



MILLIMAN FAEGRE JOINT SURVEY

# Long-term care aging-in-place initiatives

A survey of industry participants

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## Table of Contents

<b>OVERVIEW.....</b>	<b>1</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>SECTION 1: BUSINESS OBJECTIVES .....</b>	<b>2</b>
SURVEYOR INSIGHT.....	2
TIMING.....	3
GOALS.....	3
OBSTACLES.....	4
RISKS .....	4
IMPORTANCE TO OVERALL BUSINESS.....	5
<b>SECTION 2: WELLNESS PROGRAM DESCRIPTIONS.....</b>	<b>5</b>
SURVEYOR INSIGHT.....	5
BUSINESS SEGMENT .....	6
STRATEGIES .....	6
OPPORTUNITIES .....	7
METRICS AND METHODS TO JUDGE EFFECTIVENESS .....	8
<b>SECTION 3: DATA.....</b>	<b>10</b>
SURVEYOR INSIGHT.....	10
<b>APPENDIX A: LIST OF PARTICIPATING COMPANIES.....</b>	<b>12</b>
<b>APPENDIX B: SURVEY QUESTIONS .....</b>	<b>12</b>
LONG-TERM CARE INSURANCE WELLNESS INITIATIVES.....	12
2022 Survey of Practices .....	12
Topic: Business Objectives.....	12
Topic: Wellness Program Description.....	13
Topic: Data .....	15

## Overview

Milliman, Inc. (Milliman) and Faegre Drinker Biddle & Reath LLP (Faegre Drinker) have conducted our first joint long-term care (LTC) wellness survey. We compiled survey responses from 20 carriers.

As wellness and aging-in-place programs in the LTC industry gain traction, we believe it is helpful to survey market leaders on these trends. We believe the insight from this survey will be a valuable resource to risk managers and other parties to understand the emerging wellness practices.

One important part of the survey and the reporting on the results is to define the terms “aging-in-place,” “wellness,” and “interventions.”

**Aging-in-place:** “When an older adult stays in their own community rather than moving into a residential facility and keeping a degree of independence (Wiles). Aging-in-place may also be described as an older adult living in their preferred dwelling for as late into their elder years as possible.”<sup>1</sup>

**Wellness:** Improve health outcomes, reduce severity of future claims, and reduce overall LTC claim costs.

**Interventions:** Focus on modification of risk factors and behavior change with the goal of improving some observable health outcome.

To capture information for companies focused on aging-in-place, wellness, and/or interventions, we will refer to them as wellness programs in this report.

The information presented includes brief commentary on the application of various methods and approaches of several technical LTC actuarial issues. This report assumes the reader is familiar with LTC insurance (LTCI), including product design and benefits.

The results of this survey are intended to provide interested parties with general benchmarks regarding insurers’ current wellness program practices. In preparing this summary of the wellness survey, we relied on companies to accurately report their business objectives, wellness program descriptions, and data needs. While we reviewed the responses for general reasonableness, we included them as reported. The survey is merely a tally of company responses, not necessarily the actual experience of carriers. The reader should keep this in mind when evaluating the results in this report.

It should also be noted that not all companies answered every question, resulting in the number of responses varying by question. Figures in the report may not sum to 100% due to rounding.

The carriers included in the survey are listed in Appendix A.

The list of survey questions is included in Appendix B.

Finally, commentary offered throughout this report includes the authors’ opinions, which do not necessarily represent those of Milliman or Faegre Drinker. Because the articles and commentary prepared by the professionals of our firms are often general in nature, we recommend that our readers seek the advice of an actuary or attorney before taking any action.

We, Juliet Spector, Jeff Anderson, Robert Eaton, and Missy Gordon, are associated with Milliman, Inc., and are members of the American Academy of Actuaries. We are qualified under the Academy’s qualification standards to render the opinions regarding the actuarial calculations set forth herein.

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<sup>1</sup> Akter, N. (May 19, 2021). What does the term ‘aging in place’ mean? Retrieved February 10, 2023, from <https://www.seasons.com/what-does-the-term-aging-in-place-mean/2491890/>.

## Executive Summary

As wellness and aging-in-place programs in the LTC industry gain traction, we believe it is helpful to survey market leaders on these trends. The insight from this survey will be a valuable resource to risk managers and other parties to understand emerging practices and experience with LTCI wellness programs.

We received responses from 23 individuals on behalf of 20 different companies (representing different points of view at some companies). The respondents encompass the majority of the major carriers in the standalone LTCI market. A recurring theme across the survey responses was delaying or preventing chronic illness by facilitating various aspects of healthy and safe aging (while prioritizing aging-in-place), and then facilitating more in-home care for individuals who develop chronic illnesses. The survey results show that the primary obstacle to implementation of a wellness program was return on investment, yet most participants indicated current or anticipated implementation, and placed wellness programs being of medium to high importance to the business. Customers “75-85 years of age” and customers “likely to claim soon” were indicated by respondents to be the groups where wellness program implementation are expected to be most beneficial.

## Section 1: Business objectives

In search of value within LTCI blocks of business, many companies are turning to more active policyholder engagement strategies. We seek to understand the particular business objectives across the industry.

