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The Real Uninsured Problem

Are you concerned about the uninsured in America? No, not the uninsured that all of our well-meaning politicians are exercised about—I'm talking about 90 percent of the 75 million baby boomers who have not addressed the issue of future long term care costs that they will face in their eighties and nineties. The medically uninsured problem in America pales into insignificance when we consider the personal and nationwide unfunded liability that our country will face in the coming years.

Yes, there are millions of Americans without medical insurance. However, the numbers bandied about by the proponents of socialized medicine are greatly exaggerated. It is commonly reported that there are about 45 million Americans without medical insurance. However, according to the Foundation for Health Coverage Education, only about 25 percent of this number are persistently uninsured. The vast majority of the 45 million without medical insurance are eligible for government programs they do not take advantage of, are short term uninsured (between jobs), or choose the self-insurance option.¹ Therefore, while we do have eight to ten million Americans who are structurally without medical insurance, this accounts for less than 3 percent of the overall population.

Compare this to the vast majority of baby boomers who are, for the most part, uninsured for their future long term care expenses. Even if, by some stroke of luck, only one-third have a typical long term care event, the direct financial impact will

be astronomical (hundreds of trillions of dollars). The indirect costs on families, caregivers, businesses and society will be incalculable. This is why The President's Council on Bioethics recently stated that "...we must avoid allowing long term care for the elderly...to crowd out every other civic good...education, arts and our common defense."²

There are a number of reasons why I raise this issue. Certainly, I'm not minimizing the fact that there are Americans legitimately without medical insurance. Every citizen ought to have access to private sector medical insurance options that suit their needs and ability to pay. What I am doing, however, is identifying the proverbial elephant in the room and asking the following question: Why are we not addressing the unfunded long term care liability today when we have the ability and tools to do so?

For the past year I have been traveling the country talking to agents and general agents about reinvigorating and reinventing long term care insurance. I am troubled by the lack of desire by many to take another shot at marketing and selling the product. In a certain sense I cannot blame my colleagues. In many regards the glimmer of "the product of the future" has dimmed. In these pages, I and others have attempted to identify the shortcomings and discuss ways to get sales heading upward again.

Without a doubt, agents and general agents have good reason to feel betrayed by companies that have abandoned the busi-

ness. They are frustrated with in-force and new business premium increases. Most of the remaining carriers have missed the obvious message that products need to be simplified, not cluttered and burdened by additional riders. I am dismayed that the insurance industry approaches product design like the proverbial “china egg”—afraid to touch it because they are concerned that change may disrupt their ordered world of tedious and meaningless product brochures.

To make matters worse, many approach the long term care insurance market as a finite resource. Instead of viewing consumers as a vast pool of potential sales, they act as though each must be fought over; as if a policy that is sold by one company or general agency is a sale that is lost to another. This attitude has created a “them versus us” mentality and has led to a dearth of innovation and a lack of industry vision.

Finally, I would like to know what the long term care insurance industry has done in recent times to raise consumer awareness regarding the need for long term care insurance. Why hasn’t “the industry” come together in a combined effort to answer media and consumer advocate criticism of long term care insurance? At this point, we should collectively strive to create a positive public relations message extolling the virtues of the product and create a “war room” mechanism that provides a rapid response to negative stories about our product and

industry. I understand this sort of effort costs money, but for the lack of a horse the kingdom may be lost.

I’m probably asking a lot. Change is painful. Insurance companies that live and die on their quarterly results won’t spend money on what they perceive as a quixotic effort to change the world. Better to let someone else make the mistakes and fall on their swords. I ask you: Is anyone out there willing to sacrifice their next few quarters’ return on equity to get long term care insurance beyond its current paltry market share?

Progress has been made. The products that we have to offer consumers are better and more rate stable than they were five years ago. The companies that are currently in the market are most likely here to stay. Nearly all seem to understand the importance of careful underwriting and the relationship between pricing and the risks they are willing to accept. Despite in-force rate increases, legitimate claims are being paid and the promise of the income and asset protection that we sold to clients 10 or 15 years ago is being realized.

In addition, there are a number of “change agents” that have begun moving long term care insurance sales and marketing out of the dark ages. If you listen, you can hear these voices of innovation. If you do, your long term care insurance sales will begin to grow.

Long term care insurance is too important

to our society to let go. So while we wait for the insurance companies to join the 21st century, we must simplify the sales process so consumers understand the primary value proposition of the product. The challenge for us is overcoming the inertia that has accumulated over the past few years. It will require us to refocus ourselves on the task, retrain ourselves with new ideas and re-energize our selling souls.

The consequences of inaction will be devastating to our futures and to generations that follow. Unless companies, agents and other financial professionals embrace and promote the importance of long term care insurance, the unfunded cost of care will swamp every government program designed for the public good and will ruin the lives of those generations left to care for the millions of us who will need it 30 and 40 years from now.

The buck stops with us. We hold in our hands a private sector solution to a looming societal catastrophe. We must use the tools we have today to stop the financial devastation that will ensue if we allow long term care insurance to languish in the obscurity of ancillary product status. Let us not be complicit in our own demise. We have what it takes; we just have to go sell it. 🌐

1. Source: U.S. Census Bureau, 2002; BCBSA Analysis, Congressional Budget Office.

2. *Taking Care—Ethical Caregiving In An Aging Society—The President’s Council on Bioethics.*