



# ***Enabling Claimants to Maximize Independence***

***March 8 Tuesday  
9:15 am***

THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE

# ILTci



# **The Importance of Recovery: A Cautionary Tale for the CLASS Act**

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# Claim Closure

## Conventional Wisdom

- All LTCI claims are for life
- If recovery occurs, it occurs quickly
- If recovery occurs, only young claimants recover
- Older claimants' claims are forever
- Individuals never recover from ALFs and SNFs



# First, a Case Study . . .

- Mr. Everett, 77 year old found by son and family
  - Right sided paralysis, confused, disoriented, admitted to hospital
- ED Evaluation: Left hemisphere stroke, atrial fib, MMSE 25/30
  - Hospitalized, anticoagulated and then begun on Coumadin
  - Admitted to a nursing home with dependencies in 4/6 ADLs
  - Approved for benefits, deductible begin
- At 30 days: dependent in 2/6 ADLs, rehab continues
- At 45 days: transferred to an ALF, begins to socialize, house goes on the market
- At 90 days: able to self medicate, ambulates independently but continues to receive hands-on assistance with bathing and dressing
- At 120 days: ADL independent, able to leave ALF without an escort, has resumed driving, house is sold



# Claim Closure

## Claim closures do occur

- Death
- Benefits Exhausted
- True Recovery
  - Claim closed, premium reinstated
- Still dependent but relying on family and friends
  - Claim closed, premium reinstated



# Why Recovery is Important

- Immediate Impact
  - Stop paying claims
  - Resume premium collection
  - Release reserves
  - More accurate financial picture
- Future Impact
  - Shorten expected continuance curves
  - Reduce future reserve values
  - Stable or lower premiums



# November 2007 Intercompany Study

- Claim Closure is real
  - ALOS all claims is 2.04 years
    - Measured from satisfaction of elimination period
  - 24% of closed nursing home claims end in recovery
  - 46% of closed home care claims end in recovery



# Not an Atypical Case Study

- Ms. Everett, 73 year old found by daughter
  - Confused, disoriented, 5/6 ADL dependencies, unsafe house
- MD Evaluation: Dementia, unspecified, MMSE 15/30
  - Begun on Aricept and Namenda
  - Admitted to a locked dementia unit
  - Approved for benefits, deductible begin
- At 30 days, ADL independent, begins to socialize
- At 45 days, transferred to an ALF apartment, meds stopped
- At 60 days, able to self medicate, leave w/out an escort, moved to an independent living unit, diagnosis of depression and alcohol dependency made, still has diagnosis of dementia
- At 90 days, resumed driving





# LTCL Claims Conundrum

**- Tension -**

***Long Term Care***

***Recovery Happens***



## **Efficient Claims Payment**

- Nature of Disability (CI)
  - Static disability
  - Endstage disease
  - Dementia
- Reimbursement (auto-pay)

## **Careful Investigation**

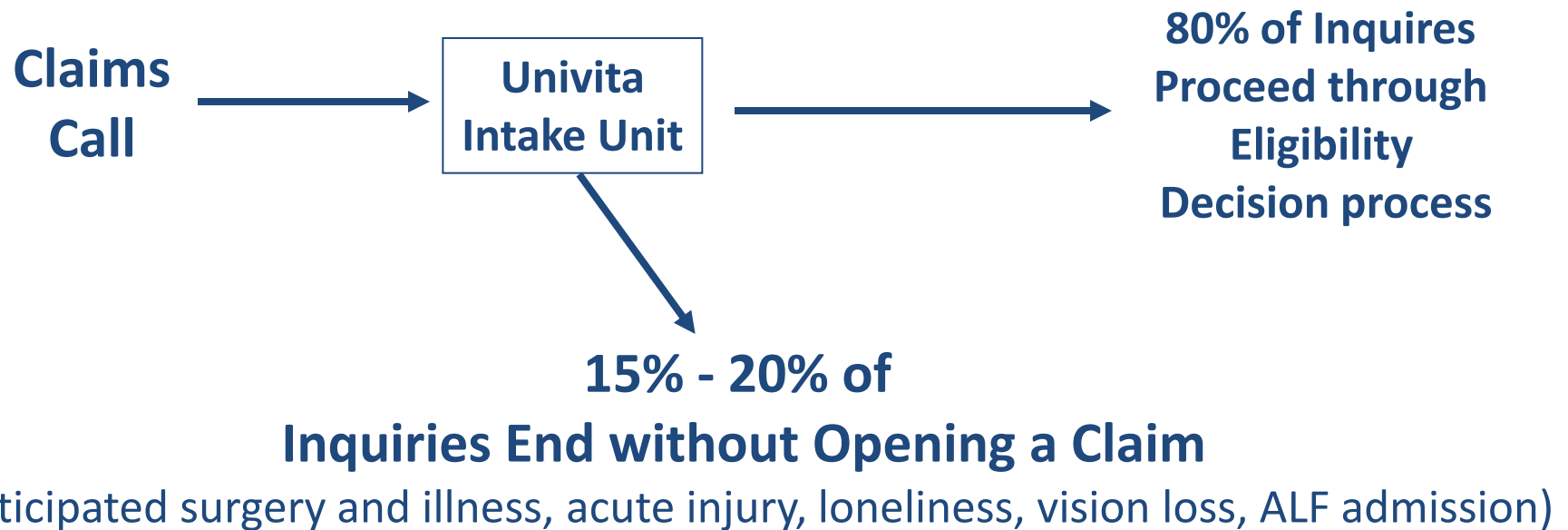
- Not all disabilities are lifelong
- All cognitive impairment is not necessarily dementia
- HIPAA requirements
- Fraud happens