This section describes the business objectives the survey participants hope to achieve. Topics covered in this section include:

- Timing
- Goals
- Obstacles
- Risks
- Importance to business

### **SURVEYOR INSIGHT**

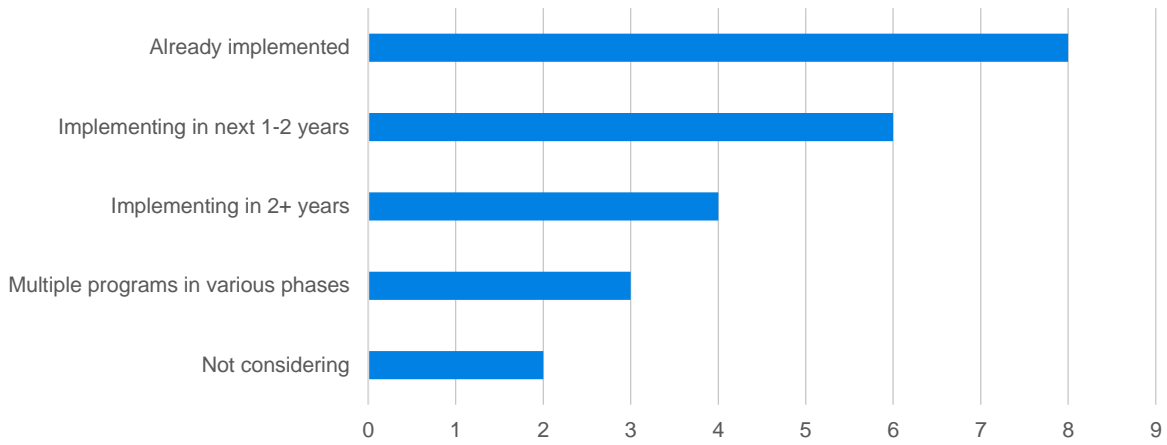
Responses in the business objectives questions reflect our own observations of the aging-in-place marketplace among LTCI carriers:

- This is a fairly nascent market and opportunity for carriers (Timing)
- Insurers wish to implement programs to promote aging-in-place and delay costly facility stays (Goals)
- Recognizing large potential project costs, as well as potential legal risks, insurers have begun efforts in this space with pilot programs for policyholders who are already receiving home health benefits (Obstacles)

Modernizing and managing claims is an important component of the company’s risk management strategy (Risks)

**TIMING**

**FIGURE 1: ARE YOU IMPLEMENTING (OR PLANNING TO IMPLEMENT) POLICYHOLDER WELLNESS PROGRAMS?**

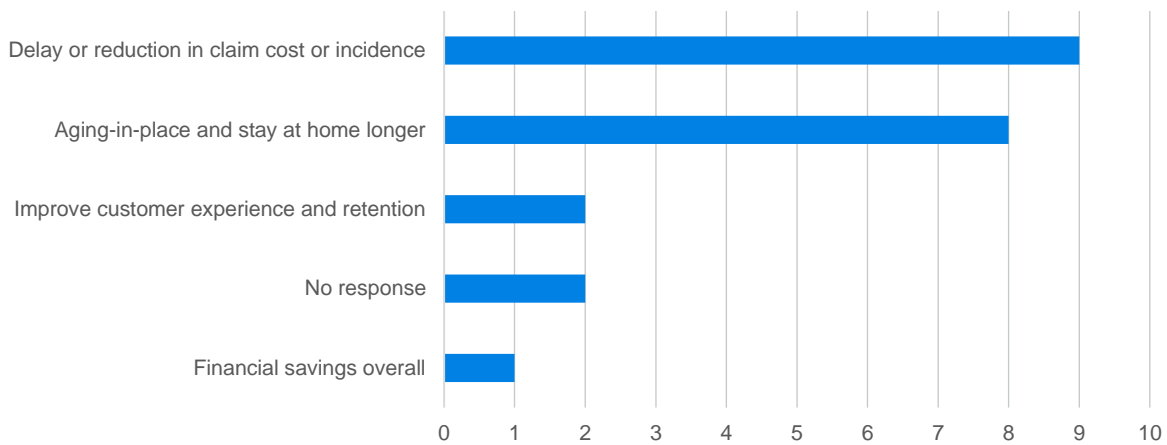


Most participants indicated that wellness programs had already been implemented or were going to be implemented in the next one to two years. For those participants that were “not considering,” lack of current investment interest and non-applicability were the two reasons given.

**GOALS**

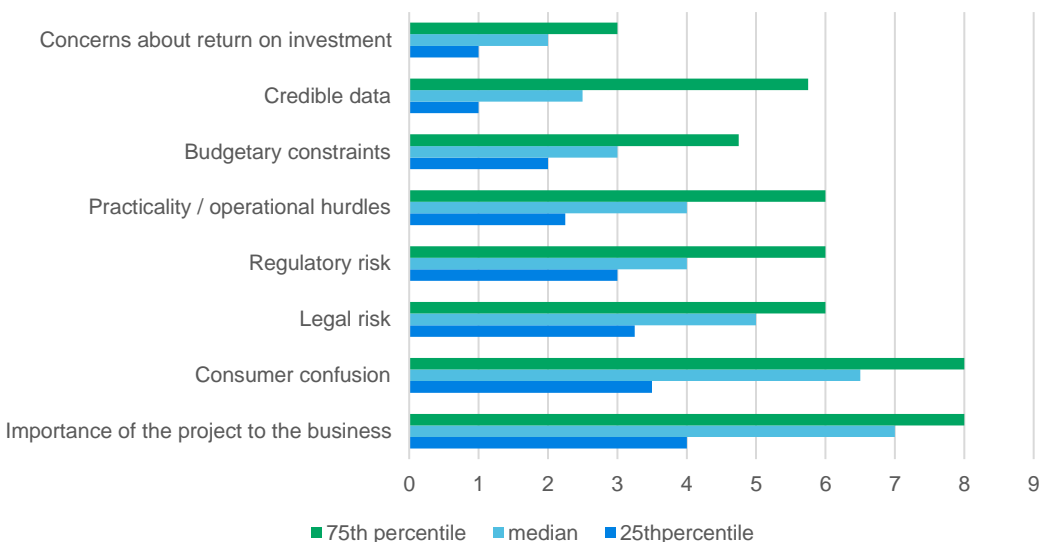
For this open-ended question, we created five categories to classify the participants’ responses. We bucketed into the first response, but some companies did state multiple goals.

