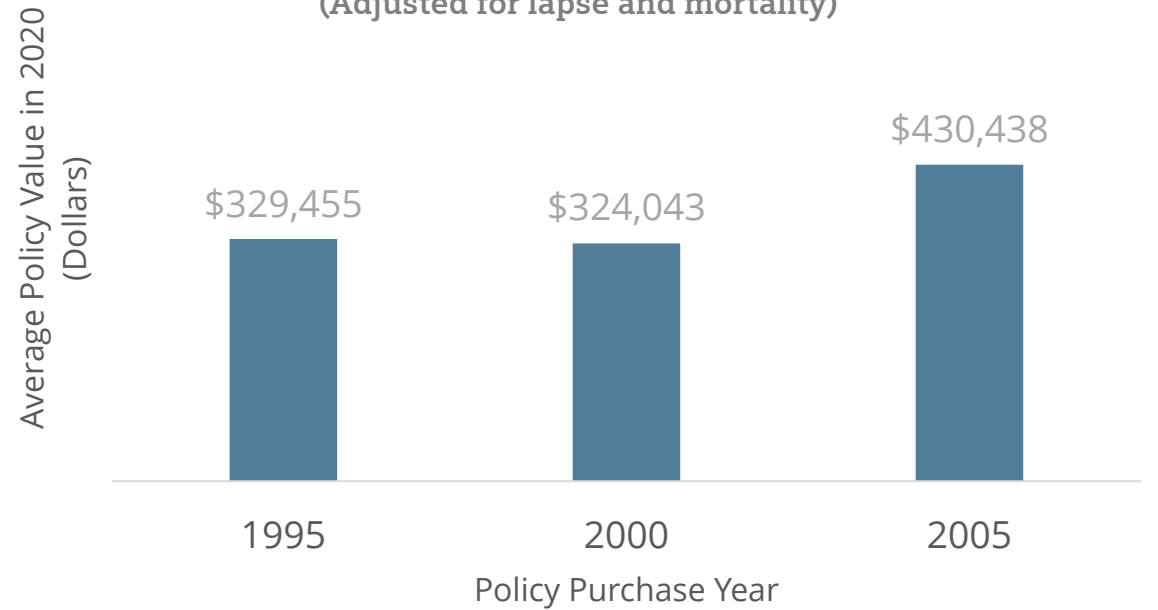
Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

Value in LTCi Policies in Florida

Florida LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



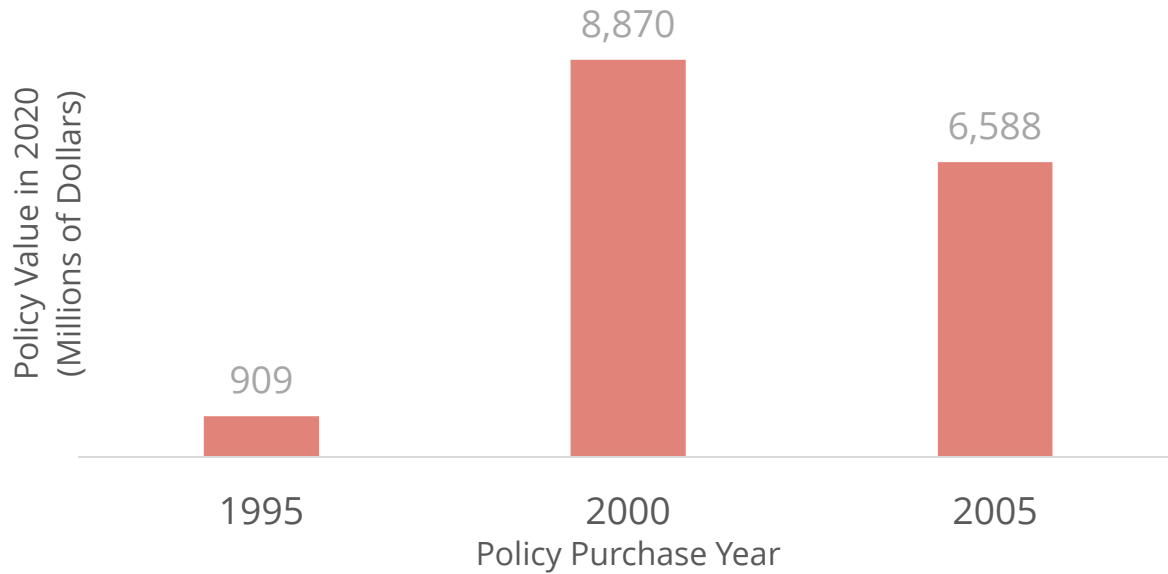
Average Value of Florida Policies in 2020
(Adjusted for lapse and mortality)



