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# A Difficult Proposition

There are, in effect, two types of buyers of long term care insurance. Those individuals who were somehow wired at birth or became programmed at home to plan ahead. These folks have always been our real bread and butter; you know, the ones who somehow always remember to bring their umbrellas. It is these planners who, regardless of age, buy and own long term care insurance.

In a study recently released by the National Academy of Social Insurance, "Long Term Care: The Public's View," a comprehensive analysis of the public's perceptions of the need for change was evaluated.

What is interesting is the relationship between our normal clientele (planners) and those who have been touched by an angel in terms of their personal experience with a long term care event. Somewhere in our sales psyche is a giant scale of justice—financial devastation on one side and emotional devastation on the other. Part of each sale is a customized adaptation of those two primary motivations.

**What perplexes me is our continuing inability to connect the dots.** Long term care is incredibly expensive and the most basic decisions concerning the quality of life are determined by the need for the funds to cover the risk. What we have been unable to communicate with sufficient force is that it is not the risk to the insured but, more importantly, it is the risk to those in close proximity.

Collateral damage is the unseen curse of

long term care. It is family and close friends who will make the financial and care-giving decisions. It is family and friends who will rise, by choice or coercion, to meet the threat and defend against the economic and emotional onslaught. Those responsible Americans who can reason and do think ahead possibly understand that economic contingencies represented by insurance are merely a means to an end. Just like the desire to protect your family and loved ones is at the heart of the insurance sale. However, unlike life insurance, LTCI is not just about preserving a given lifestyle, it is about the pain and suffering of all those who care and must participate in decisions on the insured's behalf. No one will check himself into a nursing home, and in all likelihood he will not be alone. While there may be an awareness or acceptance of the necessity, others will be around and equally involved in the transition. The only way to soften the blow is to have enough money to provide better choices and better care. *Get it straight:* Families will be forced to make the decisions about LTC, and the missing ingredient in the problem-solving equation will be money.

My wife and I recently toured all three nursing homes in our community. If any one remains unclear about the necessity of selling and buying LTCI, I strongly suggest you make a similar inspection. Our first visit early one morning was to a 100 percent Medicaid facility. After a complete tour we emerged back onto the sidewalk, on a bright, sunny day with clear blue skies.

We turned to each other and in unison said exactly the same thing, "I need a drink." While I don't want to over-generalize or suggest that it wasn't an acceptable alternative, it was by no stretch of the imagination a desirable choice. We then proceeded to visit the remaining two facilities, both of which had a vast majority of private pay and Medicare skilled nursing patients—the only similarity to the 100 percent Medicaid facility was in the age of the patients. If this dichotomy cannot facilitate an ability to conceptualize the issues, I would be wasting my time to explain that *money matters!* The only outstanding unknown is will it be your client's money, or was he smart enough to transfer the risk to an insurance company?

Back to the survey which holds a large mirror up for us to examine our current perceptions. It was again established that three-fourths of boomers and seniors are concerned about paying for long term care. Seven in ten believe the government should do more; however, Americans are looking for a greater partnership with government, not additional dependence.

Some classic misconceptions remain. Eighty-four percent of Americans still associate long term care with seniors age 65 or older. We know that disability and

dependence can occur at any age. It is the burden of caregiving that remains the catalyst for change.

"Two-thirds of Americans age 40 or over have some personal experience." Perceptions of course are a mixture of fantasy and reality. The burning question remains: *Are your clients prepared? Are you prepared?*

Thirty-seven percent of adults say they have developed a plan to pay. This rises to 42 percent if they believe they will have to take personal responsibility for the problem, and to 47 percent if they believe it is a personal and government responsibility. Now comes the pure fantasy: 32 percent say they would rely on long term care insurance. If that is to be even remotely true, someone had better get busy—either you or them.

There does seem to be a substantial level of concern about affording long term care. There does seem to be a clear understanding that it is really about having the necessary money. Three-fourths of those over age 40 are concerned about affording long term care; interestingly, three-fourths are also concerned about paying for a major medical illness; and an equal three-fourths are concerned about paying for a comfortable retirement. Unfortunately, concern and awareness do not necessarily translate into

action. It is probably safe to assume that our planners are in this group.

**The most interesting finding in the survey was that having a personal experience had no relationship to concern about affording care.** There remains this vague optimism that somehow they will be able to meet that financial challenge. There was a direct relationship between personal experience, the need for care, and the need to pay for the cost. Yet, we still cannot make the required leap of logic to taking immediate personal responsibility. It is specifically this disconnection that continues to frustrate our sales.

**We must find a better way to build from what we know.** The need is real and growing. We know it's expensive and we do seem to recognize that lots of money will be required. We need to demonstrate a better way to afford the cost and understand the direct value proposition of creating sufficient funds to meet the challenge.

"Ninety percent of adults age 40 and over recognize that affording the cost of long term care is a 'difficult proposition.'" When we finally settle on a way to make the price, the complexity and the inherent value easier to understand, the proposition may not be so difficult and will finally pass with a majority vote. 🗳️