**FIGURE 2: WHAT ARE YOUR PRIMARY GOALS IN OFFERING THESE PROGRAMS?**



## OBSTACLES

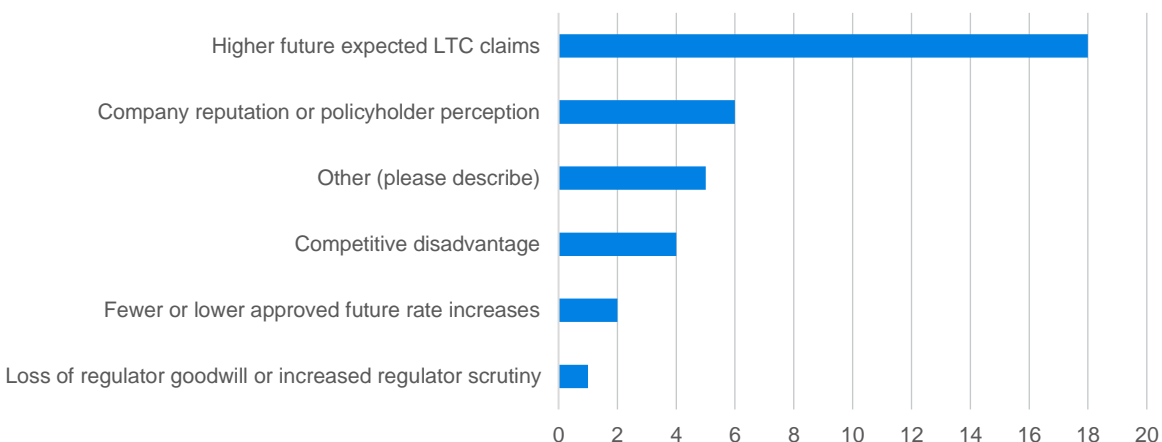
FIGURE 3: WHAT DO YOU VIEW AS THE BIGGEST OBSTACLES TO ACHIEVING YOUR OBJECTIVES?



Participants ranked each of the options from 1 (most important) to 8 (least important) and these are reflected above based on the order of median ranking among respondents. When looking at median values for the options, budgetary constraints, regulatory risk, and credible data sources ranked as more important obstacles compared to the other choices.

## RISKS

FIGURE 4: WHAT DO YOU PERCEIVE AS THE GREATEST RISKS IN NOT PURSUING THESE WELLNESS PROGRAMS?

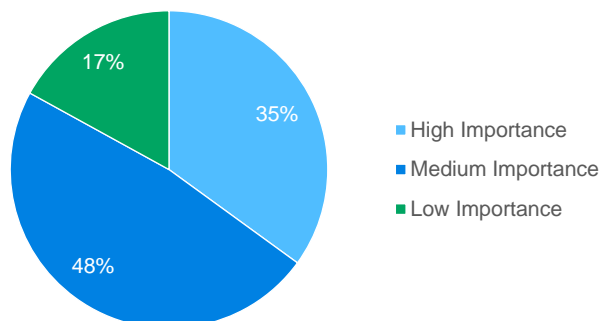


In this multiselect question, participants identified higher future expected LTC claims, followed by company reputation or policyholder perception, as the greatest risks if wellness programs were not pursued.

Under the “Other” open-ended response, staying competitive in the LTC space was the most frequently mentioned risk (4 out of 5).

## IMPORTANCE TO OVERALL BUSINESS

FIGURE 5: WHAT DO YOU PERCEIVE AS THE IMPORTANCE OF WELLNESS PROGRAMS IN YOUR BUSINESS?



48% percent of participants indicated this to be of medium importance, 35% indicated high importance, and 17% indicated low importance.

## Section 2: Wellness program descriptions

Wellness is a general and broad term both in the LTC business and in the healthcare business in general. We seek to understand the details of what is offered in the wellness programs across LTC carriers and how success is measured.

Participating companies were surveyed regarding the following topics:

- Business segment and age group
- Strategies to improve the health of the population
- Timing of first policyholder outreach and expectation of results
- Metrics and methods to judge effectiveness

### SURVEYOR INSIGHT

We observe the following as companies described their wellness program designs in our survey:

- Pre-claim initiatives are more popular than on-claim initiatives, noting that in pre-claim results it is more difficult to estimate savings. (Business segment)
- Companies believe assisting policyholders with home modifications and social support, including for informal caregivers, is key to keeping people at home longer. (Strategies)
- Companies find the most value in these programs through delaying transition to a facility and preventing falls. (Strategies)
- Respondents anticipate that the 75-85 age range has the most significant opportunity for impact from wellness programs, as those are the years leading up to peak LTC claim ages. We observe that using external data sources in models provides substantial lift to predictive models, allowing for higher potential savings. (Opportunities)
- Randomized control trials—evidenced by a control versus study group approach—provide a meaningful way to measure program results. Evaluating group dynamics using state-of-the-art risk scoring can provide insurers with more comfort in the approach. (Metrics and methods)

