



LIFE CARE FUNDING GROUP TESTIFIES AT NATIONAL LEGISLATIVE HEARING ABOUT LONG TERM CARE FUNDING OPTIONS

Life Care Funding Group joins expert panel with AARP, NAIC, AHIP/ACLI, and the Academy of Actuaries at Annual Meeting of National Conference of Insurance Legislators (NCOIL)

(July 16, 2012)—The National Conference of Insurance Legislators' (NCOIL) *Health, Long Term Care and Health Retirement Committee* held a hearing to discuss what more can be done to help Americans access private funding options to pay for the growing costs of long term care. The members of the legislative panel representing House and Senate members from across the country voiced their concern that constituents in their states lacked information and affordable options to help them pay for the costs of long term care services. They also shared their frustration and fears about the growing burden on their state Medicaid budgets, and asked the members of the panel what the private market can do to help address what they called, "the long term care funding crisis".

Life Care Funding Group's President, Chris Orestis, closed the panel's testimony with a call to action to better educate the American public about the crisis situation and available private market solutions to help cover the costs of long term care. Orestis warned the committee that 10,000 Baby Boomers started turning 65 on a daily basis last year and that pace will continue uninterrupted for twenty years. 10 million Americans require long term care services annually, and Medicaid spent \$427 billion on long term care reimbursements in 2011 alone. The long term care insurance market has undergone significant disruption with the exit of major insurers such as Met Life and Prudential, and there is no way policy sales can keep up with the demographic crush of the "Silver Tsunami".

One private market solution that has spread across the country is the conversion of an in-force life insurance policy into a private "Long Term Care Benefit Plan". NCOIL included this option in their *Life Insurance Consumer Disclosure Model Law* passed in 2010. Since then the states of FL, LA, CT and HI are among those that have introduced and/or passed study bills examining the impact of policy conversions to help consumers afford long term care through private pay and remaining off of Medicaid longer. According to the NAIC, 152 million Americans own life insurance policies with a total death benefit value of almost \$30 trillion—or three times the amount of home equity available in the United States today.

Members of the panel voiced concern that so many seniors abandon billions of dollars' worth of life insurance policies in the final months/years of their lives as they financially prepare themselves for long term care and Medicaid eligibility. Orestis explained that unfortunately policy owners do not understand their legal rights and the fact that they can convert any type of in-force life insurance to pay for long term care. He also explained that this is not an insurance product that is sold, but the actual conversion of an existing life insurance policy into a private benefit plan at the time that care is needed.

Concluded Chris Orestis at the end of his testimony: "The crush of aging Baby Boomers is no longer something that will happen in the future—it is happening today as we speak! It is time for all of us to work together for the best interest of the consumer so that they are informed of their legal rights to make the most and best use of a life insurance asset to pay for long term care—and in the process help take pressure off of beleaguered state Medicaid budgets and overburdened tax payers."

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About Life Care Funding Group:

Founded in 2007, Life Care Funding Group (LCFG) assists people in need of funds to cover the costs of senior housing and long term care. Working with over 4,000 Senior Living and Long Term Care providers in the U.S., LCFG specializes in converting the death benefit of an in-force life insurance policy into a long term care benefit plan to cover the costs of skilled nursing home care, assisted living, home health care, and hospice. Life Care Funding Group (www.lifecarefunding.com) can be reached at 888-670-7773 or info@lifecarefunding.com.

Testimony before the National Conference of Insurance Legislators

July 14, 2012

Presented by

Chris Orestis, President and Co-Founder, Life Care Funding Group

Good day, I am Chris Orestis, President of Life Care Funding Group. Our company was founded in 2007 with the mission of educating and assisting the consumer to access private pay funding solutions to pay for long term care. I want to thank NCOIL and the members of this committee for giving me an opportunity to add my voice to this distinguished panel of national experts about how our nation will address the long term care funding crisis.

