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Education First: How to Offer LTCI at the Work Site

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It's a safe bet that at least half the people reading this article would rate their sales skills as excellent. Yet even the most self-assured, confident agents run into trouble when it comes to long-term care insurance (LTCI), especially at the work site!

Many advisers think that their clients logically understand the importance of planning for long-term care. In fact, when you compare the financial risks and probability associated with the potential of needing long-term care to other liabilities such as their home or car, one would think that LTCI practically sells itself.

Unfortunately, many advisers are approaching the topic of long-term care planning and insurance with the notion that their client is already "sold on the need." Furthermore, by neglecting the most important element of selling LTCI — education — "trusted advisers" become "product pushers."

The fundamental lack of understanding about what long-term care is, what covers the costs, and what people's options are, explains why only about 8% of Americans own LTCI. This is particularly true in the workplace environment, where LTCI presents a challenge like no other benefit in the market today.

The question then becomes, how can you equip yourself to meet this challenge? An adviser needs an understanding of the unique approach required to handle this product in the workplace, as well as what the benefits are to both the employee and employer. Couple this with your proven sales skills, and you've got the potential to do your clients a great service. Here's what you need to know.

Traditional Sales Methodology Doesn't Apply

Generally, when you're approaching the decision makers in the workplace environment, it's a very cut-and-dried conversation. Everything is number-driven — how much benefit are they buying for the price? LTCI is different. The traditional approach won't work, because your customers don't understand what you're offering them.

It's staggering when you realize how little understanding most people have of the need for and cost of long-term care. Consumers are completely unaware of how much this type of care costs, and how quickly providing that care can bankrupt a family. Many of them have no inkling of the major changes that recently rocked the Medicaid system. They don't realize that the financial tools and Medicaid planning loopholes that previous generations had access to are no longer available to them.

It is up to you, as their adviser, to provide them with the necessary education, and that education works. Time and again, we've found that once people are presented with information about the benefits of LTCI, coupled with the changes to Medicaid, and the skyrocketing costs of long-term care, they become convinced of the need for this coverage, for themselves, their family members, and their employees.

It is critical that presentations focus on providing education to the client, first and foremost. If your clients do not understand what your product is and why they need it, no amount of selling magic will convince them to buy. Business people are successful because they are shrewd decision makers: if they cannot see a clear

benefit in a purchase, they're not going to buy.

Benefit for Employees

By and large, most employees have not given any thought to long-term care. If they have thought about it, they're full of misinformation. They assume that LTCI is a product for seniors that will pay for nursing homes. Because they don't envision themselves needing care for another 20, 30, or 40 years, most employees put this topic on the "back burner." Besides, they figure, doesn't the government pay for all that?

LTCI is one type of coverage not mandated by law: while you have to insure your automobile and home, LTCI is a strictly voluntary purchase. With budgets already strained, why would a consumer take on another expense, especially if they don't see the benefits of LTCI?

What many employees don't realize is that they're the ones who bear the brunt of long-term care costs. It's not the patient who suffers; it's the people who love the patient. They're the ones who miss work. They're the ones who have to relocate, reschedule, or even retire. Ask a roomful of people how many people can actually afford to do that — much less want to — and you'll see very few hands raised.

Introduce employees to the costs of long-term care and the need for LTCI, and most will be convinced. Others, unfortunately, will discover the need after one of their loved ones requires long-term care. Individuals attempting to access this coverage, however, often run into a number of difficulties, especially if they've waited until the eleventh hour to begin the process. Many find they're uninsurable due to pre-existing conditions, height/weight ratios, or other factors. Others discover that the premiums are prohibitively expensive.

However, when an employer provides the LTCI, that decline rate drops to less than 2%. Simplified underwriting eliminates extensive medical exams and replaces it with a five-question form. As an added bonus is that premiums are generally lower, making LTCI more affordable for all.

Benefits for Employers

Over the years, the message about LTCI as an employee benefit has been way off track. Employers have been told to focus on the tax advantages, discrimination availability, and the financial cost to a company's bottom line. None of these items, however, are the primary reasons that employers put an LTCI program in as an employee benefit. Instead, employers choose worksite LTCI programs because of education and commitment. When you teach a key decision maker at a company about an issue that affects them personally, the conversation becomes much different.

In fact, you will find that your clients' initial perceptions of what long-term care planning is versus the realities are two completely different things. If the decision maker that you are working with sees the value in the information that they received, the natural follow up question is, "do you think your employees would benefit from hearing the same presentation?"

If you get the decision makers interested in protecting themselves, you are one step closer to a successful worksite case. If you lead with education and value, all of the other positive aspects of offering LTCI as an employer — the ability to discriminate, underwriting concessions, tax advantages, and significant discounts — become secondary considerations.

Additionally, LTCI can serve as a valuable recruiting and retention tool, helping employers attract the best and brightest — and keep them!

What You Can Do

Educating the work-site decision makers about the benefits of LTCI is only the first step. In order to close a case (obtaining employer dollars, enrollment strategies and materials, bill reconciliation, etc.), you need to

bring the maximum expertise to the table. It is imperative that you have a procedure in place to follow through on the opportunity.

There are agents out there who hope that their corporate clients never take them up on the offer to discuss LTCI, because they have no idea what to do when the employer decides to go forward. For the uninitiated, the ever-changing, dynamic field of LTCI can be a nightmare. There are a million elements to consider. How do we get a case from voluntary to employer-funded? What are the best enrollment strategies? What kind of timeline is required? Generally, agents lack the necessary elements to do a good job for their client — a situation they can avoid through proper preparation.

The most effective way to handle this is to have a working arrangement with a LTCI specialist. You're providing your client with an expert adviser, one who understands the nuances of LTCI, who knows the strengths and weaknesses of each insurance company, and is best equipped to provide your clients with the ideal plans for their needs.

It's the ultimate realization of your role as steward for your client's needs. Agents have gotten away from the fact-finding aspect of their profession. Embracing the partnership potential of LTCI allows you not only to reclaim that aspect, but also gives you a valuable point of differentiation from your competitors, many of whom are not offering LTCI to employers. You're not just in the business of helping employers save money on benefits, but you're anticipating and helping them prepare for eventual needs. It's a concrete demonstration of your concern for the overall health of their organization.

Begin the planning process now, and start reaching out to the LTCI specialists in your area. It may take a little time to find the company you want to work with, but once you do, you'll consider it time well spent. So will your customers, their employees, and everyone else who enjoys the benefits of LTCI coverage.

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