# Claims Closure

## Not all inquiries produce claim requests

Approximately 15-20% of inquiries go no further than intake



Univita Unified LTCI Claims Database 2011



# Approved Claims

## Not all Approved Claims Produce Benefit Payments

Almost 25% of approved claims close prior to payment

- 56% recovered
- 44% expired

### Those who recovered

- Acute injury and illness (e.g., stroke, MVA, etc.)
- Those with marginal ADL disabilities

### Those who expired

- Severe illness (e.g., cancer, CHF, stroke, etc.)
- Severe injury (e.g., trauma, subdural hematoma, etc.)

Univita Unified LTCI Claims Database 2011



# Paid Claims

## More than 70% of claims receive payments

- 28% of claims remain open
- 72% Claims Closed
  - 31% Recovered
  - 66% Expired
  - 3% Exhausted benefits

Univita Unified LTCI Claims Database 2011

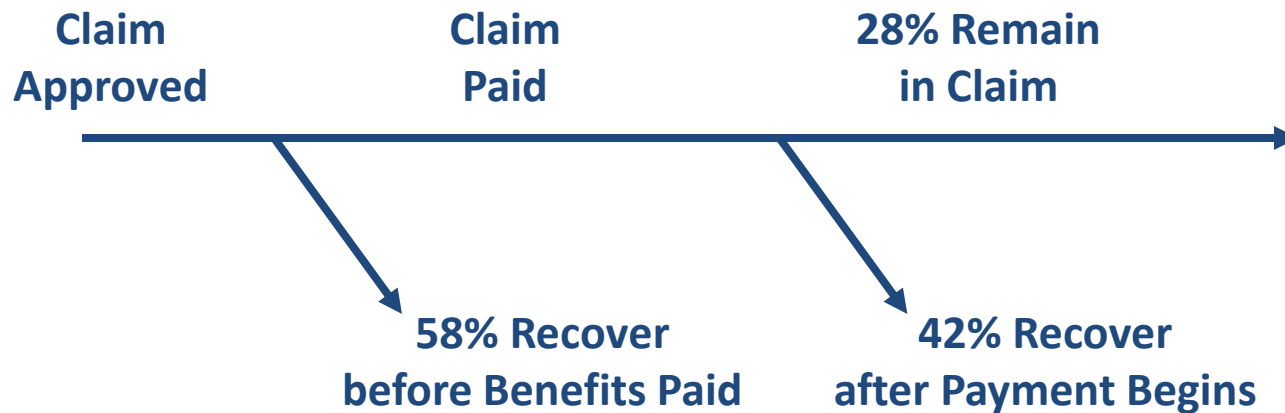


# Recovery

## Recovery Continues Throughout the Life of a Claim

Over 31% of approved claims have recovered

- 58% before benefit payments are made
- 42% after benefit payments have begun



Univita Unified LTCI Claims Database 2011



# Profile of Those Who Recover

- More than 4,000 claimants
- 68% female, 32% Male
- Average Age:
  - At claim: 76.5 years
  - At Recovery: 77.1 years
- 13% age 65 years and younger
- 87% age 66 years and older
- 19% age 85+ years at recovery

