

*Strategies in the Employer Market:
Long Term Care Insurance Benefit Plans*

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**“Blessed is the person who finds
Wisdom, and the one who gains
Understanding”**

**Author-- Yahweh (God)
to King Solomon
Proverbs 3:13**

Wisdom: Knowing the right machinery and field



Wisdom: Harvest in the Right Field
Focus on Employee Benefits Brokers (EBB's)

- **Knowing how to find EBB's**
- **Knowing how to relate and talk to EBB's**
- **Knowing how develop relationships with EEB's**
- **Knowing how to develop a functional business model with EBB's**
- **Knowing how to structure a compensation arrangement with EBB's**

Compensation Structures:

	<u>EBB</u>	<u>LTC Specialist</u>
Premium Split:	30%	70%
Premium Split:	50%	50%
Premium Split:	20%	80%

"A compensation split will rarely works fairly on any single case but... over time if you continue to do joint work.... it can work very well"

Wisdom: Know the Right Employer Groups

Employer Characteristics:

- Small to mid-sized employers with 3+ employees
- Well educated, highly compensated employees
- Successful employee participation in other benefits
- Visible and acknowledged retirement plan
- Maternal/Paternalistic Employer Culture
- Employer commitment and support for education "access"
- Stable employer with long-tenured employees
- Employee population meets the **50/50/40 Golden Rule:**

50% of the employee population, making over \$50,000 in income with an average age of 40+

Wisdom: Leads to These Type of Employers

- Law Firms
- Financial Service Firms
- Engineering Groups
- Technology Firms
- Medical and Dental Groups
- Brokerage Firms
- Architectural Firms
- Consulting Firms
- Non-Profit or Quasi-Public Groups
- Educational Institutions

Our Learning:

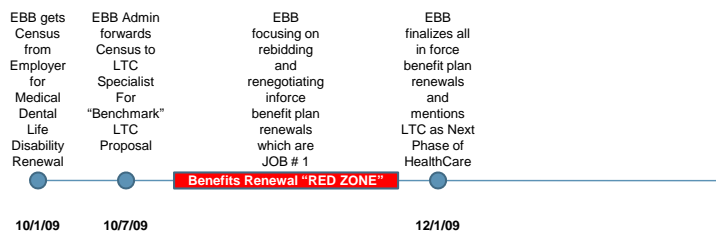
Employer LTCI Plan Profiles and Metrics

- Avg. size of a case: **22 lives**
- Avg. premium for a case with 10+lives: \$1,167/yr
- Avg. premium for a case under 10: **\$1,792/yr**
- 73% have been **Employer Paid**
- 27% have been Voluntary Paid
- 87% were **Simplified Underwriting or GI**
- 13% were Modified or Full Underwriting

A variety of education options and strategies:

- EBB Newsletter: Now Offering LTCI Benefit Planning
- EBB Direct Mailings to New Target Employers
- EBB and LTC Specialist do “joint calls”
- EBB Firms invites HR/Benefits Staff for seminar lunch and learn
- EBB uses forthcoming renewal employee census data to request “benchmark” LTCI Proposals for target renewing employers

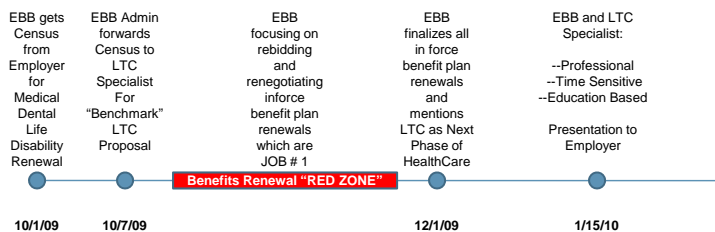
Example: Employer LTC Prospecting and Presentation Timeline



EBB meets with employer to complete other benefits renewals, in no way interfering with securing those plan renewals. THEN as the *final* renewal meeting shares...