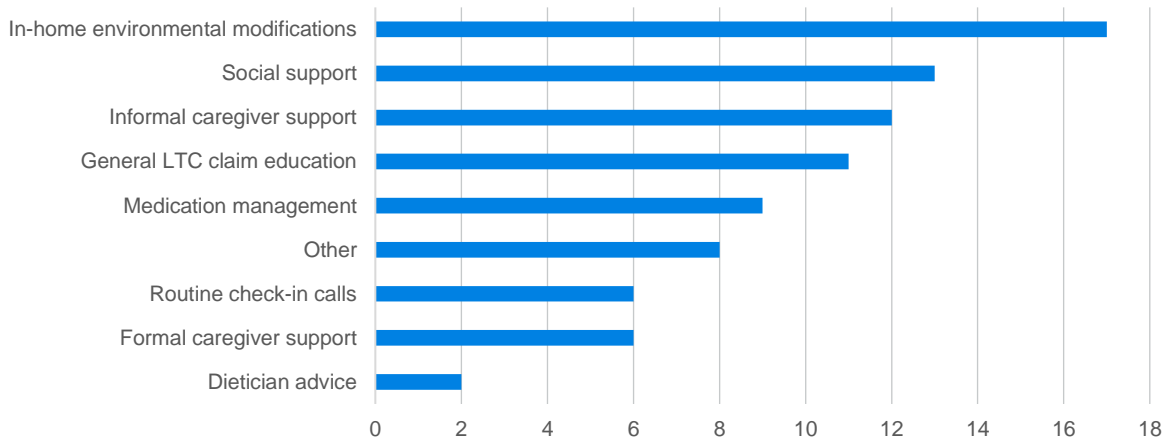
## BUSINESS SEGMENT

FIGURE 6: WHAT SEGMENT OF YOUR BUSINESS ARE YOU FOCUSED ON WITH YOUR WELLNESS PROGRAM (SELECT ALL THAT APPLY)?



## STRATEGIES

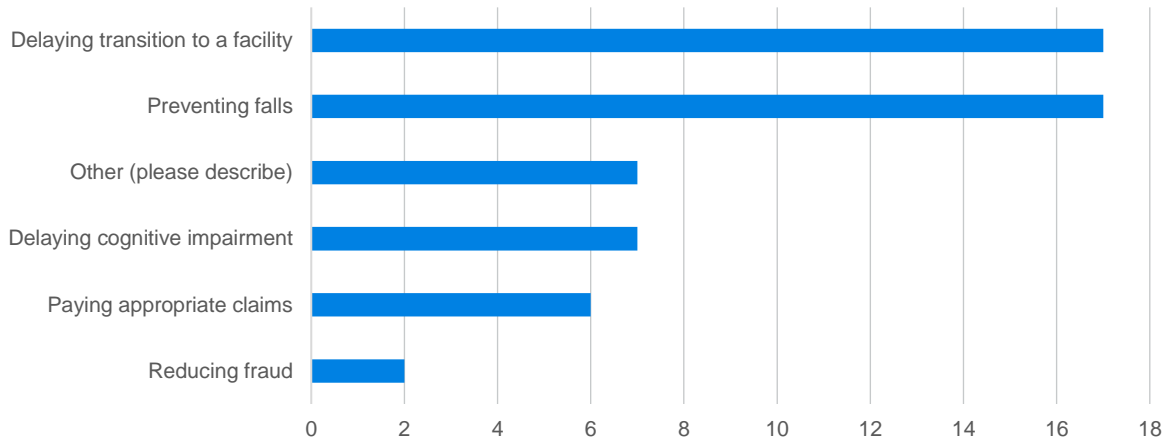
FIGURE 7: WHAT STRATEGIES DO YOU PLAN TO USE TO IMPROVE THE HEALTH OF THIS POPULATION (SELECT ALL THAT APPLY)?



Within the “Other” category, respondents most frequently mentioned education and cognitive screening, community and third-party vendor resources, and “to be determined” as improvement strategies.



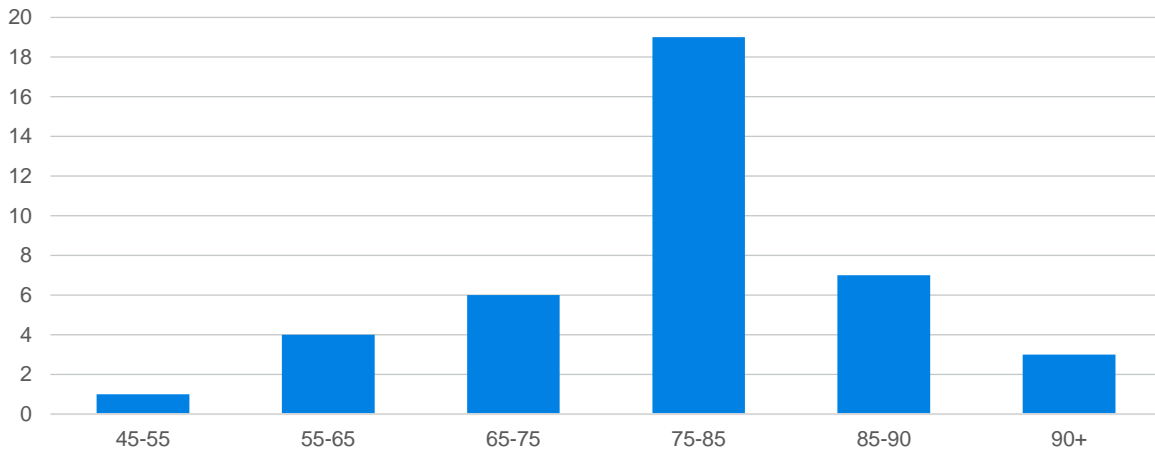
**FIGURE 8: WHAT DO YOU EXPECT/HOPE TO ACHIEVE FROM THE ABOVE STRATEGIES (SELECT ALL THAT APPLY)?**