Univita Unified LTCI Claims Database 2011



# Clinical Profile of All Claimants

Disabling Condition	% Approved Claims
Pure Dementia	23%
Cancer	15%
Stroke	11%
Fractures/Injuries	7%
Arthritis, Rheumatic Disease	5%
Parkinson's Disease	4%
Respiratory Disease	4%
Cardiomyopathy, CHF	4%
Disorders of the Spine	3%
Dementia with falls, fractures or injury	2%

Univita Unified Claims Database 2011



# Clinical Profile of those who Recover

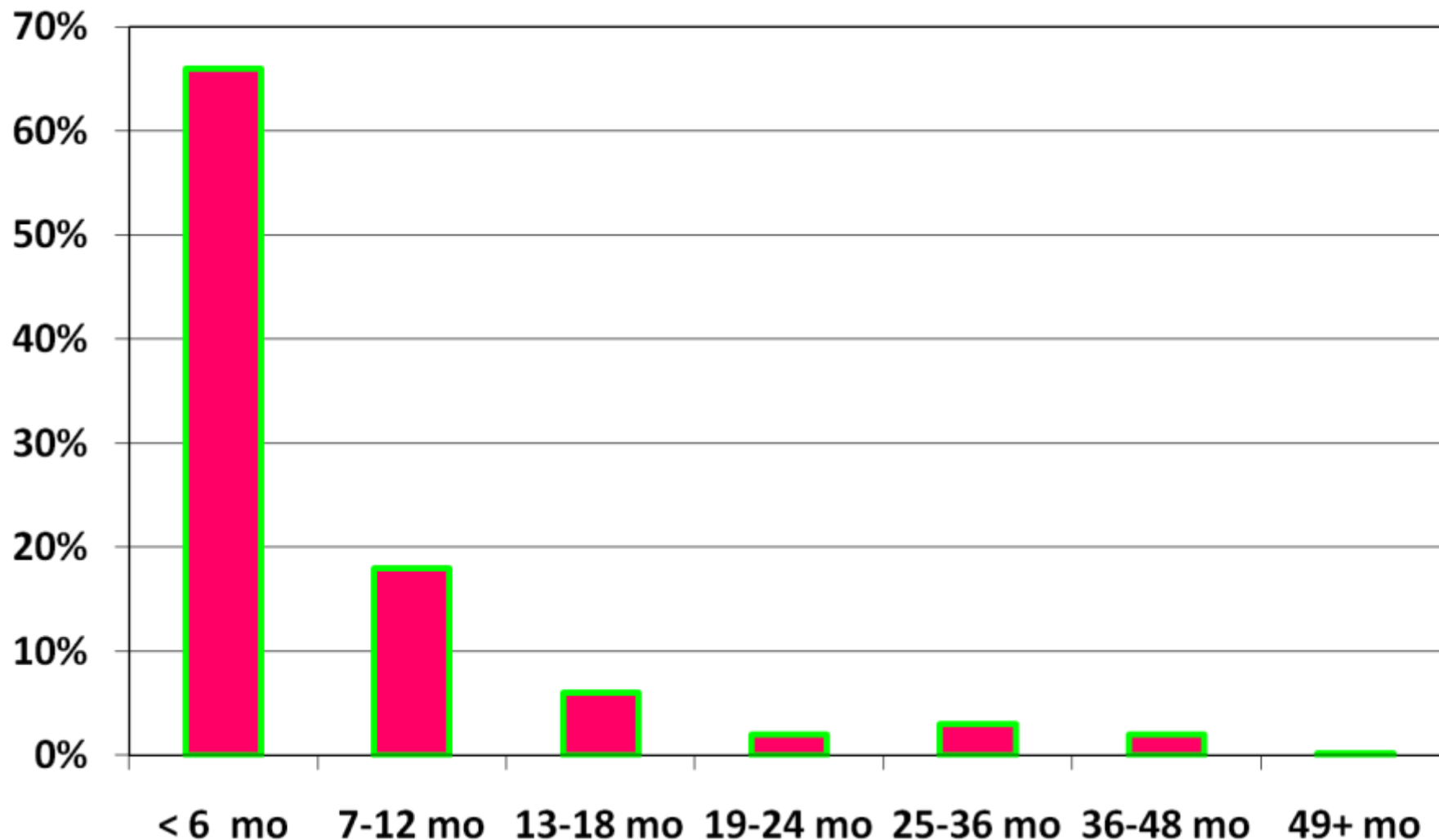
Disabling Condition	% of all Recoveries
Fractures and Injuries	17%
Stroke	11%
Cancer	10%
Pure Dementia	9%
Arthritis, Rheumatic Disease	6%
Disorders of the Spine	5%
Respiratory Disease	4%
Cardiomyopathy, CHF	3%
Parkinson's Disease	3%
Orthopedic Complications	2%