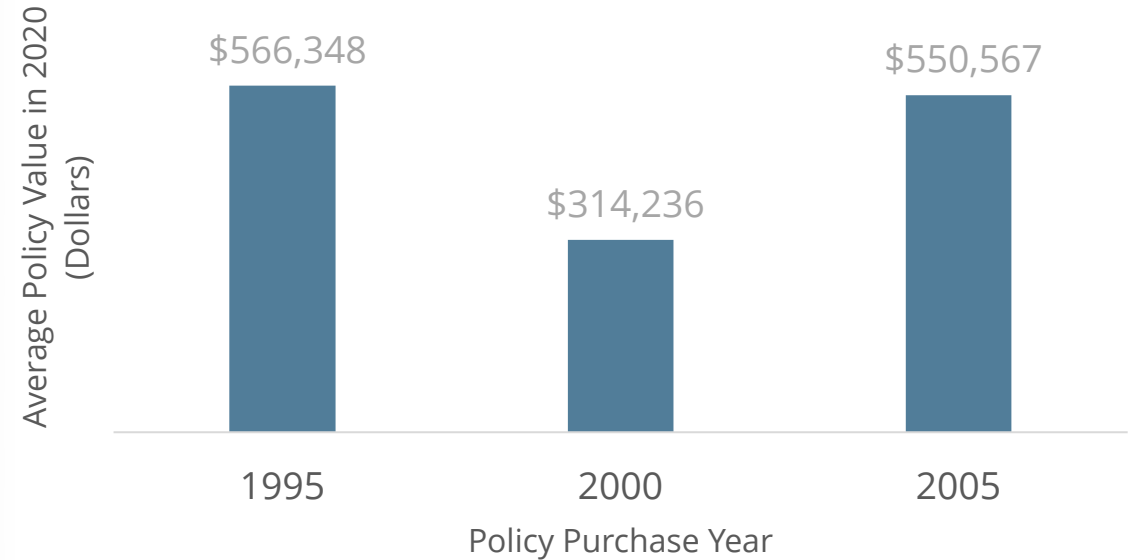
Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

Value in LTCi Policies in New Jersey

New Jersey LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



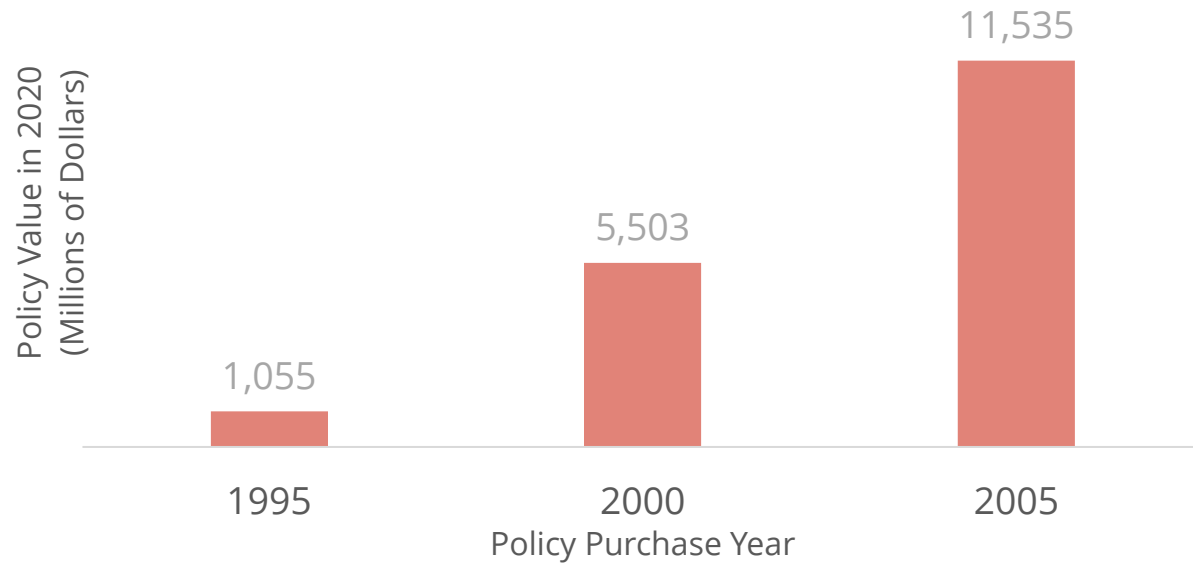
Average Value of New Jersey Policies in 2020
(Adjusted for lapse and mortality)



