

**A Tribute to Milton Friedman**

## HEARTLAND INSTITUTE



"[B]ias permeates the media, adds to the public's denial of [long-term care] risk, and prevents market growth of private LTC financing products..."

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### Long-Term Care Conferences Upbeat

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The 2006 LTCi National Producers Summit, billed as "the largest LTC [long-term care] insurance sales event of the year," convened in Austin, Texas on November 4. Attending were 600 of the nation's leading LTCi agents.

I call them AMGs--altruistic, masochistic geniuses --because they struggle to market a product (long-term care protection) that the government has been giving away since 1965. And the challenge is even more complicated than that because, as a direct result of generous public financing, consumers remain in near-total denial about the need for LTCi coverage.

Nevertheless, the conference mood was upbeat. Patriotic posters proclaiming "Long-Term Insurance is Good for America" covered the walls. Hopeful speakers thanked the government for new public efforts to promote LTC planning, such as the Administration on Aging's "Own Your Future" campaign, the National Clearing House for Long-Term Care Information created by the Deficit Reduction Act of 2005 (DRA), and the ongoing expansion of the LTC Partnership program intended to encourage people to buy LTCi by partially forgiving Medicaid spend-down.

#### Welcoming Government

"The old saw, 'I'm from the government and I'm here to help you' is even true this time," observed Roy Gosselin, Prudential's new national LTCi sales manager.

Jesse Slome, president of the American Association of Long-Term Care Insurance, who organized the conference and promoted LTC Awareness Week, said new government support for private LTCi is a "quantum leap forward" that will "absolutely increase sales."

Mark Zesbaugh, CEO of Allianz Life Insurance Company of North America, another LTCi carrier, said, "I think the marketability of LTCi will increase because there will be reform to Medicare and Medicaid. There will be more responsibility on individuals. In their current forms, Medicare and Medicaid cannot last."

#### Biased Reporting

I addressed the LTCi conference about provisions in the DRA--such as capping Medicaid's home equity exemption and imposing longer, stronger transfer of assets restrictions--that help target Medicaid toward more needy people and thus encourage personal responsibility, early LTC planning, and private financing alternatives like LTCi and reverse mortgages.

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and private financing alternatives like LTCI and reverse mortgages.

But maybe we're all just well-intentioned Pollyannas, hoping against hope that government will get out of the way enough to give the LTCi market a chance to succeed.

It certainly seems that way when you see what *Consumer Reports* had to say last November about those AMGs' efforts to awaken America to the risks and costs of long-term care:

"If the people who sell long-term-care insurance have their way, you'll soon feel even more agitated than you might feel already about your financial future," the editors of *Consumer Reports* wrote. "The American Association for Long-Term Care Insurance, the industry's trade group, has dubbed November 5 to 11 Long-Term Care Awareness Week and provided its 4,000 members with press kits to stir up local media interest in the topic. Why the public-relations push? One reason might be that a lot of money is up for grabs."

This from a publication that has bashed private LTCi repeatedly for allegedly high premiums and doubtful benefits, without ever warning readers about Medicaid's access, quality, and reimbursement problems, nor cautioning them about Medicare's \$71 trillion unfunded liabilities that make its future LTC coverage dubious at best.

Such bias permeates the media, adds to the public's denial of LTC risk, and prevents market growth of private LTC financing products that could relieve the fiscal strain on public programs.

**More Alternatives**

The other conference I want to highlight is an elder law symposium hosted by the Notre Dame Law School on November 9. I was on a panel with three law professors, two of whom spoke on the topic of "Who Should Pay for Long-Term Care?"

Richard Kaplan, a professor at the University of Illinois College of Law, thought we should solve the problems of Medicaid-financed long-term care by adding the benefit to Medicare. I responded that given Medicare's fiscal problems, "that would be like adding deck chairs to the Titanic after the incident with the iceberg."

Lawrence A. Frolik, professor of elder law at the University of Pittsburgh, preferred a mandatory long-term care insurance system, government enforced, and based on compulsory payroll deductions along the lines of systems now operating in Germany and Japan.

I observed that both those countries' LTC systems are severely strained financially, already economizing on benefits, and raising payroll deductions to delay insolvency.

-- Stephen A. Moses

**For more information ...**

"Long-Term Care: Brace Yourself for a Scary P.R. Push," [ConsumerReports.org](http://www.consumerreports.org/cro/personal-finance/news/november-2006/long-term-care-brace-yourself-for-a-scary-p.r.-push-11-06/overview/0611_long-term-care.htm), November 2006, [http://www.consumerreports.org/cro/personal-finance/news/november-2006/long-term-care-brace-yourself-for-a-scary-p.r.-push-11-06/overview/0611\\_long-term-care.htm](http://www.consumerreports.org/cro/personal-finance/news/november-2006/long-term-care-brace-yourself-for-a-scary-p.r.-push-11-06/overview/0611_long-term-care.htm)

