

# How COVID-19 Can Impact Long-Term Care Insurance Claims

## Background

While the news of COVID-19 is alarming for all, evidence suggests it will significantly impact our elderly population. As an organization that specializes in helping long-term care insurance carriers manage risk, we at Assured Allies can offer insights and strategies to help you understand, prepare for and manage the inevitable fall out.

As this pandemic has grown, we have been reaching out to policyholders, caregivers and our LTC network providers with a goal of better understanding the following.

- How they are coping with the crisis
- What new challenges they are facing
- Where their most critical needs lie

These conversations have supplemented our existing knowledge and experience, giving us further insights and a deeper sense of how this pandemic is reshaping the way older adults, their families and caregiving are being impacted not only today, but into the future.

## Impact on Independence and Function

A crisis such as COVID-19 can cause our more vulnerable, older adults, who are aging in place with limited support systems, to quickly lose their ability to maintain their independence. Below are some examples of what we have learned and why this is true.

1. **Accelerated deterioration of an existing medical condition** as a result of missed medical appointments and/or an extended break in care or treatment. This is caused primarily by limited access to a clinician, lack of awareness of alternative options (e.g., telemedicine), interruption in medication schedules and distractions that cause the individual to minimize or ignore their healthcare needs.
2. **Contracting COVID-19** can lead to prolonged hospitalization and respiratory rehabilitation. The muscle and corresponding functional loss due to hospitalization can be significant and irreversible if rehabilitation is not started aggressively and promptly.
3. **Functional deterioration** due to reduced mobility, being confined to their home, and not being able to sustain their normal daily routine or recreational activities.
4. **Psychological deterioration (e.g., fears, stress)** due to imposed isolation, fear of being home alone, the stress that comes from listening to the media and

political leaders. Such conditions can easily lead to depression or even Post-traumatic stress disorder (PTSD) - both known risk factors for loss of independence as well as the other risk factors described here.

5. **Social isolation** is the leading reason why older adults seek alternative housing. COVID-19 has created real isolation for many Americans, and particularly the elderly. The impact of this enforced period of isolation will likely only deepen the sense of loneliness and uncertainty that comes with the normal course of aging.
6. **Interrupted caregiving** is a natural outcome as both caregivers and care recipients are fearful of virus transmission. Without this vital support (e.g., food preparation and delivery, health checks, physical and mental stimulation and assessments, ADL and IADL help) deterioration in health status can come quickly. Moving to effective remote caregiving requires resources, a plan and expertise.

## Increased and Delayed Claim Risk

This potential deterioration in independence and function can increase the risk of claim activation, though it will likely take some time to show itself. The reasons for this likely delay are as follows.

1. **Fear of LTC facilities:** Nursing homes and assisted living facilities can be perceived as places to avoid in times of disease. The current crisis has only heightened concerns about the health risks of living in a senior housing facility. Added to this, many of these facilities are not accepting new residents.
2. **Fear of homecare:** Some seniors and their loved ones fear that bringing an outside caregiver into their homes could increase their chances of contracting the disease. The homecare industry is working hard to prepare and strengthen the trust in their caregivers and procedures, but this takes time.
3. **Lack of action due to uncertainty:** In times of uncertainty, when there is no clear plan, people tend to delay decisions -- even if they are critical or doing so could have significant and undesirable consequences.

It is likely there will be an increase in the deterioration of the well-being and independence of a sub-segment of policyholders due to the current situation. Furthermore, if they are not identified and intervention strategies are not developed and implemented, there will likely be a sharp rise in claim activations.

A good example of this resides with dementia patients who are in the early stages of their disease, when confusion and stress can be triggered by simple changes in their daily routine. Isolation may trigger increased anxiety, confusion, and added symptoms. These changes, even if temporary, could cause alarm for family caregivers, leading them to believe they are incapable of caring for their loved one at home and enlisting external, professional help.

## Helping Bend the Curve

Our experience and research, as well as that done by the [World Health Organization](#) reveals that many of the risk factors outlined above can be prevented if addressed early. The core of what we do is helping carriers identify and manage unforeseen and/or hard to detect risks that can alter claim activity. With the onset of COVID-19, the need to implement the following fundamental strategies and tactics is more relevant than ever.

1. Identify the subsets of the insured population that are likely to deteriorate or claim sooner than anticipated. We do this with policyholder assessments and predictive modeling.
2. Isolate high risk insureds who have the greatest opportunity for course correction and where investment in those interventions will deliver the greatest return (for the carrier, the insured and their families).
3. Implement intervention strategies to reverse or stem a deteriorating situation. For example,
  - a. Create and manage a plan to help reduce an insured's confusion, stress and uncertainty;
  - b. Screen for depression and anxiety and connect the insured with the right primary care physician or telemedicine program; or
  - c. Create remote caregiving plans (when appropriate) and educate a caregiver on safe interaction and how they can assist remotely
4. Continue to monitor the most vulnerable policyholders and adjust strategies and tactics as needed, both in the short and long-term. For example,
  - a. Continuation of check-ins to ensure resolution of problems and identification of opportunities to prevent further deterioration; and
  - b. For hospitalized policyholders, create a discharge plan with the family to ensure optimal post-acute care and rehabilitation.

The development of COVID-19 has turned a spotlight on the importance of what we do at Assured Allies. And while we cannot stop or change the course of this pandemic, we can offer carriers the ability to proactively learn more about their policyholders so that when the unexpected happens, it won't be unanticipated.

### **About Assured Allies:**

Assured Allies marries proven preventative care methodologies in the health insurance industry with state of the art data management and analytical skills, allowing carriers to identify future claimants and implement intervention strategies to reduce or delay claim incidence.

For more information visit: [www.assuredallies.com](http://www.assuredallies.com) or contact Afik Gal at 919-448-4982 or at [afik@assuredallies.com](mailto:afik@assuredallies.com).