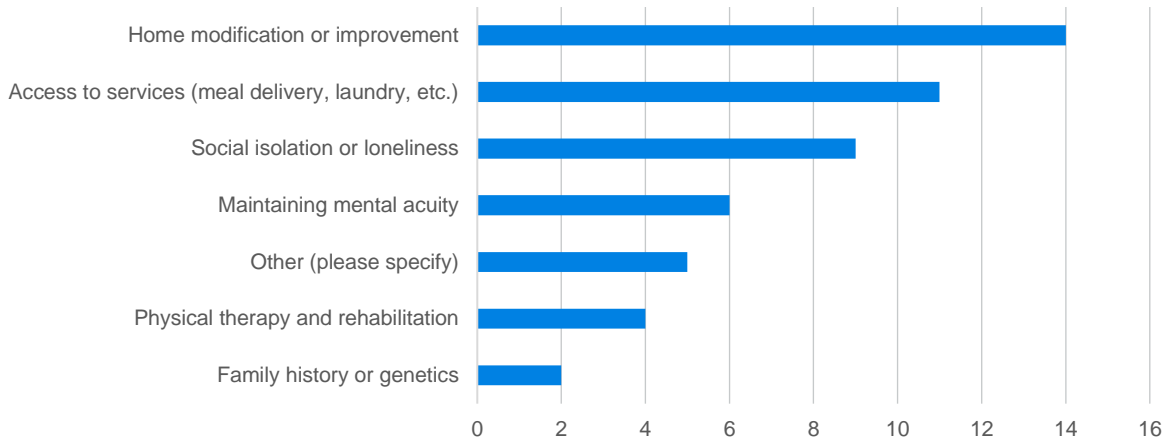
Under “Other,” delay or reduction in claims were the most frequent responses.

**OPPORTUNITIES**

**FIGURE 9: WHAT POLICYHOLDER AGE RANGES HAVE YOU IDENTIFIED AS OFFERING THE MOST OPPORTUNITY TO IMPROVE LONG-TERM WELLNESS?**

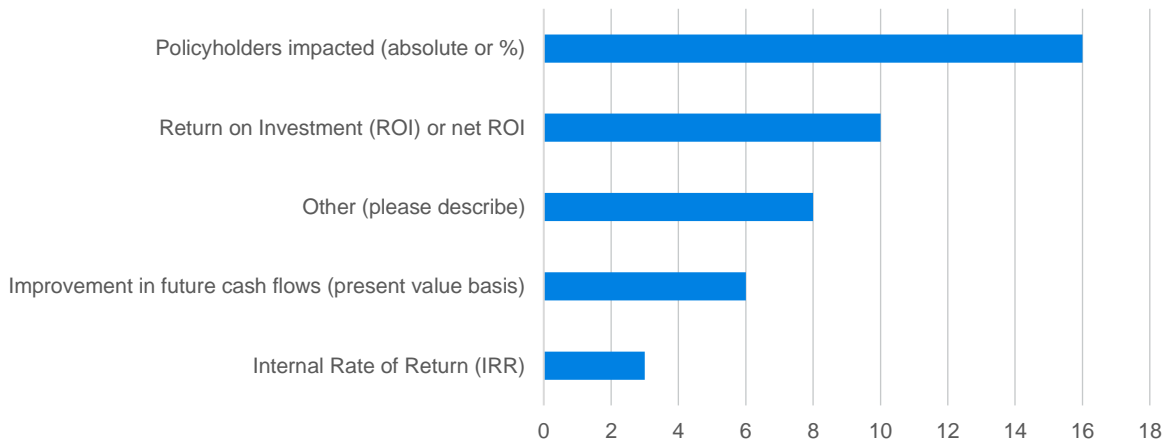


**FIGURE 10: WHAT HEALTH FACTORS OR SOCIAL DETERMINANTS OF HEALTH HAVE YOU IDENTIFIED AS OFFERING THE MOST OPPORTUNITY TO IMPROVE LONG-TERM WELLNESS?**



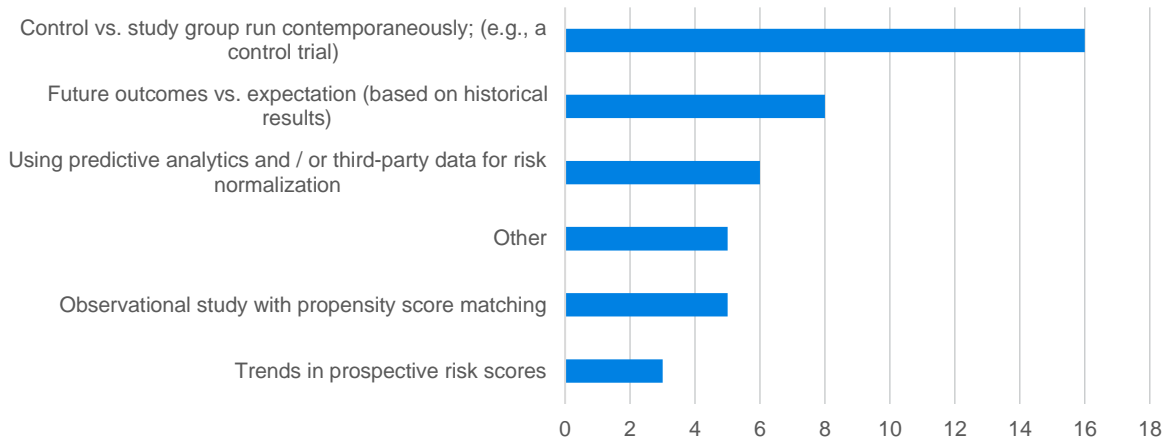
**METRICS AND METHODS TO JUDGE EFFECTIVENESS**

