

ALERT: “Medical Alert System” Benefits are already obsolete.

It was nearly twenty years ago that innovative long term care insurers first began offering built-in Medical Alert System benefits among the various other bells and whistles in their products.

Since then, there has been an explosion in technological advancements and all sorts of new gadgets are now available to help people stay at home and “age in place” gracefully. There is a host of new home monitoring devices – cameras, wearable “smart” devices (sensors) and wireless net-linked systems making a degree of virtual medicine a reality today at home. Both care assessment and even treatment in some cases can be done remotely. Blood, urine and drug concentrations can be monitored. Daily measures of body weight and blood pressure can be measured with sensors and transmitted wirelessly. Motion sensors are available to monitor one’s presence in a room and their movement patterns around the house. Even changes in gait can be detected to see if one may be in danger of falling. And falls can be detected too. Here is a link to an interesting article on technology and home care: <http://www.washingtonpost.com/business/technology/hi-tech-upgrades-may-let-aging-baby-boomers-live-independently-in-their-own-homes-longer/2014/01/20/72e3d3b8-759f-11e3-8b3f-b1666705ca3b_story.html>

**Here’s the problem**; most LTCi insurers haven’t done anything to keep pace with these advancements nor do existing issued policies have any built-in flexibility to cover new treatments as they become available. As a group, they are more specific and less flexible about exactly what they will and will not cover than they were 10 years ago. Mutual of Omaha’s Custom Solutions product is one exception. It features a 40% cash benefit that allows the policy to pay for the technology advancements that have already taken place and to keep pace with future developments as well A cash benefit offers the huge advantage of allowing the policies you sell today to remain relevant 20, 30 or 40 years from now when your clients will need them most. It will pay meaningful benefits for the type of care your clients and their families *choose* to have when other non-cash plans won’t. Having choice is so much better than not.

What makes the product design work is the unique combination of traditional reimbursement benefits along with the lesser (40%) cash benefit. For example, a monthly benefit of $5,000 will come with a $2,000 cash benefit that can be used for anything. It’s truly a win-win proposition for you, your clients and the company. You win by being able to sell this superior product at a price comparable to other traditional reimbursement plans and by knowing you’ve done the best job possible for your clients. Your clients win by having a product that is affordable and one that offers more flexibility and choice than other plans. The carrier wins by striking the right balance between the available cash benefit relative to the fully monthly reimbursement benefit the insured would otherwise be entitled to. If Mutual is looking at an insured who meets the “chronically ill” definition and is therefore eligible for 100 cents on the dollar, they view 40 cents on the dollar as an acceptable alternative.

If you are an agent who just runs side-by-side quotes and picks the lowest number -- as though all products are the same -- we encourage you to reconsider. It’s much better to use an inflation cap of 10, 15 or 20 years and/or throttle down on the inflation percentage by a quarter-point or a half-point to bring the price into line than it is to sell an inferior product. These are also features completely unique to Mutual’s Custom product.

If you have any questions, don’t hesitate to call us at 800-672-7202.