

Employee Education Makes the Difference

Most legal management professionals with human resources responsibilities have benefits enrollment down pat. They know what to communicate to employees and when. Employees, too, are usually familiar with the process. They know what to expect when they start comparing their medical plan options to their 401(k) contributions, for example.



MEGAN ELLIS
Vice President, Sales
LTC Solutions, Inc.

But not all benefits are created equally. Some require more communication, understanding and detail. Long-term care insurance is one of those products. More than any other benefit, it calls for well-thought-out employee education.

FIVE WAYS LTCI IS DIFFERENT

Long-term care insurance, or LTCI, education is critical because of significant differences between this and other employee benefits. Here are five in particular.

- 1. Underwriting concessions are available for a limited time only, and an employee's health determines approval.** Employers are able to offer LTCI with reduced underwriting, but employees can only take advantage of this offer during initial enrollment. It is not available at any other time — including during future open-enrollment periods — so it's essential that employees understand the advantages of this benefit at a time when they will receive their best opportunity for approval.
- 2. Employee demographics are key.** Employers who successfully offer LTCI plans often have employees who are highly educated, work hard to build assets and savings, and value the purpose of insurance to shift risk and protect their nest egg. Since most law firms have employees that fit into these demographics, a majority already offer LTCI as a benefit.

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- 3. LTCI isn't just another voluntary benefit — it's an important component of any employee's retirement plan.** Long-term care can be a huge financial burden for many Americans. Those who buy LTCI are doing so to protect their savings and assets down the road. As a result, LTCI becomes a critical aspect of an overall retirement plan. Employees will want guidance on which coverage options best suit their financial needs.

4. LTCI is often a one-time purchase, and employees may face closed plans and rate increases.

Unlike other benefits, where providers may change from year to year, the majority of LTCI purchasers will hold on to their original plan for life. As the market evolves and carriers develop new products, an employer may administer multiple LTCI programs to employees. Employees will be curious how their plan stacks up — especially if they have a plan with MetLife, John Hancock, Prudential or CNA, since those carriers no longer offer new LTCI plans. Employees may also be impacted by rate increases with these carriers and will need education-based support on what decisions to make regarding their increased premium. Helping employees compare programs will allow them to make an informed decision about their plan.

5. An employee's age determines premium rates. Premiums are based on age. The longer the employee waits to apply, the higher his or her rates will be (although, once approved, the employee's rates won't increase with age). Without education on this benefit, many employees will be unaware of the challenges associated with waiting.

WHAT EMPLOYEES NEED TO KNOW

Employees need focused time, separate from other benefits education, to learn about LTCI. It is important to communicate with them, both in writing and through in-person or web meetings:

- What long-term care is, how likely it is they will need it, how it's delivered and the costs associated with it
- What LTCI covers and how it differs from other benefits
- The risks associated with not having LTCI
- Myths about long-term care coverage (for example, that it's only needed by the elderly or that it only covers nursing-home care)
- An overview of options and an understanding of all possible solutions for long-term care
- Tax incentives available for LTCI
- The right time to buy LTCI and the risks associated with waiting
- Decision-making tools to help select the best coverage levels for their needs

One of the primary themes I continue to hear is that LTCI is on the to-do list for many firms. When employees have all of this information laid out in an accessible, easy-to-understand way, they will be able to make informed decisions about this valuable benefit.

ABOUT THE AUTHOR

Megan Ellis is the Vice President of Sales at LTC Solutions, Inc., an ALA VIP Business Partner.

Email

Phone: 425-658-7517