Univita Unified Claims Database 2011



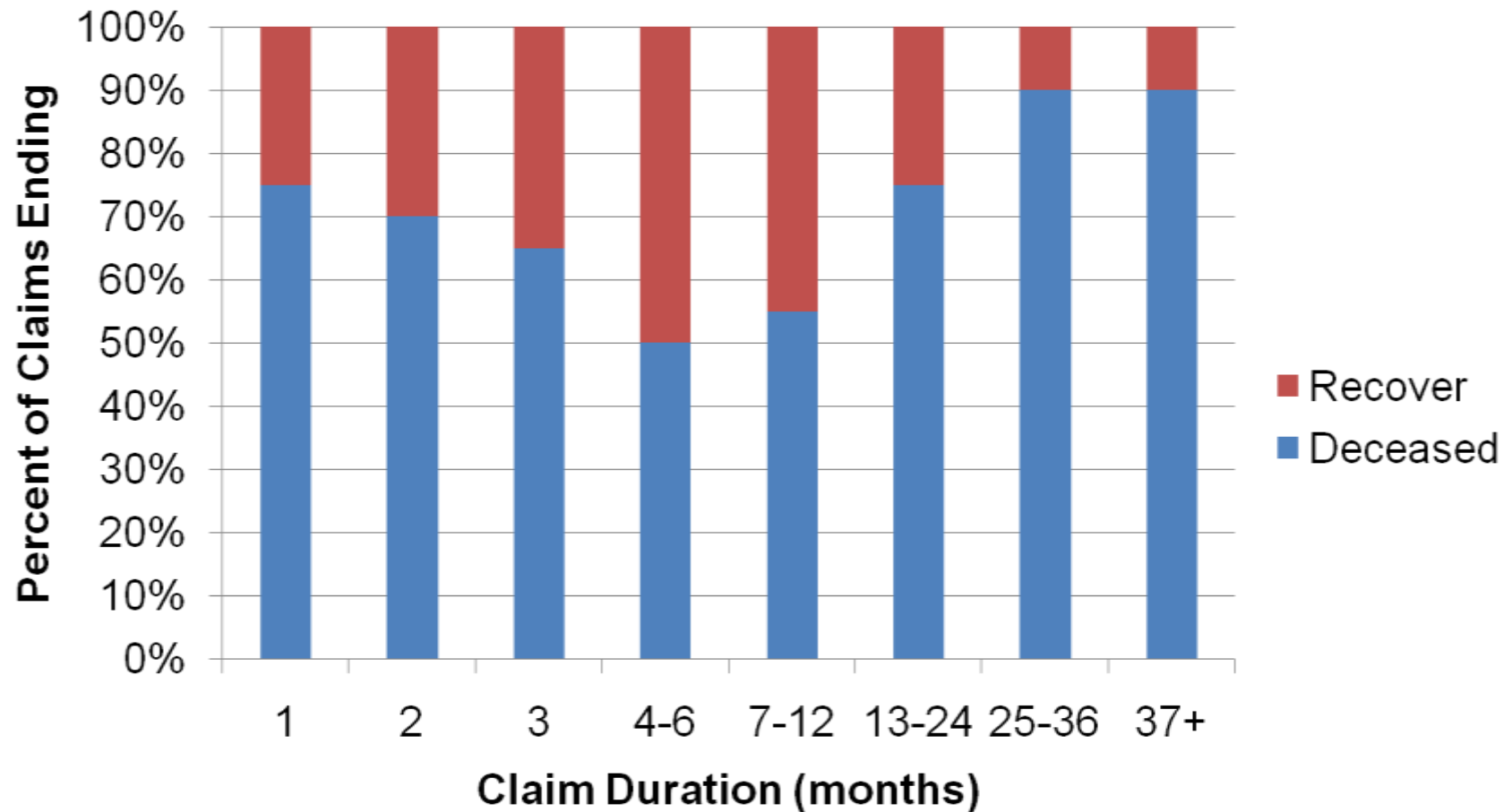


# Recovery – Claimants with Payments



Univita Unified Claims Database 2011

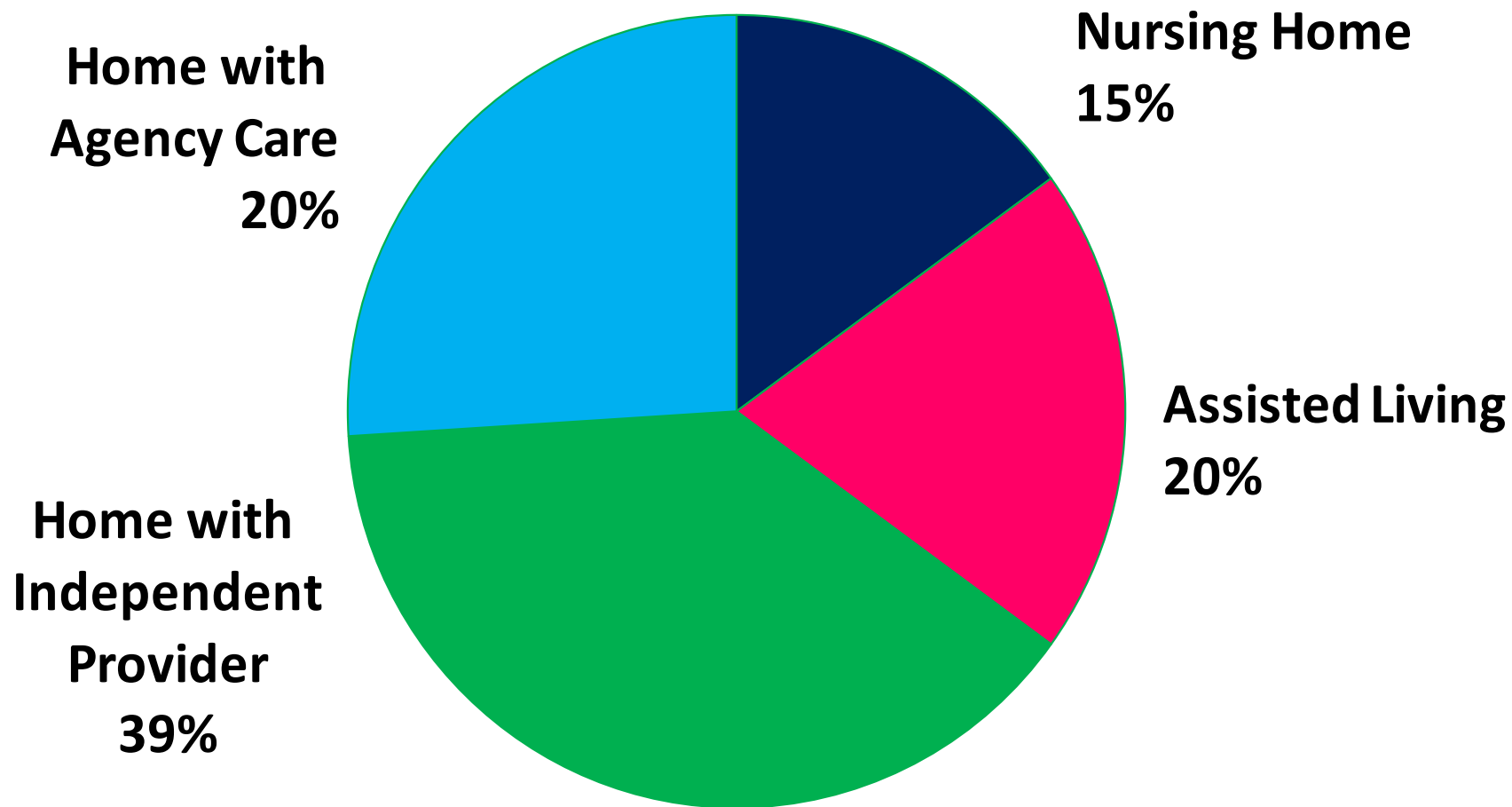
# Claim Closure: Recovery and Death



Univita Unified Claims Database 2011



# Location at Time of Recovery



Univita Unified Claims Database 2011



# Profile of those Who Recover

- 48% of those who recover ultimately reclaim
- Approximately 2 years transpires between claims