**FIGURE 11: BY WHAT METRIC WILL YOU EVALUATE YOUR BUSINESS GOALS?**



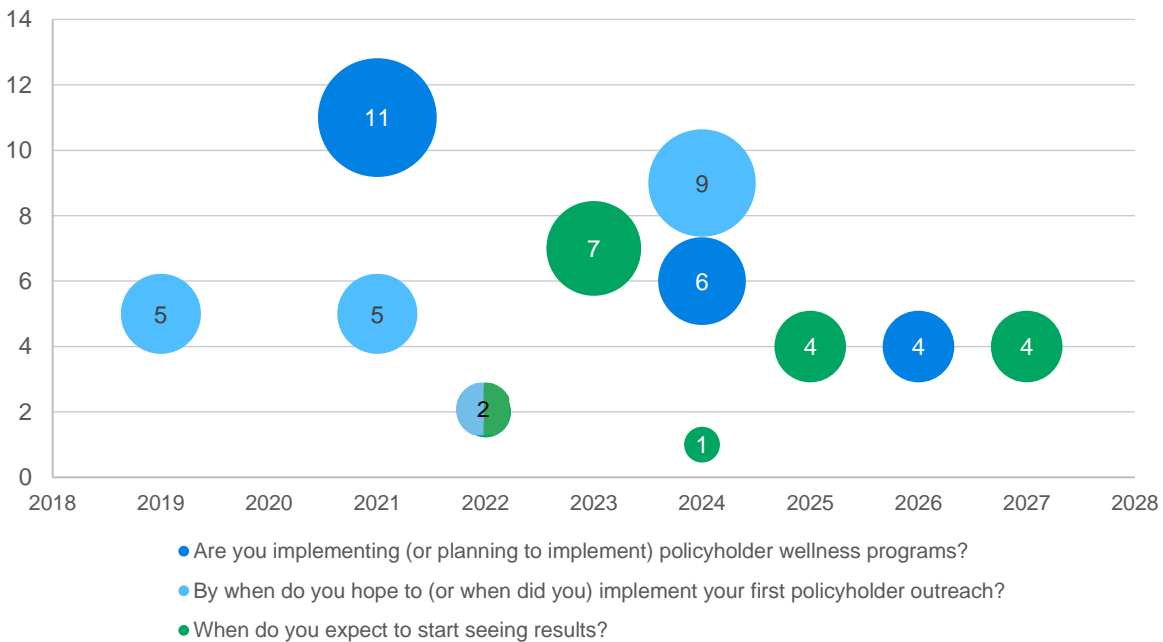
Under “Other,” trying control versus test groups and measurable claims impact, reduction in incidence, and cost were most frequently mentioned.

**FIGURE 12: WHAT METHOD(S) WILL YOU USE TO JUDGE IF YOUR WELLNESS PROGRAMS ARE EFFECTIVE?**



Under “Other,” customer satisfaction and “to be determined” were frequent responses.

**FIGURE 13: OUTREACH IMPLEMENTATION TIMELINE**



Multiple respondents recently implemented policyholder wellness or outreach programs. Several expect to begin seeing results of these programs in 2023.

## Section 3: Data

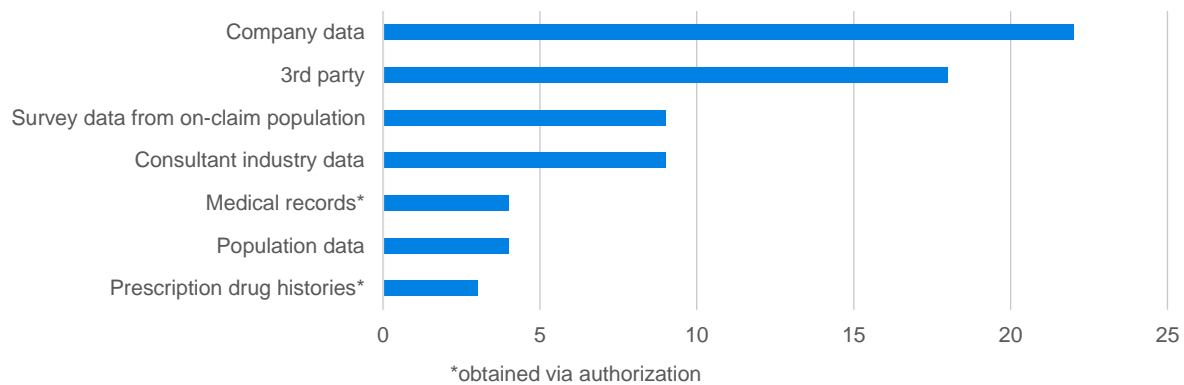
Data is an important part of most initiatives, including those in the LTC wellness space. In this section, we seek to understand what data participants found most valuable.

### SURVEYOR INSIGHT

Responses to questions of data indicate the wide variety of industry practice within the wellness initiatives:

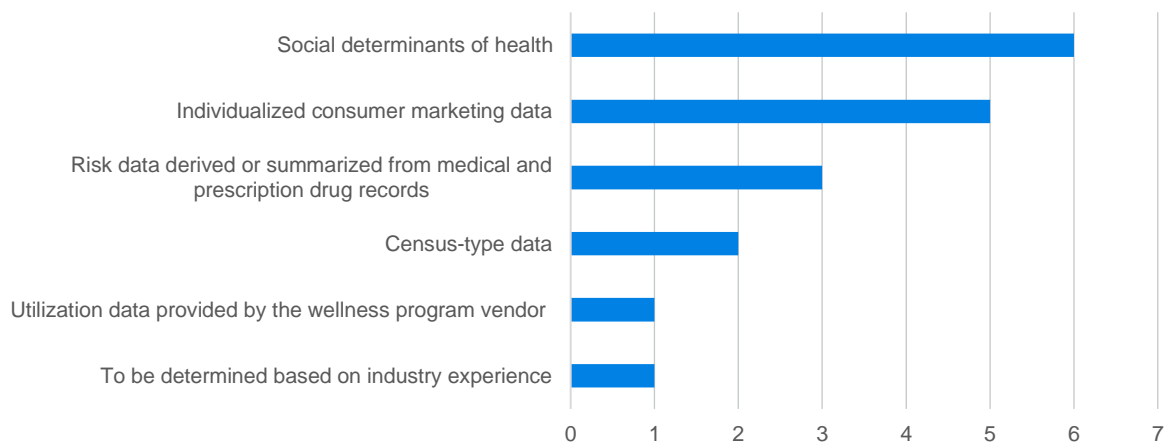
- The addition of proprietary third-party data dramatically increases the estimated net return on investment (ROI).<sup>2</sup>
- Respondents indicated some discomfort with sharing protected health information (PHI) and personally identifiable information (PII), even among business associates, for the purpose of implementing these aging-in-place initiatives. Finding business partners with strict data governance protocols, including HITRUST certification, can help insurers more readily achieve objectives using enhanced data sets (e.g., those utilizing third-party data).

