

*Fast Facts*

Long-Term Care and the Middle Market:

Sizing the Opportunity for New Ways to Finance Long-Term Care

SUMMARY

In 2015, the Long-Term Care (LTC) Think Tank of the Society of Actuaries (SOA) brainstormed innovations that could make LTC delivery more practical, affordable and effective. This report describes two combination product concepts that emerged from that effort and how a research team later conducted extensive testing of the concepts with promising results.

The concepts are:

-- **LifeStage Protection.** This begins as term life insurance during prime income years and switches to LTC insurance in the later years.

-- **Retirement Plus.** This is a flexible retirement plan, like a 401(k) or IRA, with built-in LTC insurance.

The findings show that targeted consumer segments have strong interest in the concepts, and that realistic opportunities exist for key LTC stakeholders, including the potential for Medicaid savings.

HIGHLIGHTS

- Both product concepts tested well with consumers. Before reviewing pricing information, 60% of surveyed consumers expressed interest in the product presented to them, saying it was either good or excellent.
- For each of the products, half of the surveyed consumers said they were very or extremely likely to investigate it further.
- The top draw for consumers interested in LifeStage Protection was its transitional nature – providing life insurance while they were still working and LTC as they approached the age where they might need care.
- For Retirement Plus, the ability to save and use the money however desired – either for a healthy retirement, for LTC needs, or both – was seen as highly desirable.
- About 66% of those surveyed rated both concepts as easy to understand; and most also said the concepts were unique and believable.
- Roughly 33% of consumers said they would prefer to purchase either concept through their employer or directly from an insurance company website, and 25% said they would prefer to buy through an insurance agent,
- Revenue projections over a five-year period show favorable growth for both concepts under conservative assumptions regarding market penetration.
- Modeled tax revenue and Medicaid spending projections suggest that both concepts create the opportunity for significant government savings.

LINK TO FULL REPORT

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<https://www.soa.org/Files/resources/research-report/2018/ltc-middle-market.pdf>

METHODOLOGY

- Consumer research dates: June 2017 and September of 2017
- Four 90-minute qualitative focus groups (June) with 24 adults ages 35 to 54, stratified by age and income.
- A 20-minute quantitative online survey (September) to 900 employed adults ages 35 to 55, with incomes \$50,000 to just under \$500,000, randomly assigned to one of the two product concepts.
- Weighting: Survey data weighted by gender (to reflect U.S. Census population and qualification incidence from the survey) and by income (to reflect the U.S. Census population).
- Subsequent actuarial modeling: Includes US market projections, initial 5-year sales forecast per concept, and potential government savings.

REPORT SPECS

- Published: July 2018
- Pages: 86
- Access: Downloadable pdf
- Research Sponsor: The Society of Actuaries (SOA)
- Author(s): Cindy Malone, MBA, SVP of Innovation, Maddock Douglas
- Contents: Summary of findings, background and methodology, profile and mindset of consumer respondents, concept reaction and diagnostics, revenue forecast and government savings impact, profile of concept acceptors, quantitative survey questionnaire in Appendix, profile of survey respondents, 41 tables, 13 charts, 10 images, and 5 graphs.



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Society of Actuaries Fact Sheet for the Long-Term Care and Middle Market Report

<https://www.soa.org/Files/resources/research-report/2018/ltc-market-fact-sheet.pdf>

Long Term Care Think Tank: Exploring the possibilities for helping the American public manage the financial burden of long term care

<https://www.soa.org/Files/Sections/2016-03-long-term-care-think-tank.pdf>

Long Term Care Think Tank Product Innovation Research Project (presentation)

<https://www.soa.org/pd/events/2018/health-meeting/pd-2018-06-health-session-063.pdf>



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