- *“Janet and Shelly, overall I hope you are ok with some of the decisions and changes we have had to make in this years renewal process...”*
- *“While now is not the time, I would like to see if you would be willing to allow me to come back say in next 4-5 weeks and meet with you about the Next Phase of Your Employees HealthCare...”*
- *“What I am talking about is just coming to do some education about the risk of long term care...now one of the key reasons employees exhaust their savings in their retirement years and..... why it is becoming one of the fastest new emerging employee benefit plans...”*
- *“The time that it would take would only be 30-40 minutes, if you are ok with that I can just email you with some possible dates and times?”*

Example: Employer LTC Prospecting and Presentation Timeline



Employer Education Based Presentation



Understanding: Executing your wisdom



QUESTIONS?

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Setting the Stage

	Individual	Employer Group
Who is the client?	The Prospect / Insured	The Employer
To whom do you present?	The Prospect / Insured	HR, C_O or Pres.
Who makes the decision?	The Prospect / Insured Duh...	C_O or Pres. A concept, a process, a benefit, and LTCi – in that order
What are you selling?	More duh...	An employee benefit



The Fact Finding [Pre-Qualification]

- 1. Employer Demographics**
- 2. Employer Culture**
- 3. EBB / Employer Relationship**
- 4. Available Programs & Plan Design**



1. Employer Demographics

- **Where did the interest originate?**
- **Total number of Employees**
- **Locations & States**
- **Average Age**
- **Average **and** Median Salary**
- **Tenure**
- **Industry**



2. Employer Culture

- **Level of paternalism**
- **Experience with discrimination**
- **How are benefits received?**
- **How are benefits delivered / enrolled?**
- **The Role of HR**



3. EBB / Employer Relationship

- **Length of relationship**
- **Scope of relationship**
 - Which other products are currently offered by the EBB
- **Past Successes and Failures**
- **To what extent is this case an accommodation?**



4. Available Programs and Plan Designs

- **The information obtained from 1 - 3 directs the program and plan design.**
- **The goal is to create Value**
 - The program must offer benefits not available “off-the-street.” Such benefits can take the form of discounts and/or underwriting concessions.
 - The extent to which we can offer such benefits are determined by 1 – 3.



Tools

- **Underwriting Concessions**
- **Discounts / Premium competitiveness**
- **Participation**

You can have all three...

Pick any two!



The Process

- **HR – the Process**
 - Smooth implementation
 - Participation – alignment of interest with respect to enrollment success
- **C_O or President – the Benefit**
- **Employees – the Product [Protection]**



The Process - Continued

- **The success of the case lies with the HR department**
 - They are your gateway to and gatekeeper from the employees.
 - Make sure they look good:
 - Smooth implementation
 - No surprises – make sure you bring up potential problems before they materialize
 - They need the program to be successful too.
 - Will “they” buy? Why, or why not?



The Benefit



- **Short and fat – the carve-out**
- **Long and lean – base-plan**
- **Nothing at all – voluntary [non-contributory]**
- **A combination of the above**



The Implementation

- **Participation needs to be established before implementation:**
 - Why? – what if you start enrolling assuming a certain underwriting concession based upon participation of X...
 - ... and you don't get there.
- **Participation is [should be] a joint goal between you and the employer [primarily HR].**



The Implementation – Employer Funding

- **You need to show the funding was worth it:**
 - Appreciation [carve-out]
 - Show the young employee, the projected cost of that plan 25-30 years down the road.
 - Significant buy-ups on a base-plan
 - The addition of spouses – which, on multi-life individual plans, will reduce the employer cost.



The Implementation – No Employer Funding

- **No \$? – then what do I get instead:**
 - Access - Employer endorsed communication campaign:
 - Announcement letter
 - Information packages distributed at workplace or mailed to the home
 - On-site during working-hours seminars
 - Tailored presentation to HR
 - Tailored presentation to management
 - Promotion on intranet- site
 - Weekly informational e-mails to all employees distributed by



The Implementation – No Employer Funding

- **The goal is to “hit” the employee 6 - 10 times over a 4 - 8 week period of time.**
 - 2 x before enrollment
 - 2 – 8 x during enrollment
 - Information [hard-copy] distribution
 - Seminars & F2Fs
 - Intranet-site postings
 - E-mails
- **The enrollment **must** be off open enrollment cycle**



The Implementation – No Employer Funding

- Get HR to commit to as much as possible
- Get HR as involved as possible
- **When** they balk, ask them “Why not?” - then listen!
- If they don’t balk, you haven’t asked for enough!

Never be afraid to walk!

Sometimes, you have to run!

Fast!



THANK YOU!

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