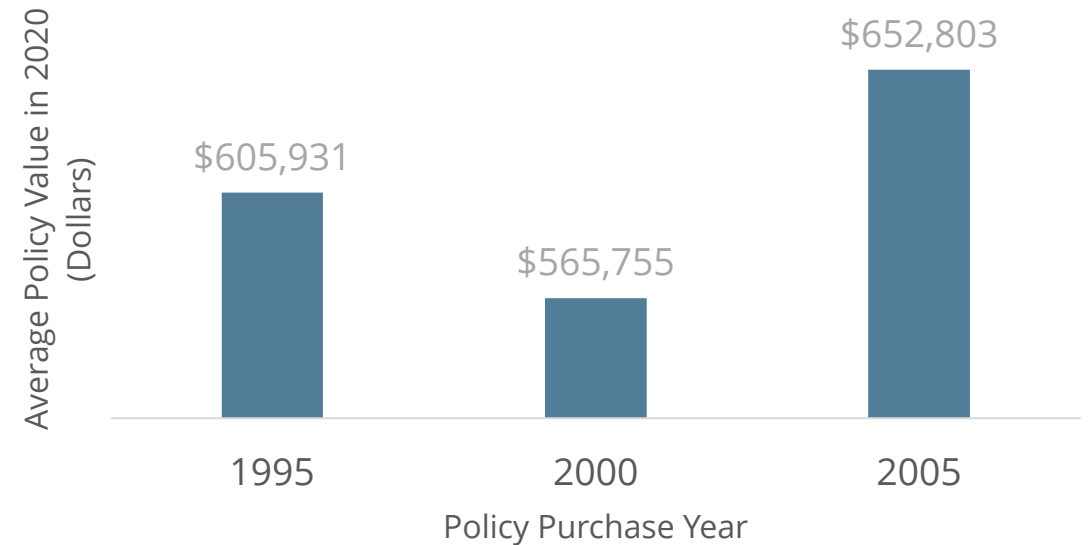
Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

