

**Remarks of Chris Orestis, Life Care Funding Group**

**National Conference of Insurance Legislators**

**Summer Meeting – Boston, Massachusetts**

**Life Insurance and Financial Planning Committee**

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**Introduction:** Good day and thank you for allowing me the opportunity to participate in this important dialogue. My name is Chris Orestis, President of Life Care Funding Group (LCFG). Our company was founded in 2007 to provide long term care funding solutions to seniors and their families. We operate nationwide and work with approx. 3,000 Assisted Living and Skilled Nursing Facilities around the U.S. We are members of the Assisted Living Federation of America and the American Health Care Association.

**National Problem:** The U.S. is experiencing a massive influx of seniors and Baby Boomers hitting the long term care system at the worst possible time from an economic perspective. This economic crisis now entering its third year is translating into less tax dollars for Medicare and Medicaid to pick up the costs of long term care which is forcing more emphasis back on the consumer to cover costs out of their own pocket.

**Senior Problem:** Seniors and their families are uninformed and unprepared to handle the costs and navigate the LTC industrial complex. Studies show the majority of people don't save or plan for LTC until they are hit with a health crisis and the time is now.

**Solution:** LCFG focuses on providing seniors information and access to private market financial resources. One resource we have been able to use for their benefit is an in-force life insurance policy. There are millions more seniors in this country today with an in-force life insurance policy than a LTC policy.

**Circumstances:** We often times encounter seniors with a life insurance policy that they have been carrying for years. They are now in a crisis mode and will most likely lapse the policy because there is little to no cash value and they can no longer afford the premiums. When they reach out to the insurance company for options they are told they have two: pay up or lapse/surrender.

**Better Option:** It is in the better interest of the senior and their family to monetize the policy through a variety of options and apply the maximum private market value of the policy towards the costs of long term care. It is a private sector solution that addresses the financial needs of the senior and can also help stressed state budgets by extending the spend down period for a senior before they would go onto Medicaid.

**Information and access is the key:** We are living in a time when we must be doing all we can to get as much information as possible into the hands of seniors. I understand insurance companies would rather see someone in their 80's and in the process of moving towards long term care lapse a policy they have been paying premiums on for 20 years. But, if the policy can be converted into the means to cover the costs of long term care for an extended period, and keep them off of Medicaid that much longer, it is in the best interest of the insured and their home state. People need to be informed of their options even if that means entities such as insurance companies are compelled to give the consumer information that is not in the best interest of their profit margins.

**Win-Win Scenario:** Our belief is that the consumer is best served by making informed decisions based on access to all available information. When a senior and their family is informed that an asset they are about to throw away has unrealized value for them, and it is a potential solution to a health care crisis they are confronting, the consumer wins when they are able to access the most appropriate form of long term care and the state wins when a citizen is able to extend their ability to cover the costs of long term care for as long as possible before accessing Medicaid.

I thank you again for your time today, and look forward to being a resource to this committee's efforts to ensure the consumer has access to more, and not less, information.