Since January 1, 2011, when the first Baby Boomer turned 65, this population of almost 75 million people has been turning 65 at a pace of 10,000 people every day—and that is a pace that will continue uninterrupted for the next twenty years. Over 10 million people require long term care services every year, and in 2011, Medicaid spent \$427 billion to help cover these services. Medicaid is the default payer of long term care services in this country, and the convergence of this Silver Tsunami of seniors and Baby Boomers combined with the ongoing economic crisis has created huge and unprecedented pressure on the states to keep up.

We must look to more private market funding solutions to help address this crisis. Long term care insurance was once thought to be the “magic bullet” solution to address this situation, but unfortunately the loss of major insurers from the market such as Met Life and Prudential has disrupted the market place, and even in the best of times sales were never going to be able to keep up with the demographic realities of the aging Baby Boomers.

One private market solution to look at is the legal right of life insurance policy owners to convert their policies to a private, long term care benefit plan. NCOIL included this option when they passed the *Life Insurance Consumer Disclosure Model Law* unanimously in 2010. Since then, states such as FL, LA, CT and HI have introduced and/or passed study bills to examine the cost savings of delaying entry onto Medicaid through first converting an in-force life policy into a long term care plan. The conversion allows the consumer to remain private pay longer and extends the time before they go onto Medicaid.

According to the NAIC, 152 million people own almost \$30 trillion of life insurance. Unfortunately, billions worth are abandoned by seniors who are preparing for long term care and eventual Medicaid eligibility. The shame of the situation is primarily because they are uninformed of their legal rights and the variety of alternative options to policy abandonment. We must take full advantage of private market funding solutions and the use of existing life policies converted to pay for long term care services—and in the process we can save the states enormous amounts of money.

Florida State University scored the impact of this approach as a cost saving measure for their state’s Medicaid budget as part of the study bill passed by the Legislature’s 2012 session. They calculated the savings by extending the time a policy owner remains private pay before they become Medicaid eligible at \$150 million annually.

Consumers need to be informed of their options and encouraged to make full and best use of their life insurance policy asset. Given a choice between abandoning a policy or converting it to help pay for long term care it seems the choice is clear and obvious.

1. The consumer benefits because they are getting best use of an asset they already own to pay for long term care instead of abandoning it for nothing.
2. The provider of long term care services benefits because the consumer extends their ability to remain private pay and can access their services.
3. The states and tax payers benefit because entry onto Medicaid is delayed and tax dollars are preserved.

The crush of aging Baby Boomers is no longer something that will happen in the future—it is happening today as we speak! It is time for all of us to work together for the best interest of the consumer so that they are informed of their legal rights to make the most and best use of a life insurance asset to pay for long term care—and in the process help take pressure off of beleaguered state Medicaid budgets and overburdened tax payers.

Chris Orestis
President and Co-Founder
Life Care Funding Group

Biography

Chris Orestis is a 15 year veteran of both the insurance and long term care industries. His career began with senior positions on a number of political campaigns before working in 1993 and 1994 for both the White House and the Senate Majority Leader on Capitol Hill. From that point, he spent the next several years representing the health and life insurance industry as Vice President and Senior Vice President respectively for the Health Insurance Association of America (HIAA) and the American Council of Life Insurers (ACLI). In 1999, he was awarded the Robert R. Neal Medal by HIAA for distinction and service to the industry. Chris co-founded and is President of Life Care Funding Group established in 2007. He is an acknowledged national expert on insurance and long term care issues, and is a frequent speaker, featured columnist and Contributing Editor to a number of industry publications, including: *National Underwriter*, *Insurance News Net*, *Agent's Sales Journal*, *Life Insurance Selling*, *Senior Market Advisor*, *Long Term Living Magazine*, *On the Risk*, *Society of Actuaries*, *HealthDecisions*, *ProducersWEB*, *ISIS*, and *InsureIntell*. Chris was named to the Advisory Board of the *3in4 Need More Association* for 2012. His Blog on senior living issues (www.lifecarefunding.com/blog) has become one of the more popular forums on the internet about the impact of the economy and politics on seniors and their housing and long term care needs. Chris Orestis can be reached at 888-670-7773 or by email at chris1@lifecarefunding.com.