Value in LTCi Policies in New York

New York LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



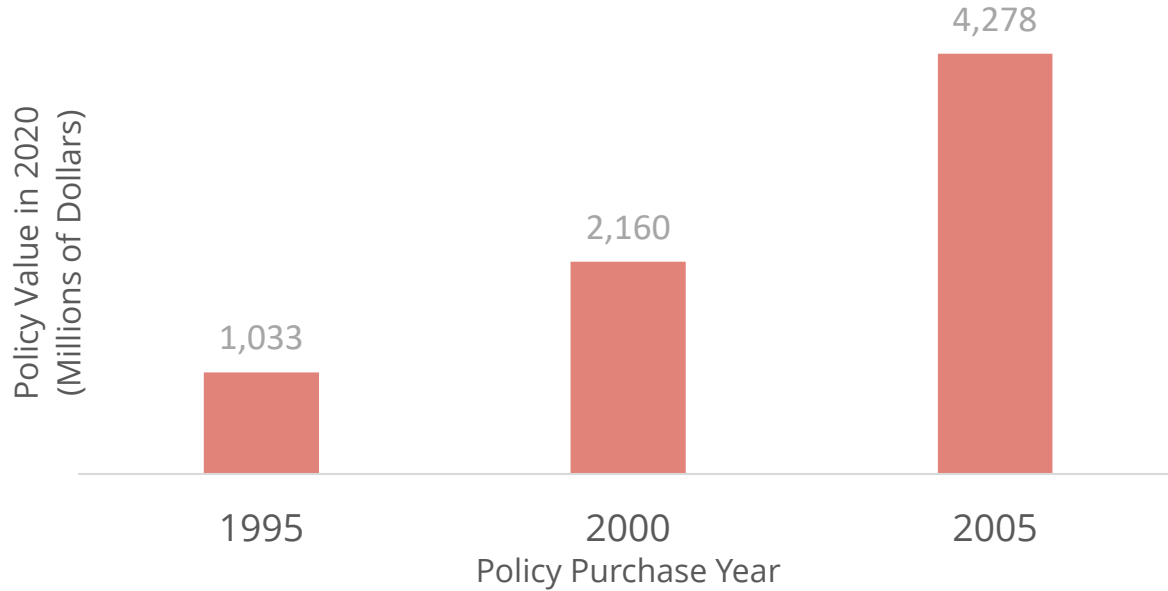
Average Value of New York Policies in 2020
(Adjusted for lapse and mortality)



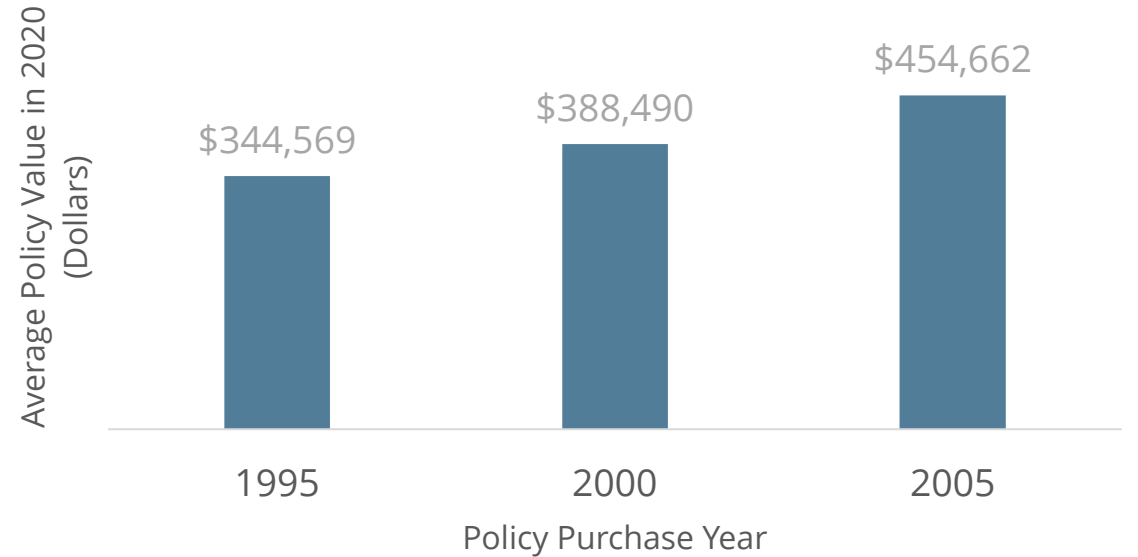
Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