FIGURE 14: WHAT DATA WILL YOU USE IN IMPLEMENTING AND EVALUATING YOUR WELLNESS PROGRAM?



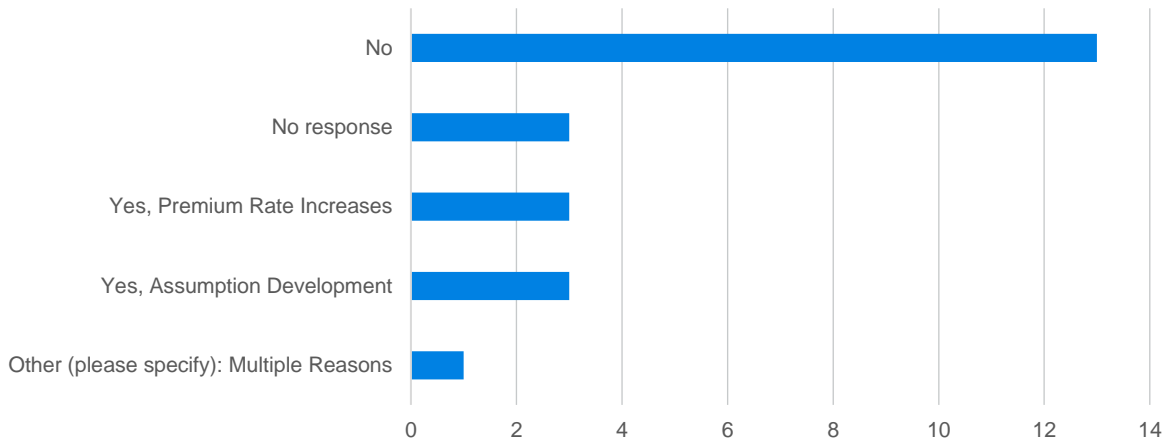
Only 6 companies used third-party data, but of those that did, they used multiple different sources. The different sources are shown in Figure 18 below.

FIGURE 15: WHAT THIRD-PARTY DATA WILL YOU USE IN IMPLEMENTING AND EVALUATING YOUR WELLNESS PROGRAM?

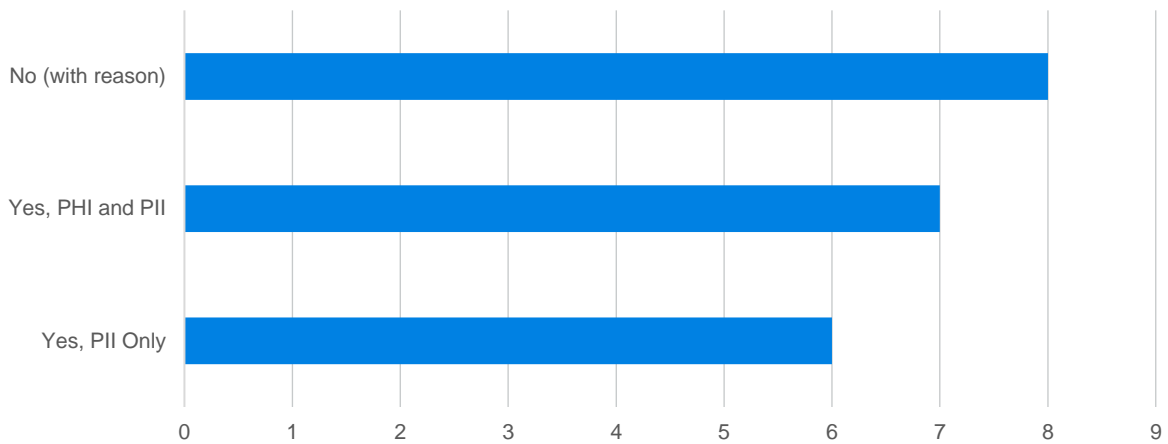


<sup>2</sup> Milliman LTC Advanced Risk Analytics (LARA™) simulated pilot case study. [https://www.milliman.com/-/media/products/lara/12-10-21-milliman-lara\\_simulated-pilot-case-study.ashx](https://www.milliman.com/-/media/products/lara/12-10-21-milliman-lara_simulated-pilot-case-study.ashx)

**FIGURE 16: DO YOU CURRENTLY SHARE PHI (E.G., SERIATIM CLAIM RECORDS) WITH A THIRD PARTY, SUCH AS A THIRD-PARTY ADMINISTRATOR (TPA) OR A CONSULTANT, FOR THE PURPOSE OF LTC ANALYSIS (E.G., PREMIUM RATE INCREASES, ASSUMPTION SETTING, PRICING, VALUATION, ETC.)?**



**FIGURE 17: ARE YOU WILLING TO SHARE PHI OR PII WITH THIRD PARTIES TO ASSIST IN YOUR WELLNESS PROGRAMS?**



Among “No (with reason)” respondents who provided additional detail, 67% cited caution, company policy, or lack of comfort prevented the sharing of data, while 33% indicated they were not yet sure whether they would share data.

## Appendix A: List of participating companies

The following companies participated in the survey and agreed to be mentioned.