Claim Status	Average Duration of Claim
Open	30.9 months
Exhaust Benefits	40.5 months
Deceased	18.4 months
Recover again	7.9 months



# Low Likelihood of Recovery

## **Chronic neurological conditions**

- Parkinson's disease
- Amyotrophic Lateral Sclerosis

**Dementia, organic brain syndrome, Lewy body disease**

**Spinal cord injury (quadriplegia)**

**Terminal cancer**

## **Severe chronic disease without exacerbation**

- Endstage COPD, CHF, cardiomyopathy, Lupus, ESRD
- Severe rheumatoid arthritis or osteoarthritis



# Another Case Study

- Mr. Robertson, 61 year old with a 3 year history of Parkinson's
  - Applied for benefits with 4/6 ADL dependencies (bathing, dressing, toileting and transferring, spouse/caregiver exhausted)
- Approved for benefits, 9 hour/day, 5 days a week
  - Symptoms resistant to medications despite drug holidays
  - Plan of care stable, spouse continues to work
  - Reassessments initially set at 90 days, then moved to 180 day cycle
- At age 64 years underwent deep brain implant and stimulation
- Reassessment 60 days after surgery, able to transfer and toilet
- Reassessment 30 days later, independent in all ADLs
- Claim closed after 2.5 years of benefits



# Active Claims Management

## Set recovery expectations up front

- Quote statistics (e.g., more than 30% of claimants recover)
- Explain ongoing requirement for eligibility
- Let the claimant and family know that you'll be monitoring their disability and care

## Use short EOB's - e.g. 30-45 days

- For those who present a significant potential for recovery
- For those who present a unknown potential for recovery
- For those with a potential that IADL assistance will drive ongoing claim
  - Independent Providers, Home Care Agencies
  - Assisted Living Facility



# Active Claims Management

**Longer EOB's are appropriate for those who present a low probability for recovery (e.g., 90-180 days)**

- **Long established disability and dependency**
- **Significant diagnoses**
  - Endstage Dementia
  - Degenerative neurological disorder – e.g. ALS, Parkinson's disease, etc.
  - Significant disabling injury (e.g., quadriplegia)

**EOB periods for cognitively impaired claimants in facility settings with adequate record-keeping should be at 6 months, moving to 12 month EOBs after 18-24 months of stability**

**No EOB period should be set longer than 12 months**





## Chronic Disease + Cognitive Impairment + Activity Limitations has produced an Explosion in Healthcare Expenditures

Over 30% of those with chronic alignments have activity limitations



Healthcare spending more than double for these patients





# Can We Promote Recovery?

- **It is possible to promote recovery**
  - Involve claimant, family and caregivers – strive for health literacy
  - Special Needs Plan (SNP) – great opportunity for care coordination
- **Rehabilitation is effective if early and intense**
  - Reach out to HP care manager to coordinate care
  - Leverage healthplan services to promote recovery
- **Transition from facility to home is critical**
  - Significant risk of hospital or SNF readmission and further decline in function can be mitigated
- **Family caregivers can play an important role in recovery**



# Warning: There are Obstacles to Recovery

## Negative forces working against recovery

- Significant challenge to influence medical care
- ADLs recover before IADLs
  - “Who will cook and clean?” “Who will take me to my doctor?”
- Structure and socialization of the Assisted Living Facility
  - “Where will Mom go?” “We sold her house.”
- Regular meals, medications and alcohol restriction
  - “Dad will end up in the hospital if he leaves the facility”
- Loss of companionship
  - “I don’t want to lose my friend”
- Resumption of ‘waivered’ premium



# Conclusions

## Active Claims Management is Essential

- There are competing demands in claims management
  - Process quickly or manage correctly
- Recovery is essential to effective care management
  - Set expectations up front, work with family and caregivers
  - Diagnosis, level of disability, setting and family dynamics
  - Attempt to encourage rehab – connect with HP care manager
  - Transition planning begins early in the claim process
- Actively managing recovery and claims is essential
  - Diligence is required - there will be obstacles to recovery
  - Critical to the integrity of our LTCI risk pools



# QUESTIONS