Value in LTCi Policies in Ohio

Ohio LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



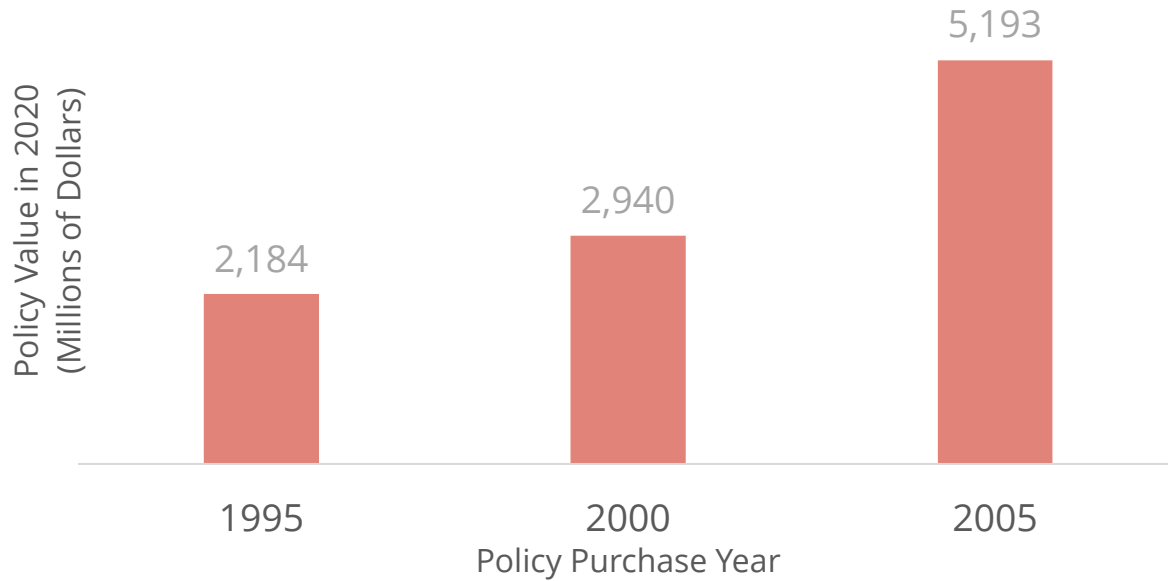
Average Value of Ohio Policies in 2020
(Adjusted for lapse and mortality)



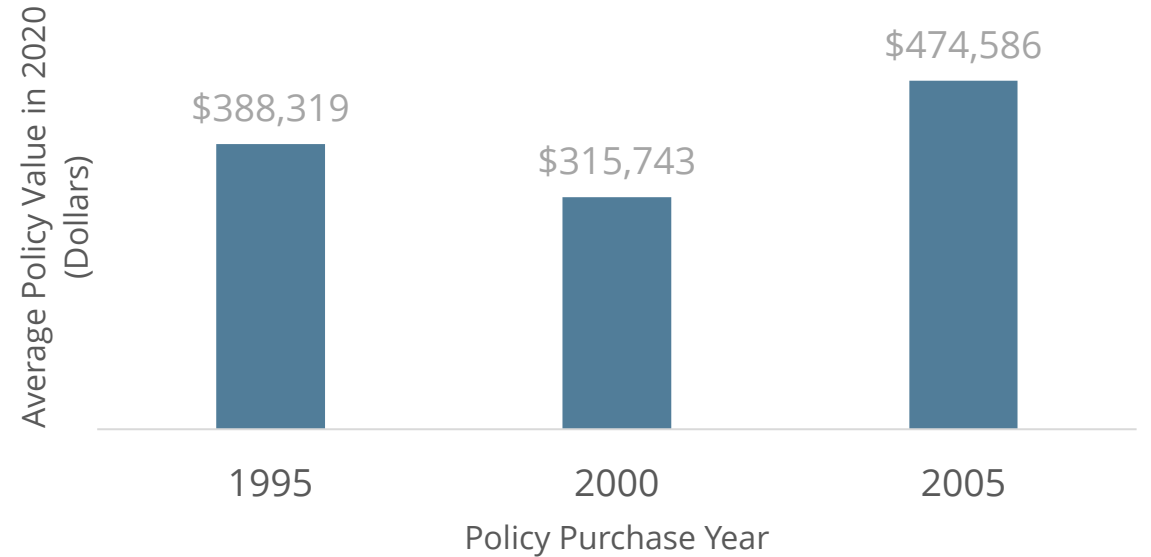
Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

