

Long Term Care News

May, 2019 Edition

It's lilac time! Hopefully no one will be freezing their buds off on Mother's Day or at the Lilac Festival! Spring is a beautiful time of year in "upstate New York," no matter what Homer Simpson thinks!

Carrier News

- **Genworth** remains in the news, even though we can't quote their policies! The purchase deal between this carrier and China Oceanwide has been delayed one more time, requiring regulatory approvals in Canada. Just a wild guess, because Canadians don't buy long term care insurance*, that this relates to the business that really killed Genworth's bottom line back in 2008-09 – mortgage insurance. Genworth was/is a world-wide mortgage insurer and was up to their assets in the "swaps" deals which securitized batches of sub-sub-standard mortgage loans that took down AIG and others. Also, the word is that China Oceanwide is working furiously to free up cash for this transaction, selling several real estate development projects in China.

In the meantime, the long term care business remains on hold, our company representatives say that product was filed long ago in anticipation of Genworth emerging from this transaction as a brand new insurance company, we wait and see 😊

- **John Hancock** will be implementing another premium rate increase in New York – thankfully on a product only the career sales force promoted, their "last-generation" non-Partnership offering called Leading Edge. It addressed the inflationary increases in benefit not with a choice of riders, but by building the policy on a UL chassis, if the underlying account increased in value, so would the benefit account.
- **Met Life** has also received approval for another rate increase in New York, reasonable by modern standards although they are asking for more at some point in the future – ranging from 15% for the first-generation policies, to 5% for those which were available when this carrier withdrew from the market. Update information has been forwarded to producers, with listings of impacted policies. No landing spots for such a small increase, but if anyone would like to discuss options, please give me a call or drop an e-mail.
- **Mutual of Omaha** is featuring a series of training webinars, all dealing with underwriting. Webinars in June, August, October and December are scheduled, and for producers who are interested, please contact me for access codes. Cases from hell can be prevented, clients don't need to spend months going through a process only to be declined for reasons that should have been known on day one.
- **Transamerica** has turned their long term care administrative functions over to LTCG, an independent third party administrator, effective later this year. This is not a bad thing, as LTCG is an experienced provider and will do a good job for new and existing policyholders.
- **Unum** has recovered from their "premature" mailing syndrome, announcing premium rate increases way ahead of time and then going on an apology tour, to sending these out as anniversary dates roll around, and those of you with clients who are impacted, will receive those notices as we receive them.

Meetings, CE, etc.

As the “season for meeting” winds down, just a few events of note!

- Today! Too late to sign up unless you want to walk in and ask nicely, beg a little – the Society of Financial Service Professionals holds their Annual Meeting at 4:30 this afternoon at Sibley Square, 6th Floor (park in the Mortimer Street garage and walk over), for appetizers, open bar and Heidi Zimmer Mayer, President of Rochester Downtown Development updating on the resurgence of downtown Rochester.
- Tomorrow – again, past the deadline but maybe you could still beg an invite, 2019 Upstate Women in Finance Event being held in Buffalo, Rochester and Syracuse. The Rochester event will be held at ARTISANworks on Blossom Road and run from 12:30 to 5:30 with a wine and chocolate reception. Call 585-310-7232 if interested in attending.
- May 4 – The Community Foundation’s Evening Out at Home, with dinner parties scattered around town and dessert, drinks and dancing at Comedy@The Carlson – racf.org/EOAH to see whether last-minute reservations will be accepted!
- **Lifespan** continues their programs of information and inspiration for older adults and caregivers, with free workshops all month. For a listing, contact Lifespan at 585-244-8400 or ask me for the file.
- June 19 – at last, something with a little more time to consider! The Greater Rochester FPA Annual symposium is scheduled at Irondequoit Country Club. An all-day affair which includes keynote speakers, continuing education, workshops, exhibitors and lunch – contact admin@nyfpa.org for additional information.

Media and other information and articles

The Pew Research Center has recently released a report on how the United States in 2050 will be very different from what we are today. Well before 2050 adults 65 and older will outnumber children and those age 85+ will almost triple – yeah, you’re talking Florida in February. Without tax-paying workers, retirement and health benefits promised to a growing number of elderly will run out of resources – as has been predicted in another report last week covering the pending insolvency of both Medicare and Social Security. This report is available to those who like to delve into the weeds, just ask.

Health care costs, according to Fidelity’s annual analysis, have climbed to \$285,000 for a retired couple – and that doesn’t include costs to cover long term care expenses. The insurance industry that’s available to help retirees with LTC expenses hasn’t died yet, in 2018 about 350,000 Americans purchased some form of coverage.

Aging in place is the optimal plan, and LTCI claims information shows that about 25% of claims begin and end in assisted living – a setting that more “baby boomers” indicate is preferred to even staying in their own homes – especially if diagnosed with dementia! At anywhere from \$3000 to \$5000 per month however, affordability can be an issue – unless your client has planned wisely by building up retirement assets, is willing to sell a home to fund the ALF or has purchased insurance to cover these expenses. The Rochester Business Journal featured an article covering home modifications to help people stay at home, as opposed to downsizing to a condo or entering a senior community, just ask and we’ll send. And if you are unsure whether you have Alzheimer’s or dementia, we’ve got an article to explain the differences!

Washington State is poised to become the first in the nation to offer long term care benefits, sort of a CLASS Act do-over, \$36,500 maximum per person, paid via payroll deduction – meaning disabled persons who aren’t working are left out – guaranteed issue of course! AARP of Washington claims

that 70% of residents age 65+ will need some type of assistance to live independently and while the maximum benefit won't go far, won't last long, a worthwhile experiment, nonetheless.

Speaking of government-run health care programs, a report is available outlining inspections of VA nursing homes in 25 states which revealed patient harm – including health and safety deficiencies in 52 out of 99 facilities. For anyone interested in implementing government-run health care for all citizens in the United States, please pay close attention to Veterans and Indian tribes to assess how this is working out for these respective groups.

Lastly, an excellent article on one of the lesser-considered options for long term care services, in the Journal of Financial Professionals, on advising clients about Continuing Care Retirement Communities. In Upstate New York we have the Summit at the Jewish Home in Rochester, and Kendal in Ithaca, among others. These CCRC's are under the jurisdiction of the state insurance department as they are a form of insurance, involve legal contracts and are subject to underwriting requirements. Not as popular as stand-alone assisted living options, but something to consider when planning with clients. Which by the way, is a must-do, another great article on why and wherefore if you're interested in how others develop the plan.

Hot Sales Tip

For those who never know what to propose – stand-alone long-term care, hybrid and combo-linked life insurance, annuities or just plain self-funding, how about a nifty slide from one of the presentations at the recent industry-wide long term care conference? Pros, Cons, sample benefits and costs -- Just ask!

This newsletter will take a vacation break for the next couple of months – as we hope all of you will too! All work and no play make bank, which is needed to have fun. If the world comes to an end, obviously you won't hear from me – anything less serious that might impact the business of helping clients even though it's summer, we will respectfully interrupt.

*because they have to pay for nursing home care out of pocket, socialized medicine doesn't usually cover nursing homes

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