- CNA
- Continental General Insurance Company
- MassMutual
- MedAmerica Insurance Company
- Mutual of Omaha
- New York Life Insurance Company
- OneAmerica Financial Partners
- Pacific Life
- Prudential Financial
- RiverSource Life Insurance Company
- Thrivent Financial
- Transamerica
- Trustmark Ins Co.
- Unum

Note: Six additional companies opted to remain anonymous.

## Appendix B: Survey questions

### LONG-TERM CARE INSURANCE WELLNESS INITIATIVES

#### 2022 Survey of Practices

Definition of aging in place, wellness, and/or intervention programs:

- Aging in place: When an older adult stays in their own community rather than moving into a residential facility and keeping a degree of independence (Wiles). Aging in place may also be described as an older adult living in their preferred dwelling for as late into their elder years as possible.<sup>3</sup>
- Wellness: Improve health outcomes, reduce severity of future claims, and reduce overall long-term care claim costs.
- Interventions: Focus on modification of risk factors and behavior change with the goal of improving some observable health outcome.

To capture information for companies focused on aging in place, wellness, and / or interventions we will refer to them as **wellness programs** in the survey.

#### Topic: Business Objectives

1. Are you implementing (or planning to implement) policyholder wellness programs?
  1. Already implemented
  2. Implementing in next 1-2 years
  3. Implementing in 2+ years
  4. Not considering (add comment box, why not?)
  5. Multiple programs in various phases (add comment box)
2. What are your primary goals in offering these programs?

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<sup>3</sup> Akter, N., op cit.

3. What do you view as the biggest obstacles to achieving your objectives? (Please rank these, 1 being the most important)
  1. Importance of the project to the business
  2. Credible data
  3. Concerns about return on investment
  4. Budgetary constraints
  5. Regulatory risk
  6. Legal risk
  7. Practicality / operational hurdles
  8. Consumer confusion
4. What do you perceive as the greatest risks in not pursuing these wellness programs (select all that apply)?
  1. Higher future expected LTC claims
  2. Loss of regulator goodwill / increased regulator scrutiny
  3. Fewer or lower approved future rate increases
  4. Company reputation / policyholder perception
  5. Other (please describe)
5. What do you perceive as the importance of wellness programs to your business?
  1. Low / medium / high

**Topic: Wellness Program Description**

6. What segment of your business are you focused on with your wellness program (select all that apply)?
  1. General in-force
  2. Inforce / active, but likely to claim soon (e.g., may have applied for benefits in the past or otherwise identified as higher risk)
  3. Future business, a.k.a. new sales
  4. On-claim in the home
  5. On-claim in a facility
  6. Other – (please describe, for instance if this is a specific subset of the general population, how were they selected?)
7. What strategies do you plan to use to improve the health of this population (select all that apply)?
  1. Medication management
  2. In-home environmental modifications
  3. Informal caregiver support
  4. Formal caregiver support
  5. Routine check-in calls
  6. Social support
  7. General LTC claim education
  8. Dietician advice
  9. Other – (please specify)

8. What do you expect / hope to achieve from the above strategies (select all that apply)?
1. Paying appropriate claims
  2. Reducing fraud
  3. Delaying cognitive impairment
  4. Preventing falls
  5. Delaying transition to a facility
  6. Other (please describe)
9. By when do you hope to (or when did you) implement your first policyholder outreach?
1. 2019 or earlier
  2. 2020
  3. 2021
  4. 2022 Q1-Q2
  5. 2022 Q3-Q4
  6. 2023+
10. When do you expect to start seeing results?
1. 2021 (i.e., we already see results)
  2. 2022
  3. 2023
  4. 2024
  5. 2025
  6. 2026+
11. By what metric will you evaluate your business goals?
1. Policyholders impacted (absolute or %)
  2. Return on investment (ROI) or net ROI
  3. Internal Rate of Return (IRR)
  4. Improvement in future cash flows (present value basis)
  5. Other (please describe)
12. What method(s) will you use to judge if your wellness programs are effective (select all that apply)?
1. Control vs. study group run contemporaneously (e.g., a control trial)
  2. Future outcomes vs. expectation (based on historical results)
  3. Observational study with propensity score matching
  4. Using predictive analytics and/or third-party data for risk normalization
  5. Trends in prospective risk scores
  6. Other (please describe)



13. What policyholder age ranges have you identified as offering the most opportunity to improve long term wellness?

1. 45-55
2. 55-65
3. 65-75
4. 75-85
5. 85-90
6. 90+

14. What health factors or social determinants of health have you identified as offering the most opportunity to improve long term wellness?

1. Social isolation/loneliness
2. Access to services (i.e., meal delivery, laundry service, etc.)
3. Maintaining mental acuity
4. Home modification/improvement
5. Family history/genetics
6. Physical therapy/rehabilitation
7. Other (please specify)

**Topic: Data**

15. What data will you use in implementing and evaluating your wellness program?

1. Company data
2. Consultant industry data
3. Population data
4. Survey data from on-claim population
5. Medical records (obtained via authorization)
6. Prescription drug histories (obtained via authorization)
7. 3<sup>rd</sup> party data
  - i. Individualized consumer marketing data
  - ii. Social determinants of health
  - iii. Risk data derived or summarized from medical and prescription drug records
  - iv. Census-type data
  - v. Others (please specify)

16. Do you currently share PHI (e.g., seriatim claim records) with a third party (such as a TPA or a consultant) for the purpose of LTC analysis, (e.g., premium rate increases, assumption setting, pricing, valuation, etc.)?

1. Yes [dropdown: assumption development, valuation, pricing, premium rate increases, other]
2. No

17. Are you willing to share PHI or PII with third parties to assist in your wellness programs?

1. Yes [dropdown: PHI only, PII only, PHI and PII]
2. No
  - i. Why not? (please describe)



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