Value in LTCi Policies in Texas

Texas LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



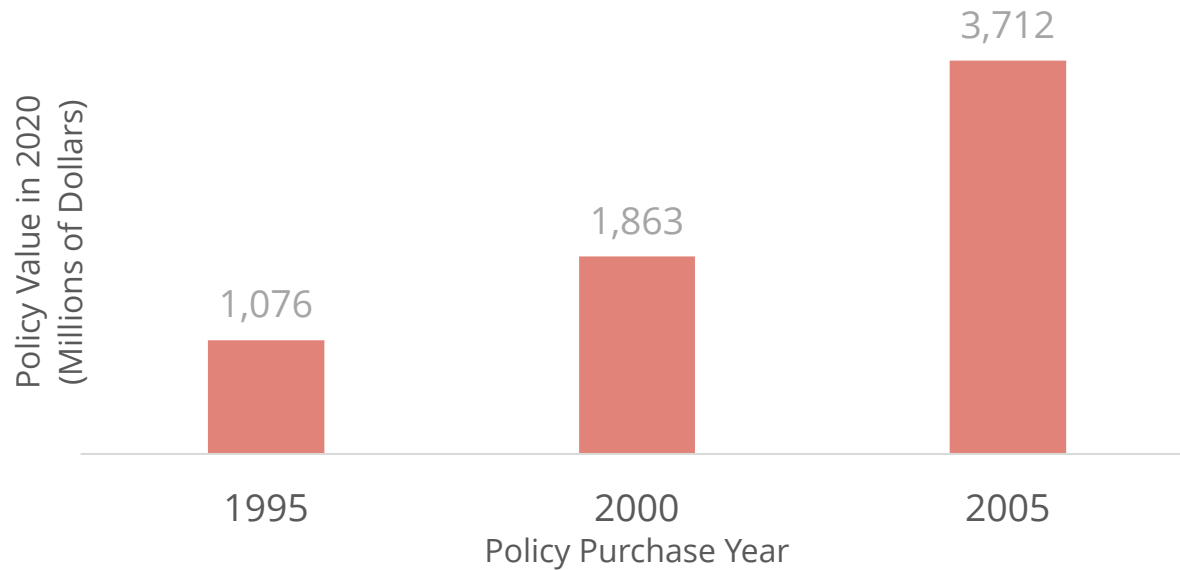
Average Value of Texas Policies in 2020
(Adjusted for lapse and mortality)



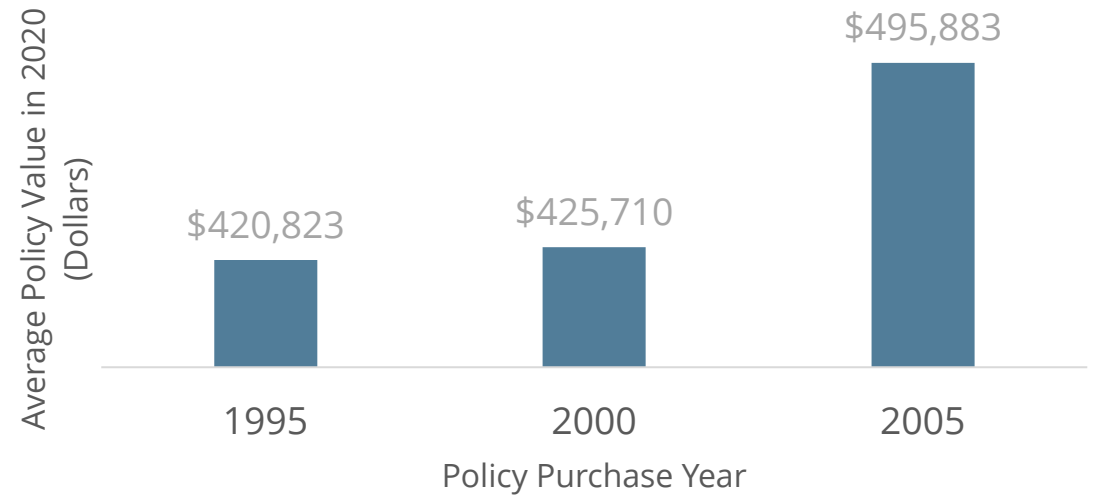
Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

Value in LTCi Policies in Virginia

Virginia LTCi Policy Value in 2020
(Adjusted for lapse and mortality)



Average Value of Virginia Policies in 2020
(Adjusted for lapse and mortality)



Note: The average cost of long-term care (or needing LTSS) is \$266,000 for those who use